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**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume III, 1939

(14th March to 28th March, 1939)

NINTH SESSION

OF THE

**FIFTH LEGISLATIVE ASSEMBLY,
1939**



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LEGISLATIVE ASSEMBLY.

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

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LEGISLATIVE ASSEMBLY.

Tuesday, 14th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

UTILISATION OF MOLASSES FOR MANUFACTURE OF POWER ALCOHOL.

†1016. *Seth Haji Sir Abdoola Haroon: Will the Secretary for Education, Health and Lands be pleased to state:

- (a) whether the attention of the Government of India has been drawn to the question of taking steps to see the proper utilisation of molasses either in the direction of export, or in the direction of manufacturing fertilizers, road making, etc.; and
- (b) whether Government's attention has been drawn to the appointment of a Committee for investigation of the possibility of utilisation of molasses in the Provinces of Bombay and Mysore, and whether Government are aware of the volume of public opinion in favour of utilisation of molasses in the direction of the manufacture of power alcohol, with a view to developing a new industry in the country, and to reducing the necessity of dependence of India on imported petrol?

Sir Girja Shankar Bajpai: (a) Yes.

(b) Government are aware that the objects stated by the Honourable Member have considerable public support.

ALLOCATION TO PROVINCES OUT OF THE PROCEEDS OF THE SUGAR EXCISE DUTY.

†1017. *Seth Haji Sir Abdoola Haroon: Will the Education Secretary please state whether the attention of Government has been drawn to the demands of the Provincial Governments of the United Provinces and Bihar for allocation of at least three annas out of the proceeds of the excise duty? Did the Sugar Committee of the Imperial Council also make any such recommendation? If so, when and with what effect?

Sir Girja Shankar Bajpai: No such proposal has been received from the Government of the United Provinces or the Government of Bihar. As regards the second part the Honourable Member's attention is invited to the reply given to Mr. Satya Narayan Sinha's starred question No. 1385 on the 23rd March, 1936.

†Answer to this question laid on the table, the questioner being absent.

NOTICE OF TERMINATION OF THE TRADE AGREEMENT WITH BURMA.

1018. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Commerce Member state:

- (a) whether Government have finished consideration of the matter of giving notice of termination of the trade agreement with Burma; and
- (b) if so, to what conclusion they have come?

The Honourable Sir Muhammad Zafrullah Khan: (a) No, Sir.
(b) Does not arise.

Mr. T. S. Avinashilingam Chettiar: Do they expect to come to a conclusion in the near future?

The Honourable Sir Muhammad Zafrullah Khan: Naturally, as some decision one way or the other must be arrived at before the 31st of March. I suppose that is in the near future.

Mr. T. S. Avinashilingam Chettiar: Do they expect to give this notice before this Session finishes?

The Honourable Sir Muhammad Zafrullah Khan: If notice has to be given, it must be given before the end of this Session.

Mr. T. S. Avinashilingam Chettiar: Have Government considered the fact that the Burma Government have not yet accepted the principle of giving compensation for injury to Indian life and property and in view of that, may I ask if Government have considered the urgency of giving such a notice?

The Honourable Sir Muhammad Zafrullah Khan: That is a question which should be addressed to my Honourable friend, the Secretary for the Department of Education, Health and Lands.

Mr. T. S. Avinashilingam Chettiar: I am using the information which the Honourable the Secretary for the Department of Education, Health and Lands gave and I am asking about the question of the urgency of giving notice for the termination in view of what the Honourable the Education Secretary said.

The Honourable Sir Muhammad Zafrullah Khan: As I have said, the matter is urgent in the sense that if notice has to be given, it must be given by the 31st March.

Mr. K. Santhanam: May I ask if Provincial Governments have been consulted about this notice of termination?

The Honourable Sir Muhammad Zafrullah Khan: I would require notice of this question.

Mr. S. Satyamurti: After giving notice, it is possible to renew the trade agreement as it is. If they do not give notice at once, they cannot have a fresh agreement based on all considerations. Will Government, kindly

keep this fact in mind that the giving of notice does not only involve the termination of the trade agreement, but also the protection of Indian life and property in Burma?

The Honourable Sir Muhammad Zafrullah Khan: I assure the Honourable Member that that very elementary consideration has not escaped the notice of Government.

COMPENSATION PAID TO INDIAN LASCARS AND EUROPEAN SEAMEN.

1019. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Commerce Member state:

- (a) whether Government have finished consideration of the matter of revising the Indian Merchants' Shipping Act with reference to compensation to be paid to Indian lascars in certain matters, which is less than that laid down for European Seamen;
- (b) if so, with what result; and
- (c) whether they propose to introduce amending legislation in the matter?

The Honourable Sir Muhammad Zafrullah Khan: (a) to (c). The matter is still under consideration.

Mr. T. S. Avinashilingam Chettiar: May I ask for how long this matter has been under the consideration of the Government of India?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I have not got the dates here.

Mr. T. S. Avinashilingam Chettiar: May I know what is the difference in the remuneration paid to the Indian and the European lascars?

The Honourable Sir Muhammad Zafrullah Khan: Obviously, that is a matter of which I must have notice. I cannot answer that on a supplementary question.

HEAVY IMPORTS OF RICE AND PADDY INTO MADRAS.

†1020. *Mr. C. N. Muthuranga Mudaliar: Will the Secretary for Education, Health and Lands please state:

- (a) whether it is a fact that heavy shipments of rice and paddy recently arrived in Madras from Burma and Siam, vide the extracts from *The Hindu* of the 13th and 17th January, 1939;
- (b) whether, and if so, to what extent they have affected the local Madras market for rice and paddy;
- (c) whether imports to the extent of 250,000 tons more than the usual quota of rice are expected to arrive in Madras during the period from January to August this year; and
- (d) whether any action has been taken, or is to be taken, and if so, what?

†Answer to this question laid on the table, the questioner being absent.

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LEGISLATIVE ASSEMBLY.

[14TH MARCH 1939.]

Sir Girja Shankar Bajpai: (a) The imports from Burma during January, 1939, amounted to 39,542 tons of rice and 7,967 tons of paddy. Only 64 tons of rice were imported from Siam during that period.

(b) The prices in January, 1939, in Madras City were slightly lower than in December, 1938, but were, on the whole, not lower than the average price for 1938.

(c) Government have seen the Press report but have no other information.

(d) Government do not consider that any occasion has arisen for action on their part.

FURTHER RESTRICTION ON INDIAN OWNERSHIP OF PROPERTY IN EUROPEAN AREAS IN SOUTH AFRICA.

†1021. ***Mr. C. N. Muthuranga Mudaliar:** Will the Secretary for Education, Health and Lands please state:

- (a) whether it is a fact that recently (*vide The Hindu* of the 24th January 1939,) the Minister for the Interior in the Union of South Africa gave an assurance to a deputation of Europeans that further restriction on Indian ownership of property in European areas would be imposed;
- (b) if so, the reasons for the proposal;
- (c) whether any representation in this regard has been made by Indians in South Africa either to the Agent-General or to the Government of India;
- (d) whether the Agent-General or the Government of India have taken any action and if so, what; and
- (e) what is the present position?

Sir Girja Shankar Bajpai: (a)–(d). The attention of the Honourable Member is invited to the reply given by me on the 24th February, 1939, to the short notice questions asked by Sir Syed Raza Ali and Mr. Mohan Lal Saxena and the supplementaries thereto.

(e) The matter is still the subject of negotiations.

RAISING OF THE RATE OF CESS ON EXPORTED TEA.

1022. ***Maulvi Abdur Rasheed Chaudhury:** (a) Will the Honourable the Commerce Member please state whether the Indian Tea Market Expansion Board consulted the Tea Industry before submitting their recommendation to raise the rate of cess on exported tea from Re. 1-4-0 to Re. 1-6-0?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state what per cent. of tea-growers was for the rise and what per cent. against it?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) On an acreage basis, 91 per cent. for and 9 per cent. against. On the crop basis, 92 per cent. for and 8 per cent. against.

†Answer to this question laid on the table, the questioner being absent.

Maulvi Abdur Rasheed Chaudhury: May I know the reason for raising the rate of the cess from Rs. 1-4-0 to Rs. 1-6-0?

The Honourable Sir Muhammad Zafrullah Khan: I have already stated the reason on a previous occasion.

Maulvi Abdur Rasheed Chaudhury: Is it not a fact that the cess was raised on the ground that they have got no hand in the expenditure of the money raised by this cess?

The Honourable Sir Muhammad Zafrullah Khan: I am unable to say.

Mr. Kuladhar Chaliha: May I ask for what purpose this increased income is going to be spent and where?

The Honourable Sir Muhammad Zafrullah Khan: I have explained that fully in answer to a previous question.

FILLING UP OF THE POST OF THE PUBLIC HEALTH COMMISSIONER WITH THE GOVERNMENT OF INDIA.

†1023. ***Mr. C. N. Muthuranga Mudaliar:** Will the Secretary for Education, Health and Lands be pleased to state:

- (a) whether it is a fact that Colonel Russell, the Public Health Commissioner with the Government of India is to retire in a short time;
- (b) whether it is a fact that Government contemplate appointing a junior European in the Department, and to overlook the claims of Indians in the same Department who are senior to the European; and
- (c) what is the reason for this discrimination in favour of a European?

Sir Girja Shankar Bajpai: (a) Yes.

(b) and (c). Lieut.-Colonel E. Cotter, I.M.S., at present Deputy Public Health Commissioner, who joined the Indian Medical Service on 8th December, 1915, has been selected for appointment as the next Public Health Commissioner with the Government of India. The appointment was made by the Governor General in Council, after a full consideration of the record of services of all the officers eligible for consideration. The latter included four European and three Indian, Indian Medical Service officers senior in service to Lieut.-Colonel Cotter.

INSTRUMENT OF ACCESSION.

1024. ***Mr. S. Satyamurti:** Will the Honourable the Leader of the House please state:

- (a) whether Government have now heard from any Prince or Princes about the Instrument of Accession;
- (b) whether Government have been asked any help or advice in the interpretation of this Instrument of Accession;

†Answer to this question laid on the table, the questioner being absent.

(c) whether any Prince has asked for any special reservations or any special Instrument of Accession in addition to the general Instrument of Accession; and

(d) what is the latest position in the matter?

The Honourable Sir Nripendra Sircar: (a) No, Sir

(b) and (c). Do not arise.

(d) I have nothing to add to the replies given above.

Mr. S. Satyamurti: May I know whether the attention of the Government of India has been drawn to the statement of the Crown Representative to the Chamber of Princes the other day in which His Excellency said that all the representations received from the Princes have been considered in the draft Instrument of Accession which has been sent to them, and may I know whether that is the last word on the matter, and whether the Government do not propose to revise the Instrument of Accession further?

The Honourable Sir Nripendra Sircar: If it is there, it is there. But I cannot say whether it is the first or the last word.

Mr. S. Satyamurti: I do not think my Honourable friend has understood my question. I want to know whether the Honourable Member is aware of the statement which the Crown Representative made that this Instrument of Accession is the result of the consideration of all the representations received from Their Highnesses, and whether it is the last word on the matter or whether the Government propose to consider further any changes which the Princes may make.

The Honourable Sir Nripendra Sircar: The words are there, and my Honourable friend can draw such inference as he likes from their construction.

Mr. S. Satyamurti: I want to know what are the words from which my Honourable friend wants me to draw the inference?

The Honourable Sir Nripendra Sircar: From the whole speech.

Mr. S. Satyamurti: May I know whether Government's attention has been drawn to the report issued by the Chamber of Princes that this draft Instrument of Accession be referred to the Hydari Committee, as it is called, and whether Government have heard anything in respect of that matter.

The Honourable Sir Nripendra Sircar: Government have heard whatever has appeared in the press.

Mr. S. Satyamurti: Apart from that, may I ask whether the Government of India as such have any information upon this matter as to the reference of this Instrument of Accession to any Committee of the Chamber of Princes?

The Honourable Sir Nripendra Sircar: Apart from what has appeared in the press, I am not able to disclose any other information.

Mr. K. Santhanam: May I ask when the Instrument of Accession will be published for the information of the British India?

The Honourable Sir Nripendra Sircar: I cannot say.

Mr. K. Santhanam: May I know whether it will be published at all?

The Honourable Sir Nripendra Sircar: That also I cannot say.

Mr. T. S. Avinashilingam Chettiar: May I know whether July, the 31st, has been fixed as the last date for reply to be given on this matter?

The Honourable Sir Nripendra Sircar: I have previously answered that I am unable to give that information.

ENQUIRY INTO THE CONDITION OF MINOR INDUSTRIES.

1025. *Mr. S. Satyamurti: Will the Honourable the Commerce Member please state:

- (a) whether Government have received a communication from the Committee of Indian Chamber of Commerce, Calcutta, urging the Government of India to proceed with and conclude the departmental enquiry into the position of minor industries which was started by them in 1937 and later suspended;
- (b) whether in view of the expiration of the Indo-Japanese trade convention early in 1940, Government propose to avail of this opportunity to assist the struggling minor industries of this country; and
- (c) whether Government are prepared to start the enquiry in time so that the results of the enquiry may be available at the time of the next Indo-Japanese trade negotiations?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes, Sir.

(b) and (c). The attention of the Honourable Member is invited to the answers given on the 16th February to Mr. Manu Subedar's starred question No. 472 and the supplementaries arising therefrom.

Mr. S. Satyamurti: With reference to the answer to clause (c) of the question, may I take it that the results of the inquiry will be available at the time of the next Indo-Japanese trade negotiations? Will Government make every effort to do so?

The Honourable Sir Muhammad Zafrullah Khan: I explained on the last occasion why the inquiry could not be proceeded with.

Mr. S. Satyamurti: I am simply asking this. We have to start soon the next Indo-Japanese trade negotiations and I want to know whether Government will start the inquiry so that those who are interested in these negotiations may have the results of this inquiry for their use.

The Honourable Sir Muhammad Zafrullah Khan: I explained on the last occasion that the inquiry could be undertaken again only if conditions became normal and the inquiry became possible.

Mr. S. Satyamurti: May I know if the Government still think that the conditions are abnormal?

The Honourable Sir Muhammad Zafrullah Khan: Yes, Sir.

Mr. Manu Subedar: May I ask whether Government have any information as to the condition of those industries which have made representations to the Honourable Member's Department?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I am unable to follow the question. What does the Honourable Member mean by the condition of those industries which have made representations?

Mr. Manu Subedar: I want to know whether Government have any information as to the condition in which these industries find themselves owing to the cheaper imports of material from Japan about which they complained at the time when they made the representation and whether it is a continuing complaint that these industries are suffering?

The Honourable Sir Muhammad Zafrullah Khan: My information is that the pressure from Japan has slackened a good deal.

Mr. Manu Subedar: Have Government deputed any Government officer as a result of whose investigations Government are giving the impression that the pressure is slackening?

The Honourable Sir Muhammad Zafrullah Khan: That impression is obtained from the trade figures.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, may I ask if Government are satisfied that in respect of no industries is there any need for Government to take any steps with a view to finding out their present position and the possibility of helping them, and that the conditions are abnormal in the case of every minor industry?

The Honourable Sir Muhammad Zafrullah Khan: I said last time that it was not so much the severity or the slackness of the pressure which made Government discontinue the examination but that they were of the view that no enquiry which might lead to useful results is possible at the present moment.

EXPORTS OF INDIA COFFEE

1026. ***Mr. Lalchand Navalrai** (on behalf of Dr. F. X. DeSouza): (a) Will the Honourable the Commerce Member lay on the table a statement showing:

- (i) total exports of coffee from India during the years 1928-29 to 1937-38;
- (ii) exports of Indian coffee during the same period to (1) the United Kingdom (2) all Empire countries, (3) France and (4) all foreign countries; and
- (iii) imports of coffee into the United Kingdom during the same period from (1) India, (2) British East Africa, (3) all Empire countries, (4) Costa Rica, (5) Nicaragua, (6) all foreign countries, and (7) total imports from all countries?

(b) Are Government prepared to consider the advisability of:

- (i) insisting on an enhanced preference on the United Kingdom market in the impending trade agreement; and
- (ii) granting a subsidy to the industry by way of a contribution to the Coffee Cess Committee for propaganda purposes, or otherwise?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Honourable Member is referred to Volume I of the Annual Statements of the Sea-borne Trade of British India, Volume II of the Annual Statements of the Trade of the United Kingdom and Accounts relating to Trade and Navigation of the United Kingdom for December, 1938, copies of which are in the Library.

(b) (i). The attention of the Honourable Member is invited to the reply given to part (b) of Mr. S. Satyamurti's starred question No. 288 on the 3rd September, 1937.

(ii) No, Sir. The Indian coffee industry is already assisted by means of export cess collections.

Mr. Lalchand Navalrai: May I know if the Coffee Cess Committee has asked for some subsidy in order to meet their expenses?

The Honourable Sir Muhammad Zafrullah Khan: I am not aware at the moment of any such request. I would require notice.

Mr. Lalchand Navalrai: May I know the reasons why the Honourable Member is not even considering the advisability of taking up that point and giving them something, if the Honourable Member comes to the conclusion that they do require more help than the cess?

The Honourable Sir Muhammad Zafrullah Khan: If they require more help than the cess, they would come upto Government for an increase in the cess.

Mr. Manu Subedar: Is the Honourable Member in a position to give information to the House whether he has included enhanced preference for Indian coffee in the trade negotiations?

The Honourable Sir Muhammad Zafrullah Khan: I am not in a position to give any information.

ENQUIRY INTO CERTAIN DISEASES OF TEA GARDEN LABOURERS IN ASSAM.

1027. ***Mr. Kuladhar Chaliha:** Will the Education Secretary be pleased to state:

- (a) the result of the enquiry into anaemia among the female labourers in Assam tea gardens; and
- (b) whether any enquiry has been undertaken by the Indian Research Fund to combat the hook-worm disease prevalent among the tea garden labourers; if so, with what result?

Sir Girja Shankar Bajpai: (a) The Scientific Advisory Board of the Indian Research Fund Association has appointed a Sub-Committee to review the work so far done on this enquiry; the result of the Sub-Committee's enquiry will not be known for some time.

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

Shrimati K. Radha Bai Subbarayan: Is this enquiry confined only to to anæmia or does it cover other diseases as well?

Sir Girja Shankar Bajpai: The enquiry is with regard to anæmia only.

Maulvi Abdur Rasheed Chaudhury: Is it a fact that anæmia among the tea garden labourers is due to the system of early marriage?

Sir Girja Shankar Bajpai: I do not know whether the sub-committee will go into that. The point is that the sub-committee is going into the work of some specialists who have been working on this problem for a number of years, and there is some doubt as to whether the investigation is likely to lead to any practical advantage.

Mr. Kuladhar Chaliha: What is the percentage of women suffering from anæmia?

Sir Girja Shankar Bajpai: I am afraid that that particular question does not arise. In any case I want notice.

Prof. N. G. Ranga: Have Government come to any conclusion as to why the hookworm disease is so prevalent in Assam tea gardens?

Sir Girja Shankar Bajpai: This question relates to the enquiry carried on by the Scientific Advisory Board of the Indian Research Fund Association. I have given what all information I have in my possession with regard to the investigation. Whether the Provincial Government has carried on any enquiry into the incidence or the causes of the incidence amongst women in Assam plantations, I am unable to say.

Prof. N. G. Ranga: Have Government received any report from the Controller of Tea Plantation Labour regarding the alarming state of health conditions of tea planters in Assam?

Sir Girja Shankar Bajpai: Not by the Government of India in the department for which I am speaking.

CONTRIBUTORY PROVIDENT FUND ENFORCED IN THE GOVERNMENT OF INDIA PRESSES.

1028. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): Will the Honourable the Labour Member please state:

- (a) whether he is aware that a scheme of Contributory Provident Fund has been enforced in the Government of India Presses on the recommendation of an Enquiry Committee held in 1920;
- (b) whether the scheme was enforced in the true sense of the recommendations of the Enquiry Committee and Resolution No. A-31 of June 1920;
- (c) whether it was not distinctly mentioned in Resolution No. A-31 of June 1920 that the scheme of Contributory Provident Fund would be strictly on the lines of the Railway Provident Fund;

- (d) whether it is or is not a fact that this condition is not fulfilled to the extent sanctioned by Resolution No. A-31 of June 1920;
- (e) whether it is not a fact that the scheme of Contributory Provident Fund came actually into being in 1930, though recommended in 1920, and thus imposed a financial loss of their own contributions for ten years to the employees of the Presses; and
- (f) whether Government propose to take steps after reviewing carefully their decision over the matter to enforce the scheme as recommended by the Enquiry Committee in Resolution No. A-31 of 1920?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). A Contributory Provident Fund for employees of the Government of India Presses was established in pursuance of the resolutions referred to by the Honourable Member and not on the recommendation of any Enquiry Committee.

(c) No. The resolution of 1920 only promised the institution of a Provident Fund on the general lines of the Provident Funds for State Railways.

(d) Does not arise.

(e) Yes, but the fact that the employees were not required to subscribe during the intervening period cannot be said to have imposed financial loss on them.

(f) Does not arise.

INDUSTRIAL LEAVE RULES IN THE GOVERNMENT OF INDIA PRESSES.

1029. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): Will the Honourable the Labour Member please state:

- (a) whether it is a fact that Industrial Leave Rules in Government of India Presses came into force in 1928;
- (b) whether it is a fact that by the application of the above Rules the employees of Government of India Presses have been totally deprived of *casual leave*;
- (c) whether it is also a fact that the Industrial Leave Rules are applied even to the employees who were recruited long before their enforcement; if so, why the Rules which were introduced long after their appointment should apply to them; whether there were any such terms of service at the time of their appointment;
- (d) whether the Honourable Member is aware that a further period of five days has been granted to those who were already enjoying the benefit of casual leave for ten days; if so, why the others have been treated in a different way;
- (e) whether the Honourable Member is aware that, in the absence of casual leave, they are going to suffer a great financial loss; and
- (f) whether the Honourable Member proposes to consider their demand?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes..

(b) Salaried industrial workers classed as superior and who were appointed permanently in the Government of India Presses after the promulgation of the rules are not entitled to casual leave.

(c) Permanent salaried industrial employees serving in the Presses on the date of issue of the rules in question have been permitted to retain their privileges.

(d) Following the practice in the Government of India offices located permanently in New Delhi, the Controller of Printing and Stationery has extended the period of casual leave from ten to fifteen days in a year in the case of such employees of the Government of India Press, New Delhi, as are eligible for casual leave. The concession cannot be extended to those who are ineligible for casual leave.

(e) No.

(f) No.

Mr. K. Santhanam: With reference to part (b), I understood the Honourable Member to say that certain classes of employees are not entitled to this casual leave, may I know why this discrimination is being kept on?

The Honourable Sir Muhammad Zafrullah Khan: This is with regard to the character of their employment.

Mr. T. S. Avinashilingam Chettiar: What are the classes of people to whom the casual leave due is not allowed?

The Honourable Sir Muhammad Zafrullah Khan: It is not a question of what is due. The rules provide that certain industrial workers will not be entitled to casual leave.

Mr. K. Santhanam: May I know whether Government will consider the advisability of amending the rules so as to allow casual leave for these workers?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid not.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will examine this question from this point of view?

The Honourable Sir Muhammad Zafrullah Khan: The question was examined when these rules were modified.

GOVERNMENT OF INDIA PRESS WORKERS UNION, NEW DELHI.

1030. ***Mr. K. Santhanam** (on behalf of Mr. Sham Lal): Will the Honourable the Labour Member please state:

(a) whether he is aware that a Union named Government of India Press Workers Union, has been organised by the employees of the Government of India Press, New Delhi;

(b) whether he is aware of the functions, constitutions and source of its funds;

(c) whether it is a registered body under the Trade Unions Act, 1926, and whether it has been recognised by the Government of India;

(d) whether in doing so, any conditions have been imposed on it by the Government of India in the Labour Department; if so, what those conditions are; and

(e) whether he is aware of some more restrictions imposed on it by the Controller of Printing and Stationery; if so, what those conditions are?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (c). Yes.

(b) I have seen the relevant rules of the Union.

(d) I lay on the table a statement which gives the information required.

(e) The Controller of Printing and Stationery has issued instructions that any representation which the Union may wish to make to him should be submitted through the Manager of the Press.

Conditions imposed by the Government of India in according official recognition to the Government of India Press Workers' Union, New Delhi.

(1) No representation or deputation shall be received from the Union except in connection with a matter which is, or raises questions which are, of common interest to the class represented by the Union.

(2) Any representations which the Union may wish to make to the Government of India shall be submitted through the Controller of Printing and Stationery, India, and deputations from the Union shall also be received by him.

(3) The Union shall furnish regularly to the Controller copies of any amendments which may be made from time to time in the rules of the Union and of annual statements of its accounts and lists of its members.

Prof. N. G. Ranga: Are Government satisfied on the information they have received in connection with part (b) about the functions of the Union?

The Honourable Sir Muhammad Zafrullah Khan: What kind of satisfaction does the Honourable Member want Government to feel over the functions of this Union?

Prof. N. G. Ranga: Whether this Union has been recognised by Government?

The Honourable Sir Muhammad Zafrullah Khan: That is the question I have answered.

Mr. K. Santhanam: With reference to part (d) may I know whether it is the only restriction?

The Honourable Sir Muhammad Zafrullah Khan: I have laid a statement on the table.

GOVERNMENT OF INDIA PRESS WORKERS UNION, NEW DELHI.

1031. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): Will the Honourable the Labour Member please state:

- (a) whether he is aware of a Resolution passed by the Government of India Press Workers Union, New Delhi, at its annual meeting regarding the appointment of a President from outside;
- (b) whether the Government of India in the Labour Department have arrived at any decision regarding the approval of the appointment of a President from outside; and
- (c) if so, what it is; if not, what the difficulties in the way of Government of India are?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) The Government of India are awaiting a formal reference from the Controller of Printing and Stationery on the subject.

(c) Does not arise.

HOSPITALS UNDER GOVERNMENT CONTROL IN DELHI PROVINCE.

1032. *Shrimati K. Radha Bai Subbarayan: Will the Secretary for Education, Health and Lands be pleased to state:

- (a) the number of hospitals under complete or partial control of the Government of India in the Province of Delhi and whether these hospitals have any governing or advisory councils and, if so, how these bodies are constituted and what their functions are;
- (b) whether treatment in these hospitals is entirely free in the public wards and if not, the scale of charges;
- (c) whether any discrimination is made on racial grounds in the accommodation and other comforts provided for the patients, and if so, the reasons for it and whether there is corresponding difference in the scale of charges; and
- (d) whether the wards and private rooms are classified on communal or racial basis?

Sir Girja Shankar Bajpai: With your permission, Sir, I will answer this and the next question together.

I have asked for the information and will furnish a reply as soon as the material is received.

Shrimati K. Radha Bai Subbarayan: May I know if Government will also enquire whether it is a fact that Indian Christian nurses are compelled to wear uniform in European fashion?

Sir Girja Shankar Bajpai: I shall have that point investigated.

Mr. S. Satyamurti: With reference to parts (c) and (d) of question No. 1032, may I know whether the Government of India have any information in their possession as to the discrimination on racial grounds or on communal grounds in these hospitals, which have been run for many years now?

Sir Girja Shankar Bajpai: No, Sir. If there has been any information in the possession of the Government of India, it would have been furnished to the House today. On receipt of this question, the Chief Commissioner of Delhi was asked to furnish a report. That enquiry was made on 3rd March. Unfortunately, I had not received the material until yesterday. Otherwise, I should have incorporated the result in the reply.

Dr. Sir Ziauddin Ahmad: With reference to part (a) of question No. 1032, may I ask whether there exists any governing body or Advisory Council with regard to these two hospitals, Irwin hospital and Lady Hardinge College and Hospital?

Sir Girja Shankar Bajpai: I believe there is a governing body with regard to Lady Hardinge Medical College and Hospital. As regards Irwin hospital, I am not aware whether there is any such body.

Dr. Sir Ziauddin Ahmad: Has the attention of Government been drawn to the very unsatisfactory administration in both the hospitals?

Sir Girja Shankar Bajpai: That is the statement made by the Honourable Member.

Dr. Sir Ziauddin Ahmad: Has the attention of Government been drawn to it?

Sir Girja Shankar Bajpai: I cannot say whether at any stage with regard to these hospitals some complaints have not been received. Recently I have received none.

Mr. M. Asaf Ali: Is it a fact that the Advisory Committee for the Irwin Hospital of which the Honourable Member has been speaking has not met even once during the last two years?

Sir Girja Shankar Bajpai: As I informed the House just now, I was aware of the existence of a governing body for the Lady Hardinge Medical College. But with regard to the Irwin Hospital, I was not aware as to whether there was an advisory committee or a governing body. It follows therefore that I am not in a position to say whether the Advisory Committee if there is one has met within the last two years or not.

Mr. Badri Dutt Pande: Has the Government any control over the Eye Hospital that is situated in Daryaganj?

Sir Girja Shankar Bajpai: That question was asked by my Honourable friend on a previous occasion and I gave the answer then.

Mr. S. Satyamurti: Will the Honourable Member place the information on the table of the House during the Session, in order to enable Honourable Members to pursue the point, if necessary by further questions?

Sir Girja Shankar Bajpai: My Honourable friend may rest assured that as soon as I get the information for which I have asked the Chief Commissioner, I shall lay it on the table of the House.

Dr. Sir Ziauddin Ahmad: Do these advisory committees send periodical reports to the Government of India?

Sir Girja Shankar Bajpai: No, Sir; because, as my Honourable friend is aware, all these institutions are under the control of the Chief Commissioner of Delhi. If there is any procedure for the submission of reports these reports go to the Chief Commissioner of Delhi and do not come to the Government of India.

WOMEN ON THE NURSING STAFF OF HOSPITALS UNDER GOVERNMENT CONTROL IN DELHI PROVINCE.

†1033. ***Shrimati K. Radha Bai Subbarayan:** Will the Education Secretary please state:

- (a) the number of women, Indian and non-Indian on the nursing staff of the hospitals under Government control in the Province of Delhi;
- (b) how many of these nurses are on probation and in regular service;
- (c) the number of Indians and non-Indians holding the higher posts, such as, matrons, sisters, wardens and house keepers;
- (d) whether the non-Indian members of the nursing staff are required to pass a test for working knowledge of Indian languages, customs and diet and if so, what are the regulations for it; and
- (e) whether Government have any policy with regard to facilities for the training of Indian women for the higher posts in the nursing service, and if not, why not?

INDIAN SCHOOL OF MINES AT DHANBAD.

†1034. ***Sir Abdul Halim Ghuznavi:** Will the Honourable the Labour Member be pleased to state:

- (a) whether the Indian School of Mines at Dhanbad is maintained by the Government of India and was established for the purpose of giving efficient training in mining and geology;
- (b) if it is a fact that till 1934 holders of diplomas in geology from the said institution were not considered even eligible for an appointment under the Geological Survey of India;
- (c) if it is a fact that not a single qualified student holding even First Class Diploma in geology from the said institution has hitherto been appointed to any responsible post under the Geological Survey of India; and
- (d) if it is a fact that the training imparted by the said school is not up to the mark for entitling a student to hold responsible appointment under the Geological Survey of India, and if so, what is the utility of running this Institution at Government expense?

†For answer to this question, see answer to question No.1032.

‡Answer to this question laid on the table, the questioner being absent.

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) No.

(c) No.

(d) The reply to the first part is in the negative. The second part does not arise.

CHANGE OF HEADQUARTERS OF THE INDIAN AGENT IN CEYLON.

1035. ***Mr. T. S. Avinashilingam Chettiar:** Will the Secretary for Education, Health and Lands state:

- (a) whether he has received a representation from any body of Indians in Ceylon that the change of headquarters of the Indian Agent in Ceylon from Kandy to Colombo would facilitate in his getting into better touch with the Indian community in Ceylon; and
- (b) whether Government have considered the suggestion and come to a conclusion in the matter?

Sir Girja Shankar Bajpai: (a) Yes.

(b) The matter is under consideration.

Mr. S. Satyamurti: May I know whether Government are also considering the matter of having an Agent in Kandy for looking after Indian labourers and a Trade Commissioner in Colombo for attending to the trade relations between India and Ceylon?

Sir Girja Shankar Bajpai: The question of Trade Commissioner has to be addressed to the Honourable the Commerce Member.

Mr. S. Satyamurti: I am not raising the larger question now but I am asking whether Government have considered the question of relieving the Agent from the duties connected with trade and having this post merely to look after Indian labour and locating this office, one in Kandy and one in Colombo?

Sir Girja Shankar Bajpai: In so far as the Agent for whom I am responsible is concerned, he does not deal with trade questions. He deals only with the protection of Indian labour and generally (if you like) with the political status of the Indian community in Ceylon.

Mr. S. Satyamurti: But may I know whether Government have considered the question of having another representative of the Government of India in Ceylon, preferably in Colombo, so that the status of Indians there may be related to the question of trade relations between this country and Ceylon from time to time?

Sir Girja Shankar Bajpai: I would again submit for the consideration of my Honourable friend that the question whether it is necessary to maintain a representative in Ceylon to look after trade relations is not for my department but for the Honourable the Commerce Member.

ACTION ON CERTAIN RESOLUTIONS PASSED BY INDIANS IN FIJI.

1036. *Mr. K. Santhanam: Will the Secretary for Education, Health and Lands please state:

- (a) with reference to his answer to starred question No. 69, dated the 4th February, 1939, whether any action has been taken on the resolutions passed by the Indians in Fiji;
- (b) whether any representations have been made to the Colonial Office; and
- (c) the result, if any, of such action?

Sir Girja Shankar Bajpai: (a)—(c). The main points raised in the resolutions are already under correspondence with His Majesty's Government.

GOVERNMENT GRANT TO THE NEW DELHI MUNICIPAL COMMITTEE, ETC.

1037. *Mr. K. Santhanam: Will the Secretary for Education, Health and Lands please state:

- (a) with reference to his answer to starred question No. 67, dated the 4th February, 1939, whether the New Delhi Municipality has taken all possible steps to be self-supporting;
- (b) whether the grant of 3.34 lakhs is a fixed grant for a period of years or fixed annually;
- (c) what are the conditions attached to the grant; and
- (d) whether it is expected that the Municipality will be self-supporting in the near future?

Sir Girja Shankar Bajpai: (a) and (d). I have asked for information and will furnish a reply when it is available.

(b) and (c). The total grant to the New Delhi Municipal Committee consists of the annual general grant and grants for specific purposes, such as Education, Medical, Public Health, Veterinary, and so on. The annual general grant has been fixed at Rs. 2.70 lakhs for a period of four years with effect from 1938-39 and its payment is subject to the condition that if there is any improvement in the budgetary position of the Municipality, the amount of the grant-in-aid would be reconsidered. Grants for specific purposes do not vary from year to year with the exception of the grant on account of the Secretary's pay and the educational grant. The latter depends on the number of trained teachers in Municipal schools and several other factors.

Mr. K. Santhanam: May I know whether it takes more time for the Government of India to get information from the Chief Commissioner of Delhi than from any other place?

Sir Girja Shankar Bajpai: I do not think there is any such general law.

Mr. K. Santhanam: May I know the position with regard to clause (d) of the question?

Sir Girja Shankar Bajpai: I have already said in reply to parts (b) and (c) of the question that we have fixed the recurring grant-in-aid to the New Delhi Municipal Committee at the figure of 2.70 lakhs for the next four years, the assumption being that it is not likely that there would be any reduction in that grant within the next four years. But we have also reserved to ourselves freedom to reconsider this matter if we find that their income is increasing.

Mr. K. Santhanam: May I know if the New Delhi Municipal Committee have taken all possible steps to increase it and have levied all possible taxes permitted for the municipality?

Sir Girja Shankar Bajpai: My Honourable friend probably knows that the Chief Commissioner of Delhi has at his disposal now a financial adviser. That financial adviser only recently examined the finances of the New Delhi Municipal Committee and as far as I am aware, on the whole his judgment is that the New Delhi Municipal Committee has done quite well in the matter of levying taxation.

Mr. K. Santhanam: May I know if there is any entertainment tax in the New Delhi Municipality?

Sir Girja Shankar Bajpai: My Honourable friend asked that question on a previous occasion and I informed him that such a tax can be levied only by an extension of the relevant provisions of the Punjab Municipal Act to Delhi and that then the tax would go not to the Municipality, but to the Central Government.

Mr. M. Asaf Ali: Is it not a fact that the main head of receipts, as far as the New Delhi Municipal Committee is concerned, excludes large receipts from terminal taxes, and that is due to the fact that the population of New Delhi is very small and consumption is very little and therefore the New Delhi Municipal Committee can never be self-supporting?

Sir Girja Shankar Bajpai: I think that is more a matter of argument than a question for information.

HIGHER RATE OF DEATHS IN MINES IN ASSAM.

1038. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Commerce Member please state:

- (a) whether reports of the Chief Inspector of Mines for the last four years show that the death rate and serious accident rate of employees in mines are invariably much higher in Assam than in Raniganj and Jharia coal-fields the death rate being about three times and the accident rate about twenty times more in Assam;
- (b) the number and rank of officers who inspected the Assam Mines in 1937; also the same information about Bengal Mines;
- (c) the number of mines visited in Bengal and in Assam, respectively; and how many times they were visited; and
- (d) the reasons for Assam's lead in accidents?

The Honourable Sir Muhammad Zafrullah Khan: (a), (b) and (d). The information is being collected and will be supplied in due course.

(c) The information required is contained in the annual Reports of the Chief Inspector of Mines in India, copies of which are available in the Library of the House.

Mr. Brojendra Narayan Chaudhury: Does the report mention the number of times the mines were visited in Bengal and Assam?

The Honourable Sir Muhammad Zafrullah Khan: I think so.

Prof. N. G. Ranga: Are any efforts being made by the Government of India to see that these mines in Assam are inspected more frequently?

The Honourable Sir Muhammad Zafrullah Khan: That, Sir, does not arise out of this question.

Prof. N. G. Ranga: With reference to clause (c) of the question I want to know whether any steps are taken by the Government of India to see that these mines are inspected more frequently than in the past?

The Honourable Sir Muhammad Zafrullah Khan: Why should they be inspected more frequently?

Mr. Brojendra Narayan Chaudhury: Are Government satisfied that the Inspectors pay the same attention to the Assam mines as they do to the Bengal mines?

The Honourable Sir Muhammad Zafrullah Khan: I have no reason to believe the contrary.

Prof. N. G. Ranga: Are Government satisfied that every possible step is being taken to see that measures are being taken in the Assam mines in order to prevent these frequent accidents there?

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member responsible for the question has put down certain questions which are designed presumably to show that every possible step is not being taken. And I have said that I have called for information and when I have received that information it is then that I will be able to answer questions of this kind.

ANTI-INDIAN RIOTS IN BURMA.

1039. ***Mr. Brojendra Narayan Chaudhury:** Will the Secretary for Education, Health and Lands please state:

- (a) the number of recrudescence of anti-Indian riots and attacks on Indians as such in Burma since 1st April last;
- (b) the number of Indians who have (i) died, (ii) been seriously injured and the number of Indian houses attacked therein, with the respective Provinces those Indians belong to; and

(c) whether the new ministry in Burma have been able to restore better conditions of safety for Indians? :

Sir Girja Shankar Bajpai: (a) Information regarding occurrences in July, 1938, September, 1938, and more recently in January, and February, 1939, has been furnished to the House from time to time.

(b) The information available regarding last year's riots was communicated in answer to Mr. Amarendra Nath Chattopadhyaya's starred question No. 1120 on the 19th September, 1938, and, on the riots of January last, during the discussion on the adjournment motion on 4th February. Information regarding the number of Indian houses attacked or the Provinces to which the Indian victims belonged is not available.

(c) There have been no Indo-Burman disturbances since the formation of the new Ministry last month. It is, however, too early to say how far the new Ministry will succeed in restoring normal relations.

REPEAL OF THE PRESS EMERGENCY POWERS LAWS IN BURMA.

1040. ***Mr. Brojendra Narayan Chaudhury:** Will the Secretary for Education, Health and Lands please state:

- (a) whether the Press Emergency Powers Laws have been repealed by the Burma House of Representatives; if so, what the effect of the repeal on anti-Indian propaganda would be; and
- (b) whether the repealing Bill was opposed by any Burman Representative; if so, by how many out of how many members?

Sir Girja Shankar Bajpai: (a) The Press (Emergency Powers) Law (Repealing) Bill was passed by the Burma House of Representatives, on the 1st March, 1939, but it has since been rejected by the Senate.

(b) The repealing Bill was opposed by the Premier. The voting list, as published, appears to include only one Burman name amongst the 'Noes'.

Mr. Brojendra Narayan Chaudhury: How did the Indians and Europeans vote on that occasion?

Sir Girja Shankar Bajpai: The Indians and Europeans voted against the motion of repeal.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State at its meeting held on the 13th March, 1939, agreed without any amendment to the Bill to consolidate and clarify the provisions of Muslim law relating to suits for dissolution of marriage by women married under Muslim law and to remove doubts as to the effect of renunciation of Islam by a married Muslim woman on her marriage tie, which was passed by the Legislative Assembly at its meeting held on the 14th February, 1939."

THE GENERAL BUDGET—LIST OF DEMANDS—*contd.*SECOND STAGE—*contd.*DEMAND NO. 10—INDIAN POSTS AND TELEGRAPHS DEPARTMENT (INCLUDING WORKING EXPENSES)—*concl'd.**Departure from the Practice of using Urdu Script in Postal Forms—contd.*

Mr. President (The Honourable Sir Abdur Rahim): Before, the discussion of the budget is resumed, the Chair would like to mention to the House, with reference to the cut motion which was moved by the European Group the other day, that it could not be concluded, because the House adjourned owing to the sudden death of a Member of the Assembly and the European Group thus lost about half an hour of their time. Yesterday, the Chair was asked what happened to that motion and it said that it lapsed because the time-table was fixed by the Parties themselves and there was no more time left to the European Group. The Chair thinks it ought to qualify that by pointing out that it is open to the other Groups which have yet their cut motions to move to give up, if it suits them, a portion of their time so that the discussion on the European Group's motion might be resumed. The Chair says this specially because apparently, having regard to the subject-matter of the motion, that is, the relations of the finances between the Central Government and the Provinces, it is possible that the House may consider that it is a subject of such importance that the discussion ought to be resumed. That is only for the Parties to decide.

Mr. M. Asaf Ali (Delhi: General): May I say a word? If I am not mistaken, the debate on that cut motion proceeded merrily for some time, but the object of the motion was not to censure the Government: it was only just to raise a discussion and in so far as that goes, I think we have had a fairly full discussion.

Mr. President (The Honourable Sir Abdur Rahim): The Chair is not suggesting that: the Chair means it is for the Parties to decide, having regard to the subject-matter of the motion whether the discussion should be resumed or not, and that can only be done if those who have still motions to move are willing to give up any portion of their time: otherwise, the motion lapses, as the Chair said the other day. The discussion will now be resumed on motion No. 30—the Muslim League Party's motion.

Sir Muhammad Yamin Khan (Agra Division: Muhaminadan Rural): Sir, this was a very simple issue, but I do not know how Mr. Asaf Ali came to put such a different complexion on it in his most self-contradictory speech yesterday. He can call himself a person who really knows Urdu and he can be a defender of Urdu because he lives in Delhi, where this language has been developed. But if I may be allowed, without wasting the time of the House, to say a few words, I will place the real case. Urdu means really cantonment or camp; and the language which grew up in a cantonment where there was a mixed population of all the provinces and of Muslims from Persia, Turkestan and other places and from them sprang a mixed language which is called Urdu or cantonment language. It is really not a Muslim language: it is wrong to say that Urdu is a Muslim language: it is a language as much of the Hindus as of the Muslims.

(2024)

I was surprised to hear my friend, Mr. Asaf Ali, say that the language which the Madrassah calls Hindustani is not Urdu; at the same time, he says that the language spoken in the Congress (and the Congress is patron of the Urdu language) and in which the proceedings of the Congress are conducted is the Urdu language and not the language spoken by my friend, Mr. Umar Aly Shah. I question that. I think both are Urdu. There is Urdu which is spoken in Delhi and there is Urdu which is spoken in Lucknow and in Bombay and in Madras. I have been to Madras and I have spoken to a good many people who could speak Urdu all right. He says that Bengalis think it to be the Prophet's language: that may be some ignorant Bengali who thinks so. Urdu has been contributed by many poets who came from amongst the Hindus in much larger numbers and they have contributed to develop it into its present shape as much as the Muslims have done. The grammar of Urdu is absolutely Sanskrit grammar: the words are mixed up from Bengali, Bhasha, Pushto and all other dialects which are spoken in India, as also from Persian and Arabic and a few words of Turki. But if my Honourable friend means the Urdu script then it is different. The script is either the Devnagari script or the Persian script. Khan Bahadur Siddique Ali Khan merely says that some people want money order forms with Persian script as they understand only that script and they cannot read the Devnagari script and they could not obtain such forms in certain post offices: that is the only grievance; and what he suggests is that in all post offices there must be kept a certain number of money order forms which may be supplied on demand. We need not go now into the controversy as to what Urdu is and how it is learnt and how it is derived. We are talking about money order forms. Mr. Asaf Ali probably thinks it will cost something like the military expenditure. I say that even if Gurmukhi is wanted somewhere the post office must supply it in that script to the man who knows only Gurmukhi script. I have got no quarrel with that man. The post office deals with all persons and it must supply in that script also. If a man says he can only read Devanagari script it must be supplied to him in that script. It will not cost much to print the money order forms once for all and supply, say ten forms or so to each post office and when they are exhausted others may be requisitioned. 50 or 20 forms may last for two years—probably some post offices never issue money orders to the extent of more than 20 or 30 each year. If 10 or 15 Urdu forms are kept, it will do no harm. Both the Mover and Mr. Nauman have quoted instances where they personally tried to get money order forms printed in that script but could not obtain them. He simply wants that they may be distributed among the various post offices in India. Certainly the post office prints the forms in one place. They don't employ different presses in different places to print these forms, and so, since these forms are printed in one and the same place, it will not be necessary to incur a lot of expenditure to meet our demand. All that they will have to do would be to print these forms in different languages and in different scripts and supply those forms to the various post offices, so that anybody who wants a form in a particular language or script may be supplied with it, because in that case he will not need to engage the services of somebody else to write out the form in the script or language which he understands himself. We merely wanted to point out the difficulty that exists. We do not want to enter into the controversy of Urdu, Hindi or Nagri Bhasha, nor is it our desire to discuss and decide what should be the *lingua franca* of India. That is a matter which should be decided outside this House by different communities. Here we are

[Sir Muhammad Yamin Khan.]

merely concerned with what the Government Department should do to meet the convenience of the public and what facilities it should provide to meet the demands of the public so that every literate man may write down his own money order form in a language with which he is familiar. I think, Sir, this is a very simple request and the Government must accede to it.

Some Honourable Members: The question may now be put.

The Honourable Sir Thomas Stewart (Member for Railways and Communications): Sir, this motion has been brought before the House in order to give an opportunity to discuss the departure from the practice of using Urdu script in postal forms. Now, Sir, were I to claim that this motion should be treated on its merits, exactly as it stands on the order paper, my answer would be a very short one, and that would be to say that there has been no departure from the practice of using Urdu script in postal forms; not one atom of evidence has been adduced in the course of the debate to show that this is the case. But I do not wish to take advantage of something that may be a mere defect in the drafting of the motion, and it appeared to me, from what was said by several Members in the course of the debate, that the real charge was not the disuse of Urdu forms, but it was rather that the Posts and Telegraphs Department had been endeavouring to suppress the use of Urdu forms, and, indeed, for that purpose had entered into a conspiracy with the Congress Party. Now, my friend, Mr. Asaf Ali, refuted that proposition yesterday, and I for my part confirm what he has said. Whatever may be our individual inequities and faults, we have not been in conspiracy. Speaking for myself, and speaking on behalf of the Government, I wish to give an equally categorical denial to the suggestion that Government of their own motion, or the Posts and Telegraphs Department, of their own, have been engaged in any such nefarious process as to endeavour to suppress the use of postal forms printed in Urdu script

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): What about Mr. Jinnah's letter?

The Honourable Sir Thomas Stewart: It is not the business, nor the policy, nor the practice of the Posts and Telegraphs Department to take sides on any political or literary dispute. Their conduct in this matter is governed entirely by practical considerations. It is obviously impossible, in spite of what my friend, Sir Muhammad Yamin Khan, said, to print and distribute a supply of forms so that the Pathan from Peshawar may be supplied with an Urdu form at Tuticorin or a Malayalee from the West Coast should find his particular form in Assam. That, I think, is an impracticable proposition. Sir Muhammad Yamin Khan will tell me it is not, but he has only been dealing with one side of the problem. It may be perfectly easy to provide a Malayalam form in Shillong, but, surely, as a corollary to that, if it is to be of any use, I must also provide a Malayalee clerk in Shillong who understands what has been written on the form. The proposition, I suggest, is not a practicable one. We have endeavoured to evolve a working rule, and that rule is to be found in No. 263 of the Indian Telegraph

Rules. That rule was quoted *in extenso* by the Honourable the Mover of the motion yesterday, and so I need quote only a part of it relating to the language in which the entries should be made:

"All the entries made in the form must be legible and may be written in English or in the language of the vernacular of the district".

I am quoting the word "vernacular" as it is here; it may have to be changed to the "prevalent Indian language" later on. Now, the vernacular is prescribed by the Provincial Government concerned. That is the rule, and we have found that in the past it has worked very successfully. But we are not absolutely hidebound; we do not regard that rule as an absolutely cast iron one. The rule is designed to provide reasonable facilities for inter-communication between various parts of India, and if it does, in fact, appear that there is a reasonable, a real and effective demand for an alternative form, then we are prepared to supply it. I say that the demand must be a real and effective one, based on real difficulties of intercommunication, and not merely on the sentiment of a few affected parties. The case against us has been supported, Sir, by a citation of several particular instances. Now, it is very difficult, when one has had no notice at all of a particular instance, to refute that instance or to demonstrate to what extent it fails to support the general case. Nevertheless, I should like to invite the attention of Honourable Members to one or two of the particular instances which have been cited in the course of the speeches which have been delivered in the course of the debate. One particular case referred to was that of difficulty experienced by an officer of a certain Anjuman in Ahmedabad. The underlying claim was that in Ahmedabad there was a very considerable community, speaking Urdu, who experienced difficulties because of the non-supply of Urdu forms. Now, Sir, it surprises me very much indeed to hear that in Ahmedabad, the nerve centre of Gujarat, there is any community which is carrying on its day's work, its lawful avocations, and has not a sufficient knowledge of Gujarathi to carry out all its business transactions by means of the forms that are supplied. This indeed is, I think, one of the cases in which the argument is based rather on sentiment than on practical necessity. But I am open to conviction. If it is really true that there is in Ahmedabad a community who cannot do without the use of Urdu forms, then, most certainly, I shall be prepared to consider the case of supplying those forms. My Honourable friend, Mr. Nauman, also supported the case from his own experience and that of a friend of his in the eastern parts of Bihar

Sir Muhammad Yamin Khan: May I interrupt the Honourable Member? The Honourable Member said that there may be some people who may understand Gujarati in Ahmedabad. But, supposing the money order is intended to reach in Delhi, will that difficulty not be experienced in the Delhi Post Office if the money order is written in Gujarati—to employ a man to translate?

The Honourable Sir Thomas Stewart: No, Sir. We have in Delhi clerks who can deal with it. I was saying that my Honourable friend, Mr. Nauman, had supported the cut motion by relating a certain experience of himself and of a friend, which I gather was in the eastern parts of Bihar and in Bengal. He had gone to certain small Post Offices and he had found it impossible to obtain forms in Urdu. But he waxed much

[Sir Thomas Stewart.]

more indignant, not in relation to that fact, but in relation to the fact that letters addressed in Urdu script were delayed in transmission. He put forward a proposition which I am not prepared to accept. His explanation of the delay in transmission was that there had been malice on the part of the distributing officers. That I am not prepared to admit. What really is the case is that the postal officials in that part of the world are not acquainted with the Urdu script, that they have to have the addresses translated for them and for that reason there is delay. And what the Honourable Member's argument comes to is that he supports me and not himself—that there is the best reason in the world why we should not supply Urdu forms there because the Urdu script is in fact not commonly known.

A third important case that was brought before us was the one in regard to Bombay and in regard to which Mr. Siddique quoted an exchange of letters between the Leader of his Party and the Director General of Posts and Telegraphs. I was rather astonished that when he had taken the trouble to read so many letters he did not read the last item in the correspondence. The last item showed that, in spite of repeated enquiries with regard to the matter, we were unable to trace that at any time there had been a supply of Urdu forms to certain sub-post offices, and we were unable to trace that there had ever been any orders countermanding that arrangement. My own interpretation of the correspondence is this,—and the enquiries were carried out by an officer who was not a Hindu but one who I have been informed by more than one Member of this House is an official who is not at all antipathetic to the Muslim community—my own interpretation of his enquiries is this, that, if at any time these forms had ever been supplied, there was no real demand for them, and they were never replaced from the central store, which undoubtedly exists at the Bombay head office. My Honourable friend, Mr. Siddique, also failed to tell us that it was in June, 1938, that certain representations were made by a Muslim Association in Bombay to the Postmaster General of that Circle. They asked that Urdu forms should be supplied. It was within the competence of the Postmaster General to take action on that representation. He has taken action and the forms are now available, and therefore, I suggest that this particular evidence against us has very little weight.

Looking back over the debate, I feel that the speeches which have been delivered have not had in view so much the conviction of Government of a failing or fault—which indeed does not exist,—but it has rather been an attempt to persuade Government, and in particular, the Posts and Telegraphs Department, to take part in a form of propaganda for the popularising of Urdu script.

Some Members on the Muslim League Benches: No, no.

The Honourable Sir Thomas Stewart: I am giving you my own opinion and I am entitled to that. Now, Sir, I am not going to enter into the controversy as to whether, where and when the Urdu script should be used. I have already said that it is neither our business nor our policy nor our practice to intervene in literary or political disputes, and to that statement of opinion I still adhere.

Mr. M. Asaf Ali: May I put the Honourable Member a simple question? May I take it that the Government will be prepared to meet any genuine demand if it is made anywhere for supply of forms in Urdu script?

The Honourable Sir Thomas Stewart: That I have stated categorically. If there is a real and effective demand, we shall be prepared to meet it.

Dr. Sir Ziauddin Ahmad: What is the meaning of effective demand?

Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban): Not by one person, but by a large number of persons.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

“That the demand under the head ‘Indian Posts and Telegraphs Department (including Working Expenses)’ be reduced by Rs. 100.”

The Assembly divided:

AYES—12.

Bhutto, Mr. Nabi Baksh Illahi Baksh.
Essak Sait, Mr. H. A. Sathar H.
Fazli-Haq Piracha, Khan Bahadur
Shaikh.
Ismail Khan, Haji Chaudhury
Muhammad.
Murtuza Sahib Bahadur, Maulvi Syed
Nauman, Mr. Muhammad.

Raza Ali, Sir Syed.
Shahban, Mian Ghulam Kadir
Muhammad.
Siddique Ali Khan, Khan Bahadur
Nawab.
Umar Aly Shah, Mr.
Yamin Khan, Sir Muhammad.
Ziauddin Ahmad, Dr. Sir.

NOES—41.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab
Sir.
Aney, Mr. M. S.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Banerjea, Dr. P. N.
Bewoor, Mr. G. V.
Bhandarkar, Mr. K. Y.
Chanda, Mr. A. K.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Cap-
tain.
Frampton, Mr. H. J.
Gorwala, Mr. A. D.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
Jawahar Singh, Sardar Bahadur Sar-
dar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema
Kushalpal Singh, Raja Bahadur.
Lalchand Navalrai, Mr.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maitra, Pandit Lakshmi Kanta.

Maxwell, The Honourable Sir Regi-
nald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Parma Nand, Bhai.
Row, Mr. K. Sanjiva.
Sant Singh, Sardar.
Sher Muhammad Khan, Captain Sar-
dar Sir,
Sircar, The Honourable Sir Nripen
dra.
Slade, Mr. M.
Som, Mr. Suryya Kumar.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir
Muhammad.

The motion was negatived.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris: Muham-
madan): I want to move cut motion No. 9 on Supplementary List No. 3.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that the object of the motion is to discuss the unsatisfactory position of Moplah prisoners and internees and the need for their release. Is that not a provincial subject?

Mr. H. A. Sathar H. Essak Sait: I do not think it is a provincial subject, because the prisoners mentioned here are distributed in so many provinces, and I think the Centre has something to do with it.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must show how the Centre has got something to do with it. If there are Moplah prisoners in a number of provinces, each province has got to deal with them. It is the responsibility of the provinces.

Mr. H. A. Sathar H. Essak Sait: That must be done through the Centre. They must be under the orders of the Central Government. Otherwise it is not possible for them to be distributed.

Mr. President (The Honourable Sir Abdur Rahim): Jail administration, the Chair understands, is a provincial subject and, therefore, if there is any grievance with respect to the administration of jails in any province, then it is that Government that must be approached and not the Central Government.

Mr. H. A. Sathar H. Essak Sait: All of them are not prisoners. There are some internees and detenus. They must be under the Central Government.

Sir Muhammad Yamin Khan: Provincial Governments have certainly got full control over the jail administration but no Provincial Government has got any right to send out a man outside the province into another province. That can only be done through the Central Government.

The Honourable Sir Reginald Maxwell (Home Member): The Central Government is not responsible for these prisoners. Wherever they are detained, they are not prisoners of the Central Government now under the present constitution, whether they are prisoners convicted by the courts of law or whether they are State prisoners. The Central Government is only responsible for convicts or detenus or State prisoners who are kept in custody in respect of the Centrally administered areas or in respect of the functions of the Central Government, that is, Defence or External Affairs. As regards those prisoners, wherever they may be detained, we have no knowledge of them.

Mr. President (The Honourable Sir Abdur Rahim): What about the internees?

The Honourable Sir Reginald Maxwell: In the case of internees similarly, they are not the concern of the Central Government.

Mr. President (The Honourable Sir Abdur Rahim): Are any of them interned under any Regulation?

The Honourable Sir Reginald Maxwell: We do not know whether there is still any in custody, but even if there are prisoners under the Madras Regulation still it is only the Provincial Government which has power to deal with them or to release them or to take any other measures in regard to them.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member means prisoners convicted or detained under the Regulation? Are they not under the orders and directions of the Central Government?

The Honourable Sir Reginald Maxwell: Not under the orders of the Central Government, except in respect of Centrally Administered Areas. These Moplah prisoners belong to the Madras Presidency and it is only the Provincial Government of that presidency which has power to deal with them in any way.

Dr. Sir Ziauddin Ahmad: There are a certain number of Moplahs in Bihar. They are not put in jail. They are allowed to move about from one place to another and they cannot stay for more than two months in one place and they have no means of livelihood and no means of supporting themselves. They get no subsistence allowance and they beg for their bread. Under whose orders are they forced to wander—of the Bihar Government or the Madras Government or the Central Government?

The Honourable Sir Reginald Maxwell: The Madras Government is the only Government which is aware of the conditions of their internment. We have absolutely no information about the existence of such prisoners in Bihar or elsewhere.

Maulvi Syed Murtuza Sahib Bahadur (South Madras: Muhammadan): With your permission, Sir, I wish to represent one fact. So far as I know, it is the Central Government which is responsible in the case of the Moplahs. You may remember that during the Home Membership of the late lamented Sir Alexander Muddiman we represented the case of these Moplahs and a delegation was sent by the Government of India to the Andamans and I was one of the members of that delegation. We went over there and inquired into the difficulties of the Moplahs and not only those Moplahs but their families also were sent . . .

Mr. President (The Honourable Sir Abdur Rahim): The administration of the Andamans is under the Central Government; that is a Centrally Administered Area.

Maulvi Syed Murtuza Sahib Bahadur: They are under the Central Government. The other Moplahs with which the Provincial Government were concerned, after the advent of the Congress Government, have been released, and it is only these detenus and other prisoners who are lingering there about whom we want to raise this point . . .

Mr. President (The Honourable Sir Abdur Rahim): Are there any of these prisoners in the Centrally Administered Areas?

The Honourable Sir Reginald Maxwell: No, Sir, my information is there are none in the Andamans now.

Mr. President (The Honourable Sir Abdur Rahim): From what facts are from the Honourable the Home Member, as regards the control of these prisoners, the Chair must hold that the Central Government is not responsible and, therefore, this motion is not in order.

Carrying on a one-sided Propaganda and withholding Telegrams sent by the Rival Party.

Dr. Sir Ziauddin Ahmad: Sir, I should like to move motion No. 17 on the Final List.

Mr. President (The Honourable Sir Abdur Rahim): Has notice been given?

Dr. Sir Ziauddin Ahmad: Notice was given. It was originally put down in the name of Maulvi Abdul Ghani, but I also gave notice of a similar amendment here. Sir, I move:

"That the demand under the head 'Indian Posts and Telegraphs Department (including Working Expenses)' be reduced by Rs. 100"—(To discuss it for allowing the Department to carry on a one-sided propaganda and withholding the telegrams sent by the rival party).

Sir, it is said that Parliament can do everything except making man a woman and a woman a man, but I feel that "Propaganda" can do even more than what Parliament can do. Therefore, the effect of propaganda now is exceedingly greater than we realise. The great war was won not by army but by propaganda. I had several instances that came to my notice recently, but many more to the notice of Maulvi Abdul Ghani who was to move the motion. Unfortunately he is not here now. Whenever anything happens in a town, and I speak from my experience of Aligarh, then the district magistrate sends telegrams of his version to the Press and higher authorities. Now the telegrams that are sent by the people to emphasize the other point of view are with-held by the district magistrate and are not allowed to proceed. Of course, the district magistrate has got powers under rules which are incorrectly framed to with-hold a telegram of a sensational nature but this power is very often misused in the matter of carrying on one-sided propaganda which the district magistrate has in his mind and the telegram sent by the people even to the ministers and the Governor, not speaking of Press, are with-held, sometimes altogether and sometimes delayed so that they do not reach the addressees in proper time. I will give one definite instance, namely, of what happened about the Aligarh incident six weeks ago. When I was in Bombay I read a sensational telegram which was published under the name of District Magistrate, five revolver shots were fired at students of Aligarh University, who burnt Police tents and intervened the approach of fire brigade, and shops were looted. Why was this sensational telegram accepted by Post Office. Incorrect telegrams of alarming nature were published, but contradicting each other. I myself got the impression which was absolutely wrong and the Government of U. P. got the same, and the public got the impression by reading one-sided news that it was the students who were to blame, and that they burnt the tents and burnt everything and the police was not to blame at all. No mention was made that it was police who first began *lathi* charge, and students beat them in retaliation, as they were not the believer of non-violence. But I discovered that a number of telegrams that were sent by the other side to the Press, to

the Premier and to the Governor were all with-held by the district magistrate; so in this case only a one-sided propaganda was allowed to be carried on by the Post Office and I think everybody believed and the conclusion was justified by the one-sided propaganda, that the fault entirely rested with the students, while in fact, as I discovered when it was too late that the students did not burn the tents. One-sided telegram made no mention of orderly behaviour of students and resolutions passed by shop-keepers and this was carried on by the repeated publication of telegrams by the enemies of the University and by the suppression of telegrams representing other side.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Who suppressed the telegram?

Dr. Sir Ziauddin Ahmad: A number of telegrams were also sent by persons representing the other people.

Sir Cowasji Jehangir: Who suppressed the telegrams?

Dr. Sir Ziauddin Ahmad: A nationalist according to my yesterday's definition. So what I want to press is that the power given under the rules ought to be used with great discretion. Nowadays we know that the situation has entirely changed and the rule should also change. We have got a number of communal troubles and fights going on as a result of mismanagement of Congress, and we find that only one-side statement is published. I will not here rebuke the Press, I have a separate cut motion. As far as the Associated Press is concerned, I have got a definite complaint that they appoint their correspondents in a manner that they get only one-sided information which they publish and I can cite a number of cases. The object of Associated Press for whose maintenance I also pay is to give uncoloured news and let the public to draw its own conclusion. In this case Associated Press did not publish the news sent by the University, but this is not the issue at present. The issue at present is this that whenever any person brings a telegram to the telegraph office and pays the charge, then I think, unless there is a very strong justification otherwise, there is no reason why, in normal conditions, the district magistrate should stop the telegram altogether. This is a great misuse of the provisions of the Posts and Telegraphs code. If a person says that there was a great earthquake and all the buildings were destroyed, then evidently the telegraph clerk has a right to stop such a sensational telegram. But whenever a telegram is sent to the higher authorities, such as the Commissioners, the Premiers or the Governors, one cannot expect that any sensation will be created and there is no justification for stopping even that telegram. I think the post office by stopping the telegram and allowing one-sided telegram to be despatched day after day have done a great injustice to the Aligarh University and have shown the whole of the students community in wrong colour. I myself got the other impression about this affair and I have some sympathy with the Governor and Premier who formed opinion on reading one-sided story when I made enquiries. I found that only one-sided telegrams were published. Children and youngmen boast that they have beaten, even when they are kicked. We should not go by the false account of heroism, expressed in any letter. The telegrams from the other side were suppressed. The matter is very important and this sort of thing is now happening day after day in various

[Dr. Sir Ziauddin Ahmad.]

towns. Therefore, I think that instructions ought to be issued to the post offices not to stop any telegram or any letter. I would go one step further and suggest that copies of such telegrams as are stopped by the post offices should be sent to the Postmaster General so that he may be in a position to judge whether the action of the District Magistrate was correct. In every case the sender should be informed that his telegram is stopped and money is returned. A special code should be framed and rules should be drafted to see that only those telegrams are stopped which are wrong and are likely to produce some kind of unjustifiable consternation in India but no telegrams should be stopped which represent the views of the other side and which are sent by responsible persons or a recognised Society or an *anjuman*. The public should have power to file civil suits, if telegrams are unjustly withheld. These things are now happening very frequently and it is very desirable that at least the Government of India should not help local troubles. The Honourable Sir Thomas Stewart said only a few minutes ago that it is not the business of the Government to carry on the propaganda for any particular party or enter into a political controversy. I wish he could keep his words in this particular case and it is just my point. He should not press it when it suits him and give it up when it does not. In this particular case, we simply want him to adhere to his principle, and that the Postmaster General ought to be warned that it is not the business of the Government of India to carry on any propaganda. Every telegram ought to be despatched. If a telegram is withheld because it was of a sensational nature, a copy of it ought to be sent to the Postmaster General for scrutiny. The despatcher should be informed, his money should be returned and he should have power to sue in a civil court. If that is done, the District Magistrate will think several times before he takes such a drastic action, which he now takes in a light-hearted manner. In each case the money ought to be returned. The post office by accepting a telegram and thus withholding it gives an absolutely wrong impression to the person who sent it. He thinks that the telegram has been despatched but it is lying in the office of the telegrams clerk all the time. I have given the House one example in which a definite harm has been done to the Aligarh University. I would like to mention another case in which a telegram was sent about the affairs in connection with the Muharram at Aligarh. I saw a copy of this telegram which was brought to me here by the representatives of the Aligarh Muslim League. This telegram was also suppressed and I had to send the correct information only from Delhi because no information could be sent from Aligarh. The gist of the matter is that the District Magistrate is being permitted to carry on a propaganda which suits him and he passes orders to suppress the counter-information either to the press or to the higher authorities. This kind of action is not justifiable, whether done by the District Magistrate or the Superintendent of Police, or any Military authority in cantonment area. After all, the world ought to know what the facts are, I cannot imagine any justification for stopping a telegram to higher authorities. With these words, Sir, I move the motion.

Mr. President (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Indian Posts and Telegraphs Department (including Working Expenses)' be reduced by Rs. 100."

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, one really sympathises with much that is said by Dr. Sir Ziauddin Ahmad on the question raised by him. It is really a pity that there should be some legal arrangement by which it is possible for the Government to permit only one-sided propaganda and, at the same time, suppress the other side. At times, such a state of things is bound to cause a good deal of misunderstanding, mischief and even injury, as has been very eloquently pointed out by Dr. Sir Ziauddin Ahmad, particularly in the case of the Aligarh University students. But the point is this: How is the Postal Department concerned with this matter? That is a point which I have not been able to understand. When my Honourable friend, Sir Cowasji Jehangir, put a question to Dr. Sir Ziauddin Ahmad as to who suppressed the telegrams and under whose orders it was done, he said it was done under the orders of the District Magistrate. If that is so, then does my Honourable friend mean to say that it should be open to the Postal Department not to carry out the orders of the District Magistrate in a matter of this kind? Virtually in his own discretion the District Magistrate may think that the propagation of a particular news may not be desirable in the interests of peace and order. His opinion may be entirely wrong, it may be even perverse; but the Postal Department comes in only in this way that it carries out the instructions of the District Magistrate with regard to that particular piece of news. Unless my friend has to urge that by carrying out those instructions the Postal Department is doing something which is illegal, he cannot justify his censure motion. If that is his position, I think there is a good ground for complaint. I do not know whether the Indian Post Offices Act does permit the postal authorities to ignore, at least in certain exceptional cases, the instructions of the District Magistrate on points of this kind. If there is no such provision, anywhere, in the law as it is which enables the postal authorities to ignore the instructions from the District Magistrate, then in a matter of this kind, I believe, our complaints should be laid at the door of somebody else and not at the door of the Postal Department. That is the only difficulty. But, so far as the power of suppressing the news which is opposed to the information which the Government want to circulate is concerned, I think this power is vested in the District Magistrate and, if my friend wants to lodge a protest against that, it is a different thing. But the cut motion, as it stands, is a protest against the Posts and Telegraphs Department, and, if I mistake not, not against the District Magistrate. If it is a complaint against the District Magistrate, probably it may not find place under that particular heading at all. There may be many Members in this House who may think that something should be done to qualify the powers of the District Magistrate in a matter of this kind. One may agree with all that. But I believe it is a question that would have to be properly dealt with not by the Central Government here but by the Provincial Governments.

Dr. Sir Ziauddin Ahmad: No. The Post Offices are under the Central Government.

Mr. M. S. Aney: The power that is vested in the District Magistrate is a matter which does influence his executive capacity.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): What is that power?

Mr. M. S. Aney: I do not know, but our learned friend says that the power is there; under his instructions the whole thing is done. If he had pointed out a particular section of the Post Offices Act under which the District Magistrate has got that power, it would have been all right. So the protest is against that particular Act which vests the District Magistrate with a power like that. But that will not be the proper ground for complaint against the postal authorities as such. That is my difficulty in accepting this particular motion. Otherwise I entirely agree as regards the substance of the complaint which he makes.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I do not know what exactly Dr. Sir Ziauddin Ahmad wants. But I know this, that even press telegrams are intercepted on their way. I can quote a concrete instance to illustrate my point. Once the Jubbulpore correspondent wired to my paper the *Indian Express* in Madras some incidents relating to atrocities committed by soldiers in Jubbulpore. That telegram was not despatched to us and no intimation was given either to the correspondent or to the newspaper about its stoppage. We got information of the incidents by post. Somehow they could not intercept or detect the letter that was posted to us. We got the information by post and we published it. It was found out, afterwards, that the incidents were entirely accurate and many questions were asked in this Assembly and the Government had to explain and do other things. The point at issue is what is the procedure adopted by the Postal Department? Whenever a message is given by a Press correspondent, do they refer it to any authority, civil or military? If the postal authorities do refer, on what basis or under what law do they refer? Is it not their duty to see that immediately the telegram is transmitted leaving it to the civil or military authority to find out on their own initiative and issue orders. The whole point is whether the Postal Department takes the initiative in referring the telegrams or whether they have got any power inherently to stop any telegrams or messages on mere suspicion. These are the two relevant issues. If they do not take any initiative whatsoever, if they do not inform any authorities whatsoever, then they have no responsibility. But the strong suspicion is that when the postal authorities get telegrams of a political or a topical nature, they refer them to the civil or military authorities and take orders from them. If that is not the case, I want a categorical assurance that whenever Press correspondents hand in messages for despatch, they are kept secret by the telegraph people and that they are automatically transmitted to the addressee. How do people get to know which telegram is handed over at the Telegraph office? If a satisfactory explanation is offered on this point, I think, Dr. Sir Ziauddin Ahmad will be able to reconsider the matter. If there is no responsibility attaching to the Posts and Telegraphs Department, then he may move a cut motion against the Home Department which must be directly responsible for the affair. Otherwise, if the Posts and Telegraphs Department have got any function in this matter, if they have got to refer the telegrams to any outside authority, civil or military, and take orders from them, then the Posts and Telegraphs Department become accessories to the stoppage of messages sent by people who are concerned in the affair, and in that case, we must whole-heartedly support Dr. Sir Ziauddin Ahmad's cut motion. I, therefore, want an explanation on these two points from the Honourable Member in charge of the Posts and Telegraphs Department.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I rise to support the cut motion of my Party. In moving this cut motion the chief idea is to find out what is the exact process which the postal authorities follow when they receive a telegraphic message for despatch. What instructions have they got from the authorities? As my Honourable friend, Mr. Santhanam, just now pointed out, what we want to accuse the Posts and Telegraphs Department is based on information that they do take the initiative and refer the matter to the executive authority, civil or military, and they get certain orders to stop the telegrams. In this way the military authorities or the civil authorities take steps to stop the propaganda which they do not like. Is there any Regulation or Rule by which the postal authorities are under obligation to refer such messages to the executive authorities of the place and then send out those messages? Or, do the postal authorities on their own whims do so in order to secure the peace and tranquillity of the country and suppress such messages? Our suspicion is that the postal authorities are responsible for suppressing the telegrams. Our demand is twofold. On the one hand the magisterial authority which is now under the Provincial Government should not be an authority to give orders for the stoppage of certain messages. If my information is correct, I think the Magistrates are not empowered to stop the telegrams despatched to official heads of the rank above themselves, *i.e.*, Magistrates, such as Ministers or the Governor. Probably, even in the interest of peace and tranquillity of the place, the Magistrate has no authority to stop such telegrams. If this is the position then it means that the postal authorities are doing a courtesy in suppressing messages on their own initiative. Of course, it will depend upon the reply which the Honourable Member for Communications will give us how things stand. Our experience is that in such cases, the messages are not despatched promptly. They are delayed either under instructions from the executive authority or on the initiative of the postal authorities on spot. We have no definite information as to who is responsible for the stoppage of telegrams. But we know in many cases the telegrams are delayed, sometimes to the extent of even 24 hours and, in some cases, even 48 hours, or sometimes the telegrams are never despatched at all as has been just now pointed out by my Honourable friend, Dr. Sir Ziauddin Ahmad. I am not going to enter into details to give the different versions which have been communicated to us as to how things are done. We are certainly interested in knowing whether the Government have any information on such affairs and if they have what is the position they take? Do they propose to issue instructions to the postal authorities that no message should be suppressed under instructions from any executive authority unless it be of such alarming nature as may create havoc or mutiny in the country.

In order to avoid any controversy as regards the timing when a telegram was received and when it was despatched, I suggest that some sort of arrangement should be made by which the man receiving the message could give the time on the receipt that is granted to the sender of the telegram. This would help us in approaching the authorities whenever we have got a complaint to make that a telegram was handed in at, say 10 A.M. and that it was not despatched till a very late hour and so on.

The Honourable Sir Thomas Stewart: It is always done.

Mr. Muhammad Nauman: Not to the sender of the telegram. Supposing I tender a message at say 10 A.M. and supposing it is not despatched by

[Sir Muhammad Yamin Khan.]

not located in the headquarters of the Local Government and it says that the telegram must be of an alarming nature. The postal clerk is not subordinate to the Local Government but he is subordinate to the Government of India and if the Government of India's man, without any justification, goes to the civil authorities saying "Here is a telegram of an alarming nature", and if the Government of India find that the man has acted wrongly and the telegram was not of an alarming nature and that he proceeded to the civil authorities without justification, then the responsibility rests on the postal department. Why do they employ a man of this kind who cannot distinguish whether a telegram is of an alarming nature or not? Mr. Santhanam has mentioned one instance where a telegram was detained by the post office. I pointed out another instance where certain telegrams—five or six—in Aligarh, were sent so recently as the 10th day of the Muharram: one was addressed to the Viceroy, one to the Governor of the United Provinces, one to the Premier of the United Provinces, one to the Secretary of the Muslim League and one to the Rajah of Mahmudabad and one to the Revenue Minister of the United Provinces: all these were withheld and they were not sent in time to these authorities, and when the man inquired next day he was informed that he may go over to the post office and find out

The Honourable Sir Thomas Stewart: May I explain to the Honourable Member that that is the particular instance to which I referred? There was one telegram with multiple addresses, and that is the telegram which was withheld under the written orders of the District Magistrate of Aligarh.

Sir Muhammad Yamin Khan: I thought that the Honourable Member was referring to the telegrams mentioned by Dr. Sir Ziauddin. I know now that the telegram in question is the subject matter of my question. If the District Magistrate has done like this, will the Honourable Member try to find out if those telegrams were of an alarming nature? They were complaints against the District Magistrate himself and they asked that other authorities should interfere. Can the District Magistrate interfere simply because they were against him? The Governor and the Premier are certainly the authorities who could have been approached and every citizen has a right to approach them by telegram saying that such and such action of the District Magistrate is going to lead to communal disturbances. I agree that it might be a Muslim Superintendent who withheld this telegram, but I have got no sympathy for a man whether Muslim or Hindu if he has done wrong. He has done wrong and should be dealt with according to the rules and should not be allowed to interfere in such matters in this way. After the Government of India deal with their employees, they may send their opinion that the other man is responsible for withholding a telegram addressed to the Local Government and the Local Government may deal with him properly. If the District Magistrate has acted wrongly he will be dealt with by the Local Government and the Government of India can say: "We have taken action against our man and you can take action against your man. Our man was wrong in sending it to your man and your man was wrong to suppress it from you." Unless this is done the Government of India cannot run smoothly if they are interfered with by the officers of the Local Government. If something existed in the past when that unjustifiable rule was framed, the defect

has now come to the notice of the Government and they must take action to change the rule which is no longer required. It is necessary that the rule should be framed according to the spirit of the section and not in its present form.

I have come to know that the Honourable Member has come into possession of the facts of the Aligarh incident and if we know that the Government will take suitable action against their own employees and will forward the complaint of this House to the other authorities who can deal with the person who is their subordinate, then we will be satisfied that the Government is trying to remedy the defects which have come to light in the changed circumstances of provincial autonomy and then we will be perfectly satisfied.

Mr. S. Satyamurti: Sir, the cut motion moved by my Honourable friend, Dr. Sir Ziauddin Ahmad, raises a first class issue. It is not a question of the Government transmitting a complaint to somebody. This House, in a matter of this kind, is sovereign and is vitally concerned; and I do plead with my friend, Sir Muhammad Yamin Khan, not to reduce this House to a house of petitioners, saying "If you will forward such and such a complaint, we will not press it." It raises a first class issue, and the issue is whether the existence of this power in the Government is right, and secondly, whether it is properly exercised. I was distressed beyond measure to hear my Honourable friend, who is soon going to be the Governor of a Province, use the argument this morning that the person who did this is a Muslim and, therefore, you must not complain against this. I do beg of him and of the Government of India not to use this argument. A government servant is a government servant, and is expected to do his duties, whether he is a Hindu or a Muslim or a Christian or a Parsee or a European. This sort of argument undermines the morale of our whole service: the Hindus are afraid of doing justice where Muslims are involved, and the Muslims are afraid of doing their duty where Hindus are involved. This departure from the Government's position strikes me as most alarming. Why should he take up this position that it was a Muslim magistrate who stopped this telegram? It does seem to me that this is not the way to get the best out of the public services in this country. I do not know if my Honourable friend spoke for himself or for the Government of India. I do hope he did not speak for the Government of India. As it is, in our country, public service has become very difficult already, because they are always suspected of having communal leanings owing to their ante-natal accident. If we are going to complicate this problem still further, it will become next to impossible to expect honest and conscientious public service. I do hope, therefore, that that sort of argument will not be put forward.

Coming to the merits of this case, I would say that the rule is wholly outside the scope of the section of the Act. I want Honourable Members to look at the section carefully. What does it say? "On the occurrence of any public emergency"—it is a special case and some riot or rebellion or something should have happened—"or in the interests of public safety there is some danger to the public," then the Governor General in Council or the Local Government or any other officer appointed in this behalf by the Governor General in Council may, *inter alia*, order that any message or class of messages to or from any persons or class of persons or relating to any particular subject. It does not mean that any message can be

[Mr. S. Satyamurti.]

stopped by the telegraph office. The Governor General in Council or the Local Government may issue an order that any message to or from any person, that is, any person who is suspect, may be stopped, or any message on any particular subject may not be transmitted or intercepted or detained. That is all the power given by this section.

Now, coming to the rule, I want the House to look at this rule and see how sweeping it is, how outside the whole scope of the section it is "Telegraph offices shall refuse",—there is no discretion—"to accept or forward any telegram or part of a telegram of a plainly objectionable or alarming character",—no authority, he acts on his own responsibility, a telegraph master on Rs. 50 a month can refuse to accept a telegram. Suppose any Member of this House wants to send a telegram from any place, it can be refused by a telegraph master. I understand what is meant by alarming, but what is really objectionable? My friend referred to two instances. I will give a third one. Roughly a year ago, I sent a telegram from Delhi to the Allahabad Students' Conference who had invited me to go over there. I simply said: "We are born slaves, we will not die slaves". I asked the students to work for the freedom of this country. It was stopped, because it was of a plainly "objectionable" type, I suppose. To work for the freedom of this country is plainly objectionable to the Government. I put this instance to my friend,—these are the actual words "We are born slaves, we will not die slaves"

Mr. F. E. James (Madras: European): It is untrue, but not objectionable.

Mr. S. Satyamurti: I know rulers cannot understand the mentality of slaves. Luckily you belong to the ruling class and you do not know what I suffer from. You be in my position. Let Hitler come to London, and you will see then what it is to be a political slave

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should confine himself now to the motion before the House.

Mr. S. Satyamurti: I am merely pointing out to this House that this power of stopping any telegram without any discretion whatever to the telegraph master is wrong, because any telegraph master can say 'I will refuse to accept or forward any telegram of a plainly objectionable or alarming character'. I think, Sir, this power is not contemplated by the Act at all, and, I hope, some enterprising citizen will go to a court of law and test the validity of this rule. I contend with some confidence that this rule, as it is framed, is beyond the scope of the Telegraph Act and is plainly *ultra vires*.

Then it goes on—'In cases of doubts the matter will be referred by the officer in charge of the telegraph office to the Secretary to Government or other officer nominated by the Local Government from time to time for this purpose', and they will pass the final orders. I plead, Sir, that this power is wholly unnecessary, and certainly beyond the needs of any possible case. I certainly plead that the word 'objectionable' must go, and the power given to telegraph masters must not be there. A telegraph master is not in charge of the peace and tranquillity of the country or of any province. It is not his job to discuss or decide whether telegrams

of a particular nature shall be sent or shall not be sent. It is the job of the Provincial Government. Let them do that, and let them issue orders whether certain telegrams to or from persons on a particular matter shall or shall not be sent and then, it is for the telegraph offices to carry out the orders. I, therefore, ask the House to support this motion, because the rule is *ultra vires*, is capable of being abused, and has been abused.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, the House has learnt the real interpretation of the rules and orders from my friend, Mr. Satyamurti. The crux of the whole motion is that a clerk getting Rs. 20 or Rs. 25 should not be the authority to interpret this law or rule, and, therefore, we claim that this law should be modified at once. It raises not only communal questions, but it affects vitally the interests of business people also. I say our friends of the European Group should have taken up this matter themselves, and I think they should be thankful to us for having brought this matter to the notice of the Government. I hope that our European friends will support this cut motion. We do not know what tricks are being played with business people. If our business friends were to look into this matter, they will find that telegrams sent by one party are sometimes disclosed to the other party. This is a matter which our European business friends should take in hand very seriously. It is the right of every individual to have his telegram or letter sent to the addressee without the Department opening it, it is said that the Telegraph Department looks into the matter very carefully. I don't deny it, but I maintain that the rights of every citizen should be protected. Our point is that an ordinary clerk should not be invested with such high powers as to the interpretation of these rules. It is not merely that communal riots can be suppressed by sending telegrams or things like those. The Collector is there on the spot and he can corroborate or deny the contents of the telegrams, but to stop telegrams at the source is undoubtedly a very serious affair. As my friend, Mr. Nauman, said, the time is not mentioned in the receipt to show when the telegram was accepted in a telegraph office. If it is found that the time is not given on the receipt, then it is certainly a great handicap. Suppose the matter comes before a law court, where is the evidence in my possession to show that the telegram was delivered at the telegraph office at a particular time, if I want to include the telegraph people also as my witnesses. Of course, it was pointed out that the time is marked on the telegram itself, but the telegraph authorities can even suppress the telegrams where the time is mentioned if they do not wish to tender evidence. In that case what will be the evidence in my possession? None whatever. Time is of the essence in the interest of the public. This is really a very serious matter. If the clerks and other subordinate officers of the telegraph department come to know of the interpretation that has been put on this rule today by the Treasury Benches, they will think that they need not respect the rights of the citizens of India, as they ought to be respected, and I may warn this House that, in future, the public will suffer more from such an interpretation because of the dereliction of duty of the telegraph people. I would, therefore, ask the Honourable Member in charge to reconsider this point. I support the motion.

Some Honourable Members of the Muslim League Party: The question may now be put.

The Assembly divided:

AYES—53.

Abdullah, Mr. H. M.
 Abdur Rasheed Chaudhury, Mauvi.
 Aney, Mr. M. S.
 Asaf Ali, Mr. M.
 Ayyangar, Mr. M. Ananthasayanam.
 Azhar Ali, Mr. Muhammad.
 Banerjee, Dr. P. N.
 Basu, Mr. R. N.
 Bhutto, Mr. Nabi Baksh Illahi Baksh.
 Chaliha, Mr. Kuladhar.
 Chaudhury, Mr. Brojendra Narayan.
 Chettiar, Mr. T. S. Avinashilingam.
 Chetty, Mr. Sami Vencatachelam.
 Das, Mr. B.
 Desai, Mr. Bhulabhai J.
 Deshmukh, Dr. G. V.
 Essak Sait, Mr. H. A. Sathar H.
 Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
 Gadgil, Mr. N. V.
 Ghiasuddin, Mr. M.
 Ghulam Bhik Nairang, Syed.
 Gupta, Mr. K. S.
 Hegde, Sri K. B. Jinaraja.
 Ismail, Khan. Haji Chaudhury.
 Muhammad.
 Jogendra Singh, Sirdar.
 Joshi, Mr. N. M.

Kailash Behari Lal, Babu.
 Lalchand Navalrai, Mr.
 Maitra, Pandit Lakshmi Kanta.
 Mangal Singh, Sardar.
 Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
 Mudaliar, Mr. C. N. Muthuranga.
 Muhammad Ahmad Kazmi, Qazi.
 Murtuza Sahib Bahadur, Maulvi Syed.
 Nauman, Mr. Muhammad.
 Paliwal, Pandit Sri Krishna Dutta.
 Pande, Mr. Badri Dutt.
 Ranga, Prof. N. G.
 Rao, Mr. M. Thirumala.
 Raza Ali, Sir Syed.
 Sant Singh, Sardar.
 Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Sham Lal, Mr.
 Siddique Ali Khan, Khan Bahadur Nawab.
 Singh, Mr. Gauri Shankar.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satya Narayan.
 Subbarayan, Shrimati K. Radha Bai.
 Umar Aly Shah, Mr.
 Varma, Mr. B. B.
 Yamin Khan, Sir Muhammad.
 Ziauddin Ahmad, Dr. Sir.

NOES—41.

Abdul Hamid, Khan Bahadur Sir.
 Aikman, Mr. A.
 Ayyar, Mr. N. M.
 Bajpai, Sir Girja Shankar.
 Bewoor, Mr. G. V.
 Bhagchand Soni, Rai Bahadur Seth.
 Bhandarkar, Mr. K. Y.
 Boyle, Mr. J. D.
 Buss, Mr. L. C.
 Chanda, Mr. A. K.
 Dalal, Dr. R. D.
 Dalpat Singh, Sardar Bahadur Captain.
 Frampton, Mr. H. J.
 Gidney, Lieut.-Colonel Sir Henry.
 Gorwala, Mr. A. D.
 Greer, Mr. B. R. T.
 Grigg, The Honourable Sir James.
 Hardman, Mr. J. S.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Jehangir, Sir Cowasji.
 Kamaluddin Ahmed, Shams-ul-Ulema.
 Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.
 Mackeown, Mr. J. A.
 Maxwell, The Honourable Sir Reginald.
 Menon, Mr. P. A.
 Menon, Mr. P. M.
 Metcalfe, Sir Aubrey.
 Miller, Mr. C. C.
 Mukerji, Mr. Basanta Kumar.
 Nur Muhammad, Khan Bahadur Shaikh.
 Ogilvie, Mr. C. M. G.
 Row, Mr. K. Sanjiva.
 Sher Muhammad Khan Captain Sardar Sir.
 Sircar, The Honourable Sir Nripendra.
 Sivaraj, Rao Sahib N.
 Slade, Mr. M.
 Spence, Mr. G. H.
 Stewart, The Honourable Sir Thomas.
 Sukthankar, Mr. Y. N.
 Sundaram, Mr. V. S.

The motion was adopted.

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. S. Satyamurti (one of the Panel of Chairmen) in the Chair.

Mr. Muhammad Nauman: Sir, I should like to move my motion No. 12 on Supplementary List No. 3. . . .

An Honourable Member: Sir, the grant itself has not yet been moved?

Mr. Chairman (Mr. S. Satyamurti): Sir James Grigg. (The Honourable Member was not in his place.) The Chair regrets the Honourable Member is not in his place.

Mr. Muhammad Nauman: I do not know what is going to happen? What is my position?

Mr. Chairman (Mr. S. Satyamurti): The Chair cannot allow the cut motion to be moved until the concerned demand itself is moved. But since this is a Party arrangement, the Chair would express its regret that the absence of the Honourable Member deprives the House of the time to which it is entitled.

[At this stage, the Honourable Sir James Grigg came to his seat.]

Before the Honourable Member is called upon to move his demand under the Commerce Department, the Chair would like to tell him in his presence, what the Chair said in his absence, that it is not fair to the House that he should be absent at 2-45 thus depriving the House of two minutes, to which it is entitled by Party arrangement.

The Honourable Sir James Grigg (Finance Member): In reply to your strictures, may I suggest that I was not told that this particular cut was going to be moved, and that is why I was not here

Mr. Chairman (Mr. S. Satyamurti): Order, order. The convention, when budget motions are taken up by arrangement amongst Parties, is that at any moment any cut motion may be moved, and the Honourable the Finance Member must be in his place all the time when cut motions are being moved, so that in order that when the particular cut motion which the Party wants to move may be moved, the demand itself that is concerned may be moved at once.

The Honourable Sir James Grigg: I would respectfully point out, Sir, that my reading of the convention is different to yours

Mr. Chairman (Mr. S. Satyamurti): Order, order. The reading of the convention by the present occupant of the Chair is that the Honourable Member must be in his place all the time the cut motions are moved. Will he kindly move his demand?

[At this stage, the Honourable Sir James Grigg, was heard to utter the word "outrageous".]

Mr. Chairman (Mr. S. Satyamurti): Did the Chair hear the Honourable Member utter the word "outrageous"? The Honourable Member will kindly withdraw that word.

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LEGISLATIVE ASSEMBLY.

[14TH MARCH 1939.]

The Honourable Sir James Grigg: I withdraw the word "outrageous", but I will say "unusual".

Mr. K. Santhanam: On a point of order, Sir, there can be no remarks upon a ruling of the Chair? Is he entitled to make any such remark upon a ruling of the Chairman?

Mr. Chairman (Mr. S. Satyamurti): The Chair is sorry, the Finance Member thinks that the present occupant of the Chair is still on the floor of the House. Unfortunately for him he happens to be in the Chair and he must obey the Chair whoever the occupant and, therefore, the Chair would ask him to withdraw the word "unusual". No remark should be made upon the Chair, however much he may disagree with it.

The Honourable Sir James Grigg: I will certainly withdraw anything which can be regarded as a reflection on the Chair.

Mr. Chairman (Mr. S. Satyamurti): It is the undoubted convention of all Parliaments that no Member of the House can characterise anything said by the Chair, thereby casting a reflection on the Chair. The Chair would say that the word "unusual" in reference to its statement that he ought to be here is not fair to this House or fair to the Chair. The Honourable Member will, therefore, now move his demand, under the Commerce Department.

DEMAND NO. 19—COMMERCE DEPARTMENT.

The Honourable Sir James Grigg: Sir, I move:

"That a sum not exceeding Rs. 4,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of the 'Commerce Department'."

Mr. Chairman (Mr. S. Satyamurti): Motion moved:

"That a sum not exceeding Rs. 4,40,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1940, in respect of the 'Commerce Department'."

Conditions to be imposed on Subsidised or Protected Industries in India.

Mr. Muhammad Nauman: Sir, I move:

"That the demand under the head 'Commerce Department' be reduced by Rs. 100"
—(To discuss conditions to be imposed on subsidised or protected industries in India).

Sir, I want to point out to the Government that all industries which are subsidised or protected should maintain the communal proportions in their services as well as in the distribution of the agencies and in the distribution of the areas for recruiting labour skilled or unskilled. It must be pointed out to the industrialists that any protection given to them is always at the cost of the consumers and the profits should be distributed in proportion to the percentage of the population in the shape of wages for the labour that they may be in a position to render to the industries. I think Honourable Members of this House are aware of the legislation in Germany, the United States of America and other parts of the world where no foreigner is allowed to develop any industry unless he has either acquired the right of domicile by naturalization or takes in the partnership the men

of the soil and provides services to the children of that country. We all know that the international trade channels are choked by the tariff barriers, quotas, peculiar exchange restrictions, financial adjustments, on barter system and world-war apprehensions sometimes and, as such, the industries are being developed in every part of the world and certainly they should be encouraged in this country as well. Political nationalism has made people believe in economic nationalism and this economic nationalism is sometimes sapping the roots of world prosperity, and this invokes the question of communal proportions, as the industry is certainly developed at the cost of the whole country, at the cost of the whole population and the spoils of the profits have to be divided to all and not maintained and monopolised either by a certain section of individuals or by a certain community. In this way, for our economic salvation we have got to point out these things to the Government and we do it for this purpose that when we subscribe our money to protect and to the safeguard of an industry we do it with the double purpose of making the country self-contained and giving a chance to our people to earn their livelihood in the country in the industry with which a particular firm may be entrusted, but the entire country must share the gains in different forms. As I pointed out yesterday, some of the industries are of special importance, say, the Tata Iron and Steel Works which are a big industry employing eight to ten thousand people. Now, they have not got any percentage fixed or arranged for the communal representation of the labour and services for distribution of the money that they give out as wages for the working of the industry. I also pointed out the facts about Dalmia's Cement industry and I was just speaking on the question of the Ahmedabad cotton mills and the few other silk mills which in the employment of their skilled and unskilled labour, do not take any care of the communal proportions of the communities whom they employ. The same question of "efficiency" does arise and I have no desire on my part to enumerate remedies or to advise industrialists that they should, in any way, sacrifice the efficiency of the work. At the same time, it may be pointed out to the Government that when an industry is subsidized and is protected, it is the right of the entire population of the country to take profit or a part of the profit out of it as the consumers are the real contributors to the losses in the event of such a protection being given. Take, for instance, the protection that we have given to sugar. Had it not been for that protection, sugar in the Indian market would have been sold for about less than half the value at which it is being sold today by the Indian millowners.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): I rise on a point of order, Sir. I want to have a ruling from the Chair whether this cut motion is in order. My Honourable friend, Mr. Muhammad Nauman, has moved that the private industries, owned by private persons or companies, should restrict their employment in a particular way and communal representation is to be given to the employees of those companies. Those companies are not under the management of the Government of India, and this cut motion is to censure the Government of India for acts which are not under their direct management. I submit that this motion is out of order. I would like to have your ruling.

Mr. Chairman (Mr. S. Satyamurti): The ruling of the Chair is that this motion is perfectly in order. As for the arguments of the Honourable Member (Mr. Nauman), the Honourable Member (Mr. Bajoria) may not accept them, but that does not make the motion out of order.

Mr. Muhammad Nauman: Thank you, Sir. I may point out to my Honourable friend, Mr. Bajoria, that I am just trying to explain to the House that we have a right to ask the Government to interfere in the interests of the whole country, because the advantage offered to them is at the cost of the consumers which include all sections of the inhabitants of this country.

Sir, I was just on the point of explaining this that had we not given any safeguards and protection to the sugar industry, the sugar industry in this country would not have at all developed to such an extent and it would have been quite possible for the Java sugar and the sugar of Canada and Australia to compete against our sugar production and in that case it would probably have been sold in this country at less than half the value and, in that way, the consumers would probably have been able to get the sugar at a cost of about 2½ to three annas a seer which they are now compelled to buy at a cost of six annas a seer. I think my Honourable friend, Mr. Bajoria, does realise that indirectly the State has got the control. When the people exist for the sake of the State and the State exists for the sake of the people, then, whatever complaints we have to make indirectly, we have to ask the Government to interfere in the matter. If we want to develop the industry, we have to approach the Government for giving it a protection, and, naturally, when those industries are employing their men in a particular way, we have to approach the Government and nobody else.

Now, Sir, I further want to point out that there are several European mills like the Lalimli Woollen Mill and, up till now, probably the Commerce Department has not taken any initiative in giving them even a piece of advice which would, at least, carry a suggestive value of the fact that in this age of economic difficulties, they should take care that all the communities do get their proper share in their services. However, I can say this from my own experience of the different commercial activities of this country and from my own association with some of the industries that Muslims are getting only a fractional share.

Mr. Chairman (Mr. S. Satyamurti): Order, order. The Honourable Member may kindly resume his seat. The time allotted to the Muslim League is over now. The next cut motion will be moved on behalf of the Congress Nationalist Party.

DEMAND No. 12—EXECUTIVE COUNCIL—*contd.*

Constitution and Terms of Reference of the Sandhurst Committee appointed against the Resolution of the Legislative Assembly.

Sardar Sant Singh (West Punjab: Sikh): Sir, I beg to move:

"That the demand under the head 'Executive Council' be reduced by Rs. 100"—
(To consider the constitution and terms of reference of the Sandhurst Committee appointed against the Resolution of the Legislative Assembly.)

The motion is not of a nature of a convention but is intended as a
3 P.M. censure on the Government of India in the Defence Department. It is known to the Honourable Members of this House that on the 2nd of September, 1938, at the Simla Session, a Resolution was moved by our

late friend of honoured memory, Maulana Shaukat Ali, in this House which was finally adopted unanimously by this House. The terms of that Resolution were these:

"That this Assembly recommends to the Governor General in Council that early steps be taken to constitute a Committee of the elected and other members of the Central Legislature to devise a scheme for implementing the following unanimous recommendation of the Indian Sandhurst Committee (of 1926), namely, 'It is, however, unanimously agreed that, whether the slower or the more rapid rate of progression is ultimately adopted, the scheme actually in operation should be reviewed in 1938, that is to say, five years after the inauguration of the Indian Sandhurst, with a view to considering whether the success achieved is not sufficiently solid to warrant a further acceleration of the rate of progress'."

This was the amended Resolution and the amendment which was adopted in the original Resolution was as regards the majority of the Members being from the elected Members of this House. Now, in this connection, the Government was asked to take immediate steps for the appointment of this Committee. The Government accepted this Resolution, though the Honourable the Defence Secretary in his speech stated that he accepted it in principle. Immediate steps were taken in so far as the appointment of the Committee was concerned. But the whole object of the Resolution was taken away by the terms of reference of that Committee as well as the personnel appointed. The communiqué which was issued by the Government read like this:

"To examine the progress of Indianisation of the officer ranks of the Indian army with a view to determining whether the results achieved justify acceleration and, if it appears from this examination that they do not, to consider such alterations in the system of recruitment to the Indian Military Academy as may be expected to lead to an improvement in the number of suitable candidates and to make recommendations."

The personnel announced, included two elected Members in a committee of 13 and these two elected Members were from the Upper Chamber and there is not a single elected Member from this House. The element of nominated Members, among the personnel of the Committee, is seven besides officials. So we see that the main principle underlying the Resolution has not been accepted by the Government in action. It may be said that the Leaders of Parties in this House were approached for nominating Members from among their ranks but that they declined to do so. They refused because of the fact that the terms of reference to this committee were not satisfactory

Mr. M. Asaf Ali: Sir, the Leaders of Parties refused to nominate Members because the Government were not prepared to implement the terms of the Resolution passed in the House.

Sardar Sant Singh: I need not go into that quarrel. My position is this. That the Government have not taken note of the changed conditions in the country, not only in India alone but in the world at large, to look at the matter from that point of view which was necessary for the safety of India. The position taken up by the House was very clearly stated in the speeches of the various Honourable Members in this House. I want the Defence Secretary to take note of that position and I want to state it as clearly as I am capable of. Our definite demand is that we do not like more officering of the Indian Army by British people. We want the Indian Army to be officered by Indians alone and for that purpose steps should be taken so that in the shortest possible period of time, we may be able to dispense with British officers, from the Indian Army, entirely. That is the position

[Sardar Sant Singh.]

for which this Committee was demanded by the House. There was unanimity from all Parties of the House in making this demand and it is very unfortunate that even in these critical days when the peace of the world is hanging in the balance, the Defence Department in India should be blind to the legitimate aspirations of India in this respect. Instead of taking the Leaders of Parties into confidence in the matter of defence, they are trying to over-ride the wishes of this House in a manner which is derogatory to the prestige of the House and very humiliating to the Indian nation as a whole. While speaking on this motion, the Defence Secretary said:

"Finally, I have to forecast the view."

The Honourable Sir Nripendra Sircar: I rise to a point of order, Sir. I would not have ordinarily objected to my Honourable friend referring to past proceedings, but the Chair this morning ruled, just before the mid-day adjournment, that no Member could refer to any past proceedings of this House.

Mr. Chairman (Mr. S. Satyamurti): The Chair thinks it is a very delicate point which the Honourable the Law Member has raised. The Honourable Member, Sardar Sant Singh, is perfectly in order in referring to the previous speech of the Defence Secretary which is relevant to the subject of the cut motion that he is moving.

The Honourable Sir Nripendra Sircar: I am very glad, Sir.

Sardar Sant Singh: The Honourable the Defence Secretary, while speaking on the debate on the 2nd September, 1938, said:

"Finally, I have to forecast the view of the Government as to this Resolution. I can say that Government accept it in principle. I can also say that Government would find no difficulty at all in accepting the Resolution as amended by Mr. Aikman. I do not find any particular fault as to the amendment moved by the Congress, except that it does perhaps interfere with full freedom of choice in the matter. I agree with those Honourable Members who stated that from every point of view full freedom of choice was most desirable. On the other hand, I say quite frankly that the presence on such a Committee of elected Members of the Legislature would be not only welcomed but regarded as absolutely essential."

Sir, these are the important parts of the speech. My submission is that no doubt the freedom of choice is necessary and we see the necessity of it, but the freedom of choice is to be made to satisfy whom? Is it to satisfy the British Government? Is it to satisfy the British people? Or is it to satisfy us, Indians who are vitally concerned in the subject? From what point of view this freedom of choice is to be met? If it is to satisfy us who are vitally concerned in the matter of defence, certainly the opinion of this House and the opinion of the elected Members of this House, who represent their constituency, should have received far greater weight than the opinion of the British Government who guides them from a distance of 6,000 miles. We want a committee with a definite reference how to end the British officers in the Indian Army, how to Indianise the army completely within the shortest possible time. We do not want the pace to be regulated. Is it to be regulated just as Czecho-Slovakia was regulated when Hitler moved his army when the whole of the British Army was sleeping not knowing what to do, when the democracies were thrown away in the face of pressure brought forward by the Dictator. Is the pace to be regulated in the same way in India? Those who have read this morning's news

must be alarmed at the disturbance in Central Europe. They will feel keenly for the helpless situation of India in matters of defence. What were the principles which guided the selection of the personnel of the Committee? The Government have put in Members whose one aim in life is to say ditto to whatever they are asked to do. Is this the sort of Committee on whom the tax-payer's money is to be spent so that when they bring forward a report it will be rejected by the Assembly summarily as many a report has been rejected, because the wishes of the House were not met with? Are you going to enact this farce again? Do you want to show to the world at large that here is a committee and we have the majority report. Even granting that the two elected Members write a Note of Dissent, the Government will take their stand on the majority report, thereby showing to the world that they accepted the report of the Committee. This will mean that the Committee is nothing but a farce, a show, a demonstration only to comply with the letter of the plighted word but to break it in spirit. I think the Government of India should by this time have known that the feeling in the country in this respect is very great. India is not going to be tinkered with so lightly as they have been doing in the past. The time has come when the wishes of this House should receive more serious consideration from the Defence Department. It was pointed out by my Leader, Mr. Aney, in his speech made during that debate as to what personnel of the committee is demanded. He said:

"But when there is a different outlook, when we want the entire defence of the country to be in our hands, we do not want to leave the matter to remain pending like that for geological ages with the blessings and pious wishes expressed without being translated into action. We do not want to leave that question now in that direction. The Defence Department of the Government of India must see that the personnel of a committee selected in the manner in which it used to be selected before cannot serve the needs of the present day."

In that debate was very clearly pointed out the danger of selecting personnel in that manner. But the Defence Department seem to have taken no note of the matter. The Leader of the Opposition, while concluding his speech, made this point very clear in these words:

"Our demand therefore is that an Indian army shall be entirely officered in 15 years' time by Indians alone; secondly, there will be left no question of disparity at all. Our patriotic Indians will serve and live a standard of life entirely suited to our conditions. Thirdly, the decision shall be reached by a majority of the elected Members of this House."

Sir, this was the plain language used by the two eminent Leaders of this House during the debate on the Resolution. When Government accepted the Resolution, even though it may be in principle, they cannot take their stand on the plea that the thing was not made clear to them. The result has been that the clearest wishes of the House, as expressed by all Parties concerned, have been ignored by Government. As soon as the personnel of the committee was announced a number of adjournment motions were tabled to censure Government on the appointment of this new committee but they were disallowed. Those having been disallowed nothing was left for this House but to wait till the budget discussion to move a censure motion.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member has two minutes more.

Sardar Sant Singh: I will try to finish within that time.

[Sardar Sant Singh.]

Now by this cut motion, as I explained before, we mean to censure Government and, I think, there will be nothing better for Government than to accept this censure as a censure and to torpedo the whole committee immediately. After all, if they actually want the co-operation of this House, as they always profess, they should do something to satisfy us and appoint a committee which would consider the real problem with a real outlook and not through the outlook of a foreigner. We want the Defence Department to be strengthened and strengthened not for the purpose of imperialistic aims but for the purpose of defending India against any foreign aggression. For that purpose they must realise that they cannot, by force, instil love amongst Indians for a foreigner. That can only be done by mutual trust and confidence. If they do not adopt a policy of mutual trust and confidence they will have to thank themselves when nemesis comes. I think the present condition of the world should be a sufficient eye-opener to the Defence Department to throw off their old ways and adopt new methods. The circumstances and conditions of the world are rapidly changing. And if the Government of India can come forward with advice to the princes to change with the changing times I see no reason why the Defence Department which is a part of the same Government of India should not change their outlook with the changing conditions and circumstances of the times. Sir, I move.

Mr. Chairman (Mr. S. Satyamurti): Cut motion moved:

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): Sir, I take part in this debate mainly because I desire to express my views on the cut motion and also because I was a member of the committee that started the present Indian Sandhurst. At that time I was very emphatic in my declaration of the paucity of officers that were being supplied for the India Army from India. I considered that the small number of 30 per cent. was totally inadequate and I protested on this and other parts of the recommendations and proceedings of this committee, particularly in regard to a Royal Indian Air Force. And so, I admit my sympathy, indeed, a very deep sympathy for India's desire to increase the number of Indian Officers to be annually recruited into the Indian Sandhurst. Having said this, I hope the Honourable the Mover of this motion will not be disposed to disagree or be very displeased with anything that follows. He has himself admitted when he moved his motion that Government accepted the Resolution in principle. Now I should like to know from the Defence Secretary, when he said he accepted this Resolution in principle implemented as it has been by the lengthy quotation of the speech that was made by my Honourable friend, Sardar Sant Singh, in which the Defence Secretary said that he would welcome elected Members of this House, etc., whether in saying this he really meant he accepted this motion as only in principle on behalf of Government, or as Sardar Sant Singh has indicated in his speech, viz., that he accepted it in its entirety: on his reply depends my attitude towards the cut motion.

Mr. M. Asaf Ali: And Government never challenged a division.

Lieut.-Colonel Sir Henry Gidney: I feel, Sir, that when Government accepted the Resolution in principle it did not agree to this House electing all the members of this committee, but would add that if it did, and now refuses

to carry it out, it has insulted this Honourable House, and I stand here to support the Opposition in this matter, and in its effort to uphold the honour and rights of this House. But even so we are handicapped because we cannot remove an irremovable Government. I therefore feel I must repeat my question: When the Defence Secretary made this promise did he accept the principle only or did he accept the Resolution in its entirety? If he did then Government stands charged with ignoring the wishes of this House; if he did not, then the Defence Secretary must explain this to the House. I was not in this House then as I was ill but on reading the debates on this matter I understand that the Leader of the Congress Party in his speech made certain remarks that are not entirely in support of the motion which is before the House today. I have not got his speech with me to read out, but I should like to be corrected if I am wrong. Certain charges have been made against Government. They have been charged with packing the present Sandhurst Committee. The Honourable the Mover of this motion has charged Government with having packed this committee. But even if it is a packed committee, one can charge both sides—Government and the Opposition with this desire to pack. Between these I want to know which is the neutral power. In my opinion it is the Government. And so, Government decided to form this committee with members who are not violently against Government but even in this effort both the Congress and the Muslim League have objected and refused to associate themselves with Government. This is how matters stand at present—very unsatisfactory and very unpractical and not at all helpful.

Sir, I have nothing to say in support of the method that Government has taken to fill this committee. Government had its own reasons which I have no doubt they will explain, but I do feel that in matters relating to defence, the House is hardly the proper place to select experienced members. It could easily pack the committee and state that because they are members of the Legislative Assembly they know all about Sandhurst and the right thing to do and the right number of officers to recruit. I quite agree that there should be adequate representation of the House: At the first Sandhurst Meeting we had adequate representation and our voice was heard and we carried many points: but as regards the committee that has been recently appointed it all depends on whether Government agreed with the Legislative Assembly's Resolution in entirety or whether it agreed only in principle, supplemented with the remarks of my Honourable friend when he quoted the Defence Secretary's speech. On this depends what I shall do, and I am sure many Members will be guided likewise in the matter. But do not let us in our anger and in our displeasure—and I am one who shares in that displeasure to a large extent—blame Government for a measure which it has felt necessary to safeguard defence interests, which neither you nor I are as well informed or *au fait*. The Defence Department is the one department with which this House cannot play. You cannot make an army on paper. You cannot make a new Sandhurst on paper or with paper knowledge only. As my friend Sardar Sant Singh has said, the Government has to take into consideration the present unsettled international times and so Government is the better judge to know what classes it wants to recruit and the number of officers that it requires as the years roll on. If Government is honest in its promises ultimately completely to Indianise the Officers of the Indian Army—and I hope it is—they should certainly accelerate and increase the number of Indian Officers. If Government has not done so within the past five years of review, I should like its explanation but the

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[Lieut.-Colonel Sir Henry Gidney.]

matter is so eminently practical that no committee is needed. Government should be aware of the fact that India is keen in its desire to officer its own army. There is no use saying that we want to exclude the British officer from the Indian Army. It is all "tosh" to demand this and you cannot in the present state of communal affairs have it. The recent Cawnpore riots stand in support of it. How can you possibly stand up here and agree with what Sardar Sant Singh wants? *i.e.*, get rid of all British Officers. This is impossible. I do not talk as an airy fairy nationalist but as a man who knows that you cannot do this. (*An Honourable Member*: "Why not?"). I say you cannot do it and you know it. . . .

Mr. Chairman (Mr. S. Satyamurti): Will the Honourable Member kindly address the Chair?

Lieut.-Colonel Sir Henry Gidney: I am sorry, Sir, but my friend who is interrupting me thinks he is occupying the Chair. I apologise to you, Sir. I repeat, the time has not come when we can indulge in such dangerous demands. Government are responsible for the safety of the country. I think myself that Government have been too slow in the speed with which they are Indianising officers in the army. I think there should be at least double the number of Indian officers than at present recruited. Otherwise the criticism that comes from my friend Mr. Asaf Ali and others that it will take a hundred years to Indianise the Indian Army is quite correct. Sir, I was a member of the Defence Sub-Committee of the first Round Table Conference when we discussed this very point and when Lord Rawlinson's note was placed before us. I know at that time there were vague promises of a time-limit. That, of course, for reasons well known to the House has been thrown to the winds; but things have altered since then, the world has altered; and until we come on to a common platform of unity and think as a nation and not as the two major communities—Hindus and Muslims are today widely separated and divergent in their views, this is not the time nor is this the occasion to whittle down the number of British Officers in the Army. They must remain. I cannot conceive of a member of the martial races—I do not know whether the Mover, Sardar Sant Singh, a Sikh, calls himself a "nationalist"—I would prefer to call him an Irrationalist, for only he would make such a demand, *i.e.*, to do without British Officers in the Army. The greatest attachment and love exists at present between the British Officer and the men under him and surely you do not want to spoil those splendid relations that *bon-comraderie* by any inflammatory speeches. Don't you realise that you are ruining this co-operation by such statements? I really do not think that this resolution should be moved as a censure on Government. If Government made a promise that it will accept the Resolution in its entirety, then censure Government and I will vote with you. But if Government can prove that it did not do so, then tell Government what you think of it and censure them.

Mr. M. S. Aney: What do you think of it?

Lieut.-Colonel Sir Henry Gidney: If Government accepted the Resolution in its entirety I do not think it is right. Indeed, it is wrong to violate the dignity and the honour of this House by refusing to carry out its pledges, but they did not accept the Resolution in its entirety. (*Interruption.*) With these remarks I cannot support the Resolution until after I have heard what the Defence Secretary has to say on the matter.

Mr. M. Ghiasuddin (Punjab: Landholders): Mr. Chairman, while supporting this cut motion of my Honourable friend, Sardar Sant Singh, without any reservation, I wish to dissociate myself from a few remarks that fell from his lips about the Nominated Members. He did say something to the effect that Nominated Members were Yes-men of the Government or words to that effect. As far as the personnel of the Commission is concerned, I find that the Honourable Members who have been nominated to it are men of honour and men of experience who have a long record of honourable service behind them. I am sure they will prove an asset to the committee. The root cause of the whole trouble is the irresponsiveness of the Government to the wishes of this Honourable House. Either the Government are actuated by some sort of suspicion which they are not able to get rid of, or there is something behind it which we cannot probe; but there is no getting away from the fact that the wishes of this Honourable House are flouted time and again and all our voice is just like crying in the wilderness. I wish to draw your attention, Sir, and the attention of the House to the Resolution which was passed and which was accepted in principle, at any rate.

At the outset I want to place before the Defence Secretary that there is a suspicion in the minds of this side of the House that the Government do not want Indianisation. There are very good reasons for this suspicion. If it comes to plain speaking, the whole thing is that the officership of the army in India has been reserved for a long long time to a certain class of British people and with Indianisation no doubt those people will have to find another job and their kinsmen at the Army Headquarters, human as they are, want to defer that evil day for as long as possible. Now, we have to prove whether we have any grounds for this suspicion or not. The grounds for this suspicion are that the distinguished predecessor of the Honourable the Defence Secretary, time and again, referred that this Indianisation was only an experimental measure and that the Government were watching whether this experiment proves a success or not. This insinuation was very much resented on this side of the House. Our point of view is that we do not acknowledge them as our judges. We challenge their right to sit in judgment on us and to say whether we have proved a success or not. The other point which I once raised in debate is that it is accepted that all countries bordering India—Nepal, Afghanistan, etc.—have their own officers and their own army and so, when God Almighty created this world, he did not take the map of India and say: "Take out the army brains from these people". I cannot conceive of any such thing. Therefore, that is a good reason for our suspicion. You will probably remember, Sir, that about two years ago I had occasion to quote the despatches of two very distinguished Commanders-in-Chief, Lord Roberts and Lord Kitchener, on the floor of this House. Well, Sir, the opinions of both these noble Lords were to this effect. Lord Roberts in his despatch said that we should not Indianise the army, we should not give equality to an Indian, with the white man, in military matters, we should put down with a strong hand even the smallest beginnings of it. This was the policy of the army headquarters then. After him came Lord Kitchener but his point of view was quite different. His point of view was that we should Indianise the army, but he deplored the fact that the other officers at the Army Headquarters did not co-operate with him in this matter. Here we have got the opinions of two distinguished military men who hold quite different views,—one is in favour of Indianisation, while the other is against Indianisation, but

[Mr. M. Ghiasuddin.]

both come to the same conclusion that the Army Headquarters were not helpful so far as Indianisation was concerned. Therefore, Sir, there is quite justifiable ground for our suspicion that some germ of the old days still remains in the Army Headquarters.

An Honourable Member: The whole of it.

Mr. M. Ghiasuddin: So, Sir, this suspicion of ours cannot be said to be entirely unfounded.

Then, Sir, with the advent of Indianisation in the officer ranks of the army we had the very unfortunate spectacle of seeing so many young Indian officers leaving the army. I have not got the exact figures with me now, but, at any rate, nearly 70 or 80 young officers left the army. It was then given out that they had resigned, but I have reasons to believe that those resignations were not entirely voluntary. Some sort of screw was put on them and they were told, either they should get out with honour or they would be kicked out. That was the step taken then, and the result was that a good many of them, who did not want to fight their case or did not like an open inquiry to be held into the matter, left the army of their own accord.

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

But there is no getting away from the fact that the suspicion which was then in the minds of the public was very much strengthened by those early departures, I should say. These were the circumstances, Sir, under which this Resolution was moved and unanimously passed, the Government not even challenging it. Now, under these circumstances, what should have been the policy of the Government,—I put this question to the Honourable the Defence Secretary? The policy of the Government, at this juncture, should have been to remove that suspicion at all costs, because there was that suspicion, and there were genuine grounds for it, and, therefore, the Government should have tried at all costs to remove that suspicion from the mind of the public, but I am sorry to say that Government did not try to remove it, and although they have nominated a few Members from the other House, yet as they did not consult the Leaders of Parties before making the nominations, naturally, the suspicion remained and it was further strengthened, and, therefore, this side of the House and Government could not come to any agreement. Sir, even at this late juncture I would ask that everything should be done to remove the suspicion, and, for the guidance of the Committee I might say one thing, and that is, this House will not tolerate the report current in certain quarters that Indians are not fit to become officers. In the beginning of my speech, I said that, at any rate speaking for myself, I have full confidence in the judgment of the nominated Members, and it is for them to justify it and to show that they are as patriotic as any Honourable Members on this side of the House. Sir, as the Government have not carried out their part of the bargain, I think they should be censured, and, therefore, I whole-heartedly support the motion.

Mr. N. V. Gadgil (Bombay Central Division: Non-Muhammadian Rural): Sir, I rise to support the motion moved by my friend, Sardar Sant Singh. The terms of reference and the personnel of the Committee

have been already referred to by Sardar Sant Singh, and all I can say about it, at this stage, is that, whatever may be the personnel, I can very well imagine the nature of the recommendations of that Committee. Sir, in the year 1929, when the first Committee was appointed, it took two years to submit its Report, and the Report actually came out in the year 1931. The Indian Sandhurst was actually started in the year 1933, and now, we are in the year 1939. This is the way how work is done by the Government of India, and yet, the terms of reference go to show that the whole thing is, after all, in an experimental stage,—this great nation is to be put on probation as it were to prove its capacity to defend itself! Sir, the most provoking part of this is that when England was in difficulties, when England was at war 25 years ago, then Indians were good material for the English people to recruit from all corners of this country, but the moment the difficulty and the danger receded, the old game is again there, not merely of distrust, but there is also a definite plan to cripple not only the present but the potential resources of the Indian nation so that for eternity India must depend for the defence of her borders on English people, and if there is any departure, it is so contemplated that the defence plan must be within the control of British Imperialism for its use.

Sir, the Skeen Committee suggested a certain scheme, that by the end of 1952, 50 per cent. of the officers should be Indian, but even this was too much, and there was an alternative scheme suggested for Indianising one division. Whatever may be the objects behind this scheme, one thing is certain that the Committee that is now proposed will recommend something else, and I am certain that the entire question will perpetually remain in the stage of experiment and probation. Sir, I cannot believe in this policy. The British Government ought to make its objective clear. Does it want India to defend herself or not? If you once formulate the objective that it is the concern of India to defend her own borders, then you must definitely state a time limit within which the entire Indian Army will be officered by Indians themselves. In fact, in the course of the discussion in September last, on the appointment of a Committee in terms of the recommendation of the Sandhurst Committee, the Leader of our Party stated that we were willing to serve on the Committee only on two conditions. One was that the majority must consist of elected Members, and secondly, that we could only serve on the Committee on the definite understanding that there would be complete Indianisation within fifteen years and no more. Now, what has happened is this. An elected majority is not there, precisely because of the second condition which was formulated by the Leader of the Congress Party. If there was any honesty, if there was any sincerity, if there was any desire to have a fair deal towards India, I am certain that this time limit would have been accepted and would have been made part of the terms of reference. In the year 1918 or thereabouts, a report was submitted by Lord Roberts that it was within the range of practical politics to Indianise the army within a period of thirty years. It is not as if those Generals or those military experts who came afterwards thought that Lord Roberts was an insignificant army man. But the whole object has changed. They do not want Indianisation, because, at that time, England was in difficulty and now England is out of difficulty. That is why they have changed their objective.

[Mr. N. V. Gadgil.]

I am supporting this motion on the ground that, whatever may be our objection with regard to the personnel constituting this Committee,—on the ground that I am not satisfied with the terms of reference of this Committee. In fact, this is an acid test for the Government. If they are really anxious to Indianise the whole army, I cannot measure their anxiety and their sincerity except in terms of a certain time limit. I will be told that enough material is not available. I have been on one occasion on the Board of Interview and Record two years ago. We interviewed about 17 candidates and the report we wrote was that every one of them was more than the average that was necessary or that was laid down. As I see, in this country—and I have made a rough calculation because I had no idea that I would be asked to speak this afternoon—there are half a million students who are undergoing education in nearly 17 universities, and there are nearly 50 lakhs of students who are undergoing secondary education. In face of this, we are to be told that good material is not available! But, may I go further into this objection and say that these young men are good for all other professions, where initiative, resourcefulness and all those other qualities which go to make up an officer—if there they are found fit, why is it that they are not fit in this particular case? The reason is that there is no encouragement at all. I agree that this career is not such as can be easily followed. There are certain qualities required in an officer, but those qualities can be very well developed if we have a good, well thought out plan so that we may achieve it within, say, a period of 15 years. I am throwing out some constructive suggestions for the benefit of the Defence Secretary. If he is really anxious, I can point out to him that in the secondary educational institutions and in the universities military training should be made compulsory and there should be established provincial boards so that they may pick out good boys while they are in the university and they may know that their future career is in the army. If such methods are adopted, I do not think that enough material will not be available. On the other hand, the difficulty will be that there will be such a large number of choice and selection that the task of those who want to select will be very difficult.

Sir, when the war started in 1914 I offered myself for being enrolled in the army. I was rejected because I happened to be a Brahmin, no fault of mine. But two years afterwards, in the year 1917, when I again offered myself, I was quietly enrolled and I was posted to the 117th Mahattas and, later on, I was transferred as a non-commissioned officer for the university battalion of the Indian Defence Force. If I was a good material then or belonged to a martial race then, I do not know if I offered myself again,—I am not sure if the Defence Secretary will not reject on the simple ground that I happen to be a Brahmin. This artificial distinction, between martial and non-martial races, is the predominant note which is the guiding policy of the Government here in India. They want to create these differences so that a particular section may retain the power of having exclusive monopoly and right to enter the military service. Not only this, but collaterally I may say they have managed things in such a manner that only one province in India should have a predominance in this line. I have no objection, but they are recruiting people, not from within borders of this country but from outside. Out of an army of 170,000, just imagine 20,000 who are not the citizens of this

country, are the Gurkhas, and nearly four or five thousand are recruited from the tribal area which, according to the present notions, does not belong to our country. Now, think of this, that a policy which contemplates the defence of this country and which recruits such a large proportion of its army from outside its borders—whether it is a policy of prudence or whether it is a policy fraught with sure disaster at the supreme hour. The real difficulty is not that there is not enough material available. You talk of traditions. All right, I understand traditions. From what time do you want traditions to date? What was the history of these races, before the Britishers came? But the whole aspect of war has undergone a change. Land forces we have got enough. The power of destruction from air has increased ten thousand per cent. according to Professor Haldane. Therefore, wisdom lies in increasing not merely the land army, but more that arm of defence which we call air. And there are no traditions even for the Englishman. This air arm has come into prominence only during the last 25 years. What traditions were there for the Englishman to qualify himself as a good pilot or a good officer in the air section of the force? If they can do it, what is there to prevent the Indian youths from doing it? But, as I said, they do not want to do it. They only want the Indian people to progress in such a manner that they will perpetually remain in the stage of experiment. May I describe it as a policy of progressive realisation of Indianisation of the army and the navy and perhaps the air, and nobody knows how long it will take, and the stages of that progress are to be determined, not by the capacity and ability of the people concerned, but by the whims and the arbitrariness of the Defence Secretary, whoever may be that person particularly concerned at the time! That is not the way to solve the problem. In this world, where the new diplomacy has come to play a great havoc, wars are not declared now a days. This is an era of undeclared wars. Tomorrow, without any declaration, our frontiers may be attacked, and you people, if you do not want and if you do not think that India is worth having on account of the trouble inside and on account of invasion from outside, you will quietly walk away. Then it will be our concern, as it has always been our concern. Therefore, we cannot tinker with this problem. So I want that the terms of reference should include a definite time limit within which the entire army should be Indianised. I am not one of those who are willing to have the money from England for the British section of the army. I want them to go out. If the strength is decreased, I want to get it replaced by Indian rank and file as well as officers. As regards the financial aspect of the question, I might contemplate Britain paying all the cost of the British section of the army here but that is no good, because they will continue to be an army of occupation. I want them to go out because, without that, we cannot stand on our own legs. It is from that point of view that I am against any section or portion of the British Army being kept here. Therefore, if the Government is really anxious and sincere and honest, then they cannot do better than include in the terms of reference a definite time limit within which the whole army should be Indianised and if that was a practical proposition 25 years ago, I fail to see why it is not a practical proposition today. I support the motion.

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official):
I have listened very patiently to my friend, the Mover's speech. I am

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LEGISLATIVE ASSEMBLY.

[14TH MARCH 1939.]

[Captain Sardar Sir Sher Muhammad Khan.]

very glad that Sardar Sant Singh has moved this motion. He has always pretended to belong to the martial races. As regards his speech, my friend, the gallant Knight from Bengal, has replied to him. I will simply touch on what he said about the personnel of the Committee. He said that people who always say "Yes" have been taken into that Committee.

Sardar Sant Singh: Have you ever said "No".

Captain Sardar Sir Sher Muhammad Khan: I am simply talking about myself. Whenever a committee is formed, you compose it of men who have got experience of the work which the committee is expected to do. If you want a school master, you have to go to a B.A., B.T. or M.A. You don't go to a man like my friend, Sardar Sant Singh, who does not know anything about the army.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better not make any personal allusion to any Member.

Captain Sardar Sir Sher Muhammad Khan: I am saying about myself. I have been a member of the Indian Sandhurst Committee. I have been representing the Indian soldiers at the Round Table Conference and if any Member of the House will read my speech in the Round Table Conference in London, he will see that I have served the country just the same as any other patriot in India.

An Honourable Member: What about the results?

Captain Sardar Sir Sher Muhammad Khan: I have been a member of the Shea Committee. I have been on many Selection Boards for the last five years. So I dare say that I can serve better in this committee than Sardar Sant Singh.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can make his point without making any allusion to any other Member.

Captain Sardar Sir Sher Muhammad Khan: I have been a member of the Sandhurst Committee on which you and the gallant Colonel Gidney have also served and I have the experience and right to talk about the enlisted classes whom I represent. There was a great fight in that committee over the giving of commissions to the Indian ranks and I fought for them and we got 50 per cent. commissions for them, while the politicians wanted lion's share in the commissioned ranks. Government must invite men on that committee who belong to those classes who enlist in the army and who have made their name abroad where they have proved to the hilt that an Indian can fight as well as any other soldier of the world. I do not want to keep the House long. As far I can see the men of great experience and different interests have been taken on the committee and I am sure they will serve well on the committee. With these few words, Sir, I oppose the motion.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): My friend who spoke just now said that people who are connected with the army should alone reorganise it. I

would only ask him who organised the British Army before the Great War. It was Lord Haldane. He was not a military man. He was not an officer. He was a civilian and a lawyer.

Captain Sardar Sir Sher Muhammad Khan: He did not fight on the battle-field.

Mr. T. S. Avinashilingam Chettiar: I hope Honourable friend knows that it was Lord Haldane who was responsible for organising the British Army.

Mr. M. S. Aney: He knows nothing about Lord Haldane.

Mr. T. S. Avinashilingam Chettiar: People who are connected with the army can also be pig-headed. They cannot have the vision and new possibilities of a fresh mind brought to bear upon the problems. This argument that a non-military man cannot understand military matters is merely bunkum. I know of a civilian who said: 'If a military man comes and tells you that a civilian cannot understand a military matter, then put him down as a sham'. That is how I would like to put down my friend, about what he talked.

I would just like to say a few words about the terms of reference. As I had heard the Defence Secretary's speech on the Resolution in Simla, I was amazed when I read the terms of reference. The terms of reference say among other things that the Committee will report on the fact, whether the results achieved justify acceleration of the pace of Indianisation of the officers' ranks. I never thought that this question was ever in doubt. In the speech which the Defence Secretary made on the Resolution he said:

"When I say that this problem is still one which has not been solved, I do not want Members of the House to think that I am casting any reflection upon Indian Commissioned Officers. I think it will generally be admitted that, provided they are keen upon the Army, that they wanted to go to it, that it was a matter of their personal choice, no better officers could be found anywhere. I am also convinced that a very large number of that type of potential officer exists. The trouble is to tap him in larger quantities."

He has accepted that no better officers could be found anywhere and having done that, I do not see any reason for including this in the terms of reference. I say that the results have justified themselves. Then what is the reason for including this in the terms of reference? I think it is merely mischievous and trying to go back upon what they have accepted some time ago. He has himself conceded that good officers are available and after doing that, to include this in the terms of reference is simply mischievous. I do not know whether Government are justified; probably they are trying to go back upon what they had accepted. It is the same suspicion which has made them not to place the report of the Chatfield Committee before the House. It is the same suspicion which has led them not to accept *in toto* the report on the speedier acceleration recommended by the Skeen Committee; and it was the same doubt which makes them believe that the army officerships should be preserved for Europeans and to distrust Indians. That has made them, I believe, to include this term of reference. This is a motion brought forward because of the Government not accepting the verdict of this House. The Government may give reasons for not accepting the verdict of the House, that the majority of the members of the committee should be Indians, but to include

[Mr. T. S. Avinashilingam Chettiar.]

this in the terms of reference is not only not respecting the wishes of this House but positively mischievous. Sir, I support the motion.

Some Honourable Members: The question may now be put.

Mr. C. M. G. Ogilvie (Defence Secretary): Sir, I propose to begin by answering the question put by my Honourable and gallant friend, Sir Henry Gidney, as to whether the Government did or did not agree to be bound entirely by the vote of this House and also subsequently by what choice the House might choose to make of the members of the Committee, and I can assure him that the Resolution was accepted in principle. I did, it is true, say that I had no particular fault to find with the Congress amendment, except that it unduly restricted freedom of choice and that I was in agreement with those Members who had laid stress on the necessity for retaining that freedom of choice. I might not have been quite so decided in what I said had I had the opportunity of hearing the speech of the Leader of the Opposition before I made my own, and there I wish to call the attention of my Honourable friend, Sardar Sant Singh, to the fact that I could not have been aware, at the time when I accepted the Resolution in principle, of the large body of Members of this House who are demanding a time limit for the complete Indianisation of the army. I could not have been so aware as I had not then heard his speech. The speeches which preceded it, particularly the speech of the late lamented Maulana Shaukat Ali gave, in my opinion, every promise of an understanding of a very difficult problem and of co-operation with the Government in its anxious task of solving it. The responsibility in this matter, whatever people may think, whatever people may desire or whatever they may say, does still rest with Government—and it is a sufficiently heavy one.

Now, to proceed to the terms of reference about which some Members seem to feel some doubts and I think at least in one case that of my Honourable friend, Mr. Avinashilingam Chettiar, some misapprehension also exists. The recommendation of the House was that the unanimous recommendation of the Sken Committee should be implemented. What was that recommendation? It was that, “five years after the inauguration of the Indian Sandhurst the progress should be reviewed with a view to considering whether the success achieved is not sufficiently solid to warrant a further acceleration of the rate of progress”. That was the Resolution which was carried by this House that it should be done, and the terms of reference make it quite clear that that is exactly what is going to be done. He also said that a certain part of my speech showed, in any case, that the Resolution need not have been passed at all, that I had admitted that those of the officers we got who wanted to go to the army and went there of their own choice were excellent officers, in fact none better could have been had. Now to that I adhere. It is quite true that I also said that I thought that though that was so, they were difficult to tap; in fact that is one of the problems we were out to solve and one of those on which we sought the co-operation of the Members of this Honourable House, amongst others, to solve; and it is so important a problem that Government thought fit to allude to that also in the terms of reference. I think it is sufficiently clear that any acceleration in the number of commissions to be offered cannot be justified, unless there are a sufficient

number of good candidates coming forward, and that a sufficient supply of candidates is an essential pre-requisite. It is no good basing a demand for acceleration on the fact that those who are there are of good quality: you must be also sure that your competition or, at least, your number of candidates will increase proportionately with the acceleration and Government have been very anxious indeed about the progressive decline in the number of candidates,—which, from three hundred and twenty-six in the peak year, that is, 1933, sank steadily till it reached only one hundred and twenty eight in 1938. . . .

Mr. S. Satyamurti: Why?

Mr. C. M. G. Ogilvie: . . . for thirty commissions in the army! It is very hard to say why. I think one of the Honourable Members of the Honourable Member's Party gave some, at least of what *prima facie* appeared to be, good reasons; I refer to the speech of Mrs. Subbarayan. There are reasons, and it is those reasons I want to get at. My own experience both in this particular problem and educationally generally (I have had a considerable experience of examining the youths of this country) is that one of the reasons, so it appears to me, is that in the majority—not all, I am not generalising completely, but in the majority of candidates for any service there appears to be no particular choice in the boy's own mind. I remember, when I was examining for the Punjab Civil Service of my province, we used to have 250 candidates—many of them extremely good—for two or three vacancies, and I used to ask most of these boys, amongst other things, what they would do if they did not get one of these vacancies. The answer I almost invariably received was, “I shall go in for competitions”. I said, “what do you mean—competitive examinations—any particular one?” “No”, it was said, “just as they come, I will get in somewhere, if not the I.C.S., then the Indian Finance Department, the Indian Police, down even to clerkships”—they take all these examinations. What is the reason for this lack of development of personal choice in the minds of the young? I am not quite clear.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Because there are no careers.

Mr. C. M. G. Ogilvie: I think there are careers. I think it is due to their being ruthlessly ground down to their text-books,—not only by their school masters but also by their parents. I know from my acquaintance with the Indian families in the Punjab, at any rate, that when a small boy attempted to show some independence of character and some desire to play with machinery or something of that sort, he was promptly told to stop it and get on with his work. We thought, then, that possibly a cure for this state of things might be found in altering the system of recruitment and in trying, let us say, something like the British naval system of recruitment where boys are chosen for the service at the age of 13 and where by the time they enter it, they are soaked in its traditions and consider that there is no service and no life in any way to compare with it. Whether that would be suitable to Indian conditions and ideas, I am by no means sure but it is worth careful examination. I noticed myself that a large number of the boys who appeared for this examination knew nothing about the army at all and yet they had been content to put their names down for a service, in which to pass their lives, without the slightest

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knowledge what it entailed. I suppose the army now forms one on the list of posts to be competed for—perhaps not one very high up—but certainly with a number of exceptions, but in the majority of cases they had shown no knowledge of the service at all. This was the case even with boys who had been born and brought up in cantonment stations. I have asked boys who appeared for this examination whether they had read any military history. The reply was 'No'. Then, I asked whether they had read of the doings of the English Corps in France. Again the answer was 'No'. It is that kind of trouble which is perhaps in the way of our getting more candidates than we do. There may be something wrong with our publicity, but still there is a mass of material on these subjects which anyone can get hold of if he wants to do so. Take one case.

I am now referring to the Navy which are having equally bad luck though the disadvantages which are attributed to the army by some Groups in this House do not apply to the Navy at all. One boy was asked whether he had ever seen a ship. He replied 'No'. Then, he was asked whether he had ever seen the sea. The answer again was 'No'. Then, he was asked what he knew about the navy? He replied: "I know quite a lot about the navy". He was asked: "How did you find that out?" He said "I went to a film called the 'Mutiny on the Bounty'." It is hard to believe that a boy would try for a life career on knowledge based on the mid-eighteenth century conditions of the British navy where the smallest misdemeanour was punished at once with 100 lashes and people were set adrift in open boats and all that kind of thing. Of course, it does credit to his heart but it shows that there is some thing wrong somewhere. If many think like that, I am not surprised that we do not get many candidates.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): May I ask if the Honourable Member had seen Indir before he came here?

Mr. C. M. G. Ogilvie: I had heard and read a good deal about it, and I did not believe that the conditions of the mid-eighteenth century existed here.

Now, as regards the personnel of the Committee. Sufficient has perhaps been said about that by other speakers, but in the circumstances the problem, though it is, I admit, of very great political interest, must be taken as a practical problem and the people whom we had hoped to give assistance in that way were people who had a practical interest in it. If there had been sufficient degree of interest and knowledge among sufficient elected Members of this House, it would certainly have entitled them to be preferred. But those who were selected were selected for a variety of reasons. The first condition was that they should all be persons of as wide experience as possible and also that they should have a practical interest and, if possible, a practical knowledge of the nature of the problem to be dealt with. The second condition was, that the point of view of parents would have to find representation, that is to say, persons who had sons either in the army itself or in the Indian Military Academy. The point of view of the parents, provided that he or she was a person of wide practical experience in the world generally, would, in the circumstances I

have tried to explain to the House, have been invaluable. The third desideratum was that touched upon by my Honourable friend, Captain Sir Sher Muhammad Khan. It must be remembered that 50 per cent. of the officers of the army, with whom we are now dealing, are drawn from the ranks of serving soldiers, and any Committee which was dealing with their prospects and might possibly make recommendations which would alter them in any way obviously must include persons who knew them, their capacities and their ways of thinking. That accounts for some more.

Finally, it was desirable that some at least of the members of the Committee should have educational experience as the educational side of this problem enters into the matter also. Lastly, it was desirable that they should not come from one part of the country but that north, south, east and west should all be represented, at least, to some degree. While I am on that point, I may refer to a remark of my Honourable friend, Mr. Gadgil, in which he reproached the Government for recruiting only from the alleged martial classes. This refers to recruitment of officers and not of men and, at any rate, there is no question of any class whatever receiving preference, as far as the vacancies for open competition are concerned. I may say in passing that the Government do not recognise the term "martial classes". The term they use is "enlisted classes". Government do not say and never have said that some classes only enjoy the monopoly of courage and the military virtues. What they do say is that recruits in large numbers, in bulk, can best be obtained from certain classes. As regards officers, every one has an equal chance for the vacancies for open competition whether they come from the enlisted classes or not and in fact most of those who are successful do not come from the enlisted classes.

Now, Sir, another aspect of the problem before us which I may mention—it is very difficult to talk about so difficult a matter in the short space of time that is allotted to me—is the enormous differences in the race and the country of those who now serve side by side in the same regiment and live as a family in the same mess. Twenty years ago I make bold to say that few people, perhaps none whatever, would have said that a Parsi officer can command Pathans or a Mahratta officer could command Jats. That has been proved not to be the case. These boys from the various parts of the country coming from homes, not only geographically widely separated, but separated in practically everything, in language, food and customs, habits of social life are being welded together into a homogenous body of officers and that is an achievement of which we may well be proud. The fact that it is being done so extremely successfully should not, I think, detract from the splendid nature of the success achieved. Honourable Members who compare this country to little places like Nepal and Afghanistan are surely wide of the mark.

Finally, I would be entirely straightforward and say that it is no use at all any one asking for the abolition of British officers at this stage. We are here asked by a large portion of the Members of this House not only to stop all further recruitment of British officers, which in itself would be a most drastic step and one which has never been contemplated, but to dismiss all British officers in less than—it does not say how much less than—fifteen years time. If the committee were to start with that as a premise, I agree, Sir, that it would be much better if it is torpedoed, for otherwise it would be a complete waste of time. We are not considering any such policy. What we are considering is that laid down in the terms

[Mr. C. M. G. Ogilvie.]

of the Resolution, which is, whether the progress of acceleration of the Indianisation of the officer ranks could be accelerated. That is all I have to say.

Mr. M. S. Aney: Sir, I have listened to the reply of the Honourable the Defence Secretary with the utmost attention and, as usual, it is surely disappointing. Sir, the cut motion is intended to bring prominently to the notice of the House two things, that the appointment of the Committee by the Government does not comply with the demands which the House wanted to make when it adopted the Resolution on the subject last time. The first prominent point was that a majority of the Members of the Committee should be the elected Members of this House, and the second point, which casually came in, was the time within which this objective of Indianisation of officers could be reached. Now, Sir, my Honourable friend, the Defence Secretary, admitted that the Resolution was admitted in principle. For the sake of showing that his admission in principle is completely vindicated by the sort of Committee that he has appointed he read out to us the paragraph from the Sandhurst Committee's report to which reference is made in the Resolution. I would request the Honourable the Defence Secretary to carefully note the fact that the Resolution before the House is to be understood in the light of the remarks and observations made by the Honourable Member who moved it and by those who supported it. Is it possible for the Honourable the Defence Secretary to say that he has not heard anything like that in the debate, that when the House really insisted upon a majority of Members of that Committee to be from the elected Members of this House, it did not really want that objective of Indianisation to be reached within certain definite time limit. I know in his speech he did not make a reference to the question of time limit. I may accept his explanation for the time being. But when the Honourable the Leader of the Opposition spoke after him, he emphasised that point, and when the terms of reference were prepared by him, the speech of the Honourable the Leader of the Opposition was before him and he knew that it was the speech of the most responsible Member of this House. It was the speech of the Leader of a Party which is the majority Party, not only in this House but which virtually represents the Indian nation as a whole. So, the observations which he was making in asking the Government to implement that Resolution were intended to communicate to the Government of India and, particularly, to the Army Department, that the Indian nation would not be satisfied merely by the appointment of a committee without any objective at all, but that they would be satisfied only if it be coupled with the definite objective of reaching the goal within a certain time. If these observations are not read by him into that Resolution, I take it that he considers the debate in this House as entirely useless and it is not as if there was nothing for him to consider at all in the various observations that are made whenever a particular question is debated in this House. The Honourable the Leader of the Opposition wanted the Defence Secretary to know and the Army Department to know that the Indian nation was no longer in a position to be satisfied with mere promises of efforts being made by the Government to gradually make the experiment in the progressive Indianisation of the army without knowing within what period this Indianisation might be completed. This kind of indefiniteness in the matter of defence was the bane of the policy which the Government

of India have been pursuing in this matter. That is the reason why this question is repeatedly brought on the floor of the House and the attention of the Government of India is repeatedly drawn to this question.

I thought that in view of the great changes in the international situation the attitude of the Government of India probably might be undergoing some kind of change for the better and that the Government of India might, at least, change its own outlook and see that the defence of any country could not be left in the hands of foreign officers for all time to come. They must know that a nation must be capable of defending itself and that if a programme like that is to be carried out, there must be a well-thought out plan. These are the days of planning and in this matter you cannot say that you do not know how this can be done. If you can plan out everything you should also be able to plan out a scheme for training Indians in the art of defence. If things are allowed to drift as they do at present, it is impossible for us to conceive any period at all in which the Indian nation can be fit to officer the Indian Army. It means that there is a determined attitude on the part of the Government of India to maintain this army officered by foreigners as long as they can. The Defence Secretary definitely told us that if this idea of time limit is to be a matter to be considered by the committee they may stop their work at once. That is the very reason why the most representative part of this House thought it fit to dissociate itself from the committee. The very thing that the nation has repeatedly been bringing to the notice of Government is treated by the Government to be entirely unworthy of their consideration. That is the position. The representative part of this House was perfectly justified in telling the Government of India, unequivocally, that they will have nothing to do with a committee like that. It is the attitude of this kind which makes any kind of progress towards nationalism in this country impossible. The attention of the Defence Secretary was categorically drawn by my Honourable friend, Mr. Chettiar, to the statement that he himself gave out, expressing the opinion during the last debate, that the Indian officers who have been admitted have proved very useful and very capable and he also admitted that there is a possibility of getting more officers and that the further difficulty was that of tapping, etc. These observations he tried to fasten the blame on the parents of boys and the manner in which they are brought up and that sort of thing. My Honourable friend, Mr. Sri Prakasa, rightly told him that you could hardly expect these boys to know a thing before you take them to the thing itself. You are keeping them away from the army and, at the same time, you complain about their ignorance of the army. That is a peculiar position. You keep the army a sealed book from them. Army is a *terra incognita*, to the Indians and still you say that the true test of an army career is a knowledge of the army. How can you expect them to know all these things when you have kept these things a sealed book from them? I feel that the British officers themselves were incapable of training anybody at all; somebody must learn without their assistance and then, if he proves his capacity one day by beating them, then alone will they recognise that Indians have the capacity to lead an army and beat them. That being the attitude, people have ultimately begun to despair of any genuine efforts being made by Government in this direction; and they are, therefore, thinking of making some efforts in their own way, but so slow and reluctant is the response of Government

[Mr. M. S. Aney.]

in this matter. The Government probably feel that it would be a danger if Indians once take to the military career. So they feel a suspicion and danger in this new growth and movement among Indians. It is that suspicion which comes in the way of Indians being admitted in the proper proportion. I really want to know what is the explanation which my Honourable friend has given of this abnormal state of things?

In the peak year 1933, as he calls it, about 325 or 328 applicants appeared before him and he says that in the year 1938, the number was 127 or 128. I am quite sure that the Indian boy of 1933 has not changed at all in the year 1938. If there was a change it was in those who made the selection and not in those who offered themselves for selection. The manner in which their applications are rejected has in itself created an atmosphere of despair and despondency and no young man thinks it proper to offer himself for admission when there is an atmosphere of discouragement being created all round. And so, because there is a decrease in the number of candidates that is made a ground for saying that there is no proper tendency among Indians and some efforts will have to be made to tap the proper sources and, therefore, this committee is now appointed to find out if there is a possibility of having any resources at all to tap. If your experience of five years does not enable you to see that I am quite sure that you can carry on that kind of experiment for a hundred years more, as there is no real desire to make any progress at all in this direction. I, therefore, think that this House will be well advised in adopting this motion not that we hope to get anything in return immediately but at least it would be a good reminder to them that the existing state of things is not one which commends itself to this House and they hope to get nothing out of the committee of which so much has been made by the Defence Secretary. Sir, I support this motion.

Mr. M. Asaf Ali: Sir, I rise to support this motion. Originally I did not desire to intervene in this debate at all but, after the Defence Secretary's speech which appeared to me to be more or less a sort of red herring, I feel that I must say a few words. Permit me, Sir, to draw the attention of the House to the real origin of the Resolution, on the basis of which this cut motion has been tabled. That Resolution originated in a recommendation which was made by the Skeen Committee in these words:

"Our colleagues, the Honourable Sir Phiroze Sethna, Mr. M. A. Jinnah, Diwan Bahadur Ramachandra Rao, Major Zorawar Singh and Major Bala Saheb Daffe, while agreeing to the principles upon which the suggested scheme of Indianisation is founded, consider that the culminating point of the scheme, that is to say, the Indianisation of 50 per cent. of the cadre of officers of the Indian army, should be reached at an earlier stage, namely, after 15 years in the case of Mr. Jinnah, Diwan Bahadur Ramchandra Rao and Major Zorawar Singh, and after 20 years in the case of the Honourable Sir Phiroze Sethna and Major Bala Saheb Daffe, and that the intermediate stages subsequent to the establishment of the Indian Sandhurst should be correspondingly accelerated."

Then comes what gave rise to the Resolution in this House:

"It is, however, unanimously agreed that, whether the slower or the more rapid rate of progression is ultimately adopted, the scheme actually in operation should be reviewed in 1938. That is to say, five years after the inauguration of the Indian Sandhurst with a view to considering whether the success achieved is not sufficiently solid to warrant a further acceleration of the rate of progress."

Further acceleration would mean, not 15 years or 20 years, but something less, naturally; that is to say, what the Skeen Committee really recommended was that in 1938 the whole position should be reviewed by a committee which should determine whether the pace of Indianisation should not be accelerated further beyond the limit which they had in view at the time because they wanted to re-examine all the facts. Now, that Resolution carried a certain amendment with it; and, if I remember aright, the Honourable the Defence Secretary not merely agreed with that Resolution, as amended, in principle, but he did not raise the voice of protest against the amendment which was intended to tie the hands of the Government. The House said that they must have a majority of the members of this committee from amongst the elected Members. The Government did not even so much as challenge a division for the purpose of suggesting that they could not possibly give effect to the amendment. That being so I really cannot think how they can come now and say that they accepted the Resolution at the time merely in principle and they did not agree to the amendment which in a way restricted the field of their choice. Even in respect of that question I think I may draw attention to the composition and personnel of the Skeen Committee. If I remember aright, excluding the official member, Lieut.-General Sir Andrew Skeen, nearly one half of the members of that committee were from amongst the elected Members; and if I count also Sir Ziauddin Ahmad, who at that time happened to be a member of a provincial council as an elected member, then the elected Members were certainly in a majority. . . .

Mr. C. M. G. Ogilvie: There were four Assembly Members.

Mr. M. Asaf Ali: May I count them again? Pandit Motilal Nehru—elected; Mr. Jinnah—elected; I do not count Sardar Jogendar Singh; Sir Phiroze Sethna—elected; Diwan Bahadur M. Ramachandra Rao—elected; Sir Abdul Qayyum—elected; and Sir Ziauddin Ahmad—elected. It appears to me that in 1938 the Government are taking a backward step. If you look at the personnel of this committee, you will find that there are only two elected Members out of another legislature on the whole of this committee; and only three Members from this Legislature were approached who declined to serve on this committee on the simple ground that the Government were not prepared to give effect to the desire of this House, to have a majority of the members of this committee from amongst the elected Members. If the Government had really intended to give effect to the desire of this House I can assure them that they would have had the cooperation of those whom they had approached and we would have had some sort of report from this committee which might have commended itself to the acceptance of the House. After all, the Report will come to us and they must remember that if they persist in the attitude of getting more or less a nominated committee to produce a report, I can assure them straightaway that the fate of a report of that nature is already sealed. They need not proceed with that committee at all: they might just as well dissolve it.

Mr. Ogilvie, in the course of his speech, has made reference to a number of things. I shall refer to just one or two points. First of all, I want to remind the House that today in the army there are no less than 7,000 and odd officers (interruption), I am referring to the whole of the army in India and not only to the Indian Army. I see no reason why I should not take into consideration the British Army in India when I

[Mr. M. Asaf Ali.]

am thinking of all the officers because, after all, it is India who pays for them. As I say, there are 7,000 odd officers. We want every one of them to be replaced by Indians and we want that to be done within the shortest possible period, because we feel that it is our right that all the British officers of the Indian Army and the British Army in India should be replaced by Indians at as early a date as possible. That being our objective, I see no reason why the terms of reference which the Government have in view should not have been infinitely wider than they are at present, because we have to go much further than the terms of reference of the Skeen Committee. The Skeen committee, at the time they were considering these questions, were only thinking of having 50 per cent. Indian officers in the Indian Army. But this House wants all the officers in the army to be Indians and none else.

Mr. Ogilvie had a tale of woe to relate to this House. He felt that there was lack of enthusiasm and lack of interest among the candidates who presented themselves for selection as officers in the Indian Army; and he could not explain it in any way whatsoever: he could not understand it. My answer to that can be fairly long; unfortunately, I shall not be here tomorrow to enter into an argument on that point but I shall seek another opportunity of having my say. Today we have got to divide the House in about two minutes and I shall not be able to go through all my points in reply to Mr. Ogilvie. But I can sum it all up in one sentence. Mr. Ogilvie feels that there is lack of enthusiasm and interest among Indian boys. I wonder whether all the other non-Indian boys whom he has met elsewhere were actually born with machine guns and dreadnaughts in their hands and whether they sucked nothing else but the milk of clauswitz at the breast of their mothers? If that can be true, it is a different matter altogether; but I believe boys are boys all the world over; and whether you go to England or to India you find they have got exactly the same outlook. I have known English boys playing bobbies and army officers and naval officers and so do the Indian boys; but while they play in that fashion they do not always become either army or naval officers or even policemen. So the complaint of Mr. Ogilvie seems to me to be absolutely—I do not know how to characterise it—futile, let me say.

Finally, I should like to say one word more and I have done. One of the reasons why Indian boys of the right class, as conceived by the Commander-in-Chief of India or perhaps by the Defence Secretary, are not always forthcoming—and I hope Mr. Ogilvie and the Government of India will make a note of this—is entirely that service in the Indian army today is not considered a patriotic service. You have to create conditions in which Indians may begin to look upon the Indian army as a patriotic service, and then you will find so many forthcoming that perhaps you will not be able to make provision for them. That really is the essence of the whole thing. With these few words, Sir, I support the cut motion.

Some Honourable Members: Sir, the question may now be put.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That the question be now put."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

The Assembly divided:

AYES—57.

Abdul Qaiyum, Mr.
Abdullah, Mr. H. M.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Haq Piracha, Khan Bahadur
Shaikh.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Ismail Khan, Haji Chaudhury
Muhammad.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sardar.
Joshi, Mr. N. M.

Kailash Behari Lal, Babu.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhuri.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Raza Ali, Sir Syed.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Siddique Ali Khan, Khan Bahadur
Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—46.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab
Sir.
Aikman, Mr. A.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Bhagchand Soni, Rai Bahadur Seth.
Bhandarkar, Mr. K. Y.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Cap-
tain.
Frampton, Mr. H. J.
Gidney, Lieut.-Colonel Sir Henry.
Gorwala, Mr. A. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sar-
dar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir
Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukherji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sar-
dar Sir.
Sircar, The Honourable Sir
Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir
Muhammad.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 15th March, 1939.

LEGISLATIVE ASSEMBLY.

Wednesday, 15th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

RESTRICTIONS ON THE SALE OF BUILDING SITES IN AMBALA CANTONMENT.

1041. *Mr. Sham Lal: (a) Will the Defence Secretary be pleased to state if it is a fact that the Military Estates Officer, Ambala and the Cantonment authority, Ambala, require the residents to obtain the sanction of Government or to take lease, in case they wish to sell their building sites on old grant in portions?

(b) If so, is there any legal prohibition to it, and if so, what is it?

(c) What steps have Government undertaken or propose to take to stop this procedure?

Mr. C. M. G. Ogilvie: (a) and (b). Yes. Land in Ambala Cantonment being the property of Government cannot be sold by private persons. If, however, the grantee of a site outside the Bazar area, which is held under the terms of Governor General's Order 179 of 1836, desires to put the site to a use which is not covered by the terms of the original grant by subdividing and selling his rights in a portion of the site, Government have been advised that as ground landlord they are legally entitled, before granting any such application, to demand that a lease should be executed for the subdivided portion. Government do not enforce their rights as regards sites in notified bazaar areas and in no such case have the Cantonment Board demanded that such a lease shall be executed.

(c) None.

Mr. Sham Lal: If the land is transferred in portions, is it against the grant?

Mr. C. M. G. Ogilvie: Yes.

Mr. Lalchand Navalrai: May I know if this was provided when the grant was given?

Mr. C. M. G. Ogilvie: Certainly.

Mr. Lalchand Navalrai: Does it apply to all cantonments or only to Ambala?

Mr. C. M. G. Ogilvie: It applies to all cantonments in which land has been granted under the old grant terms.

Mr. Badri Dutt Pande: Is it a fact that no rent was demanded before 1924?

Mr. C. M. G. Ogilvie: There was no question of rent here.

INDIAN MAJORS IN THE ARMY.

1042. ***Mr. T. S. Avinashilingam Chettiar:** Will the Defence Secretary state:

- how many Indian Majors there are in the Indian Army;
- how many years it will normally take for a cadet who passed out of the Indian Military Academy to become a Major; and
- how many years it takes a cadet who passed out of Sandhurst to become a Major?

Mr. C. M. G. Ogilvie: (a) Eleven.

(b) and (c) Seventeen years in both cases.

Mr. T. S. Avinashilingam Chettiar: May I know what is the total number of Majors in the army in India?

Mr. C. M. G. Ogilvie: I cannot answer that off-hand.

Mr. T. S. Avinashilingam Chettiar: May I know if the number of years one has to pass, before he becomes a Major, is the same in the case of the Englishman trained in Sandhurst as it is in the case of an Indian trained in the Indian Military Academy?

Mr. C. M. G. Ogilvie: Yes.

Sardar Mangal Singh: May I know how many of these are in the units?

Mr. C. M. G. Ogilvie: I am afraid I shall want notice of that.

HIGHEST RANK REACHED BY AN INDIAN IN THE ARMY.

1043. ***Mr. T. S. Avinashilingam Chettiar:** Will the Defence Secretary state:

- what is the highest rank that any Indian has reached in the Indian Army;
- how many have held that post in the last ten years; and
- how many are holding it now?

Mr. C. M. G. Ogilvie:—(a) Major.

(b) Thirteen.

(c) Eleven.

Mr. K. Santhanam: May I know if these Majors are in the I.M.S.?

Mr. C. M. G. Ogilvie: I have not referred to the I.M.S. here; I understood the question to refer to the general line. In the I.M.S., the rank which has been attained is Major-General.

Mr. K. Santhanam: Is the Major in the infantry or cavalry?

Mr. C. M. G. Ogilvie: I think there are Majors in both.

Mr. Badri Dutt Pande: Is any Major in charge of the units or Officer Commanding?

Mr. C. M. G. Ogilvie: No Major is in charge of an infantry or cavalry unit. They have to wait to become Lieut.-Colonels.

Mr. T. S. Avinashilingam Chettiar: May I know why no Indian Officer has any rank above that of a Major?

Mr. C. M. G. Ogilvie: Because no Indian Officer has yet had sufficient service.

Mr. T. S. Avinashilingam Chettiar: What is the maximum year of service which an Indian Officer has to put in?

Mr. C. M. G. Ogilvie: I suppose about 18 to 19 years.

Mr. Lalchand Navalrai: How many Indian Officers have been made Majors?

Mr. C. M. G. Ogilvie: Thirteen Officers have become Majors in due course, of whom eleven are now serving.

Mr. S. Satyamurti: May I know what is the earliest year in which, according to present calculations, an Indian Officer will be in a position to command Britishers in the Indian army?

Mr. C. M. G. Ogilvie: He would not command British ranks unless he became a staff officer in which case he might do that with the rank of Captain, unless he went to one of the corps in which British ranks are serving (they do not serve in the cavalry or infantry) or unless he became a Brigadier in which case he would presumably be commanding a mixed formation including British troops and British officers.

Mr. S. Satyamurti: What is the earliest year in which, according to any of these categories of tests which my friend has laid down, an Indian Officer will be in a position to command British ranks on the present basis of seniority of Indian Officers in the Indian army?

Mr. C. M. G. Ogilvie: I cannot possibly answer so hypothetical a question.

VESSELS AND AEROPLANES FOR INDIA'S DEFENCE.

1044. ***Maulvi Abdur Rasheed Chaudhury:** Will the Defence Secretary please state:

- the total number of warships, cruisers, torpedo boats and submarines, if any, India has got for its defence;

- (b) whether Government contemplate adding any more units for the naval defence of India;
- (c) if the answer to part (b) be in the affirmative, whether Government will state the type of vessels and the appropriate cost and the number of vessels;
- (d) the total number of aeroplanes India has got for its defence; and
- (e) whether Government contemplate adding aeroplanes for India's defence, and if so, how many and of what type or types?

Mr. C. M. G. Ogilvie: (a) The Naval Defence of India is the responsibility of the Royal Navy, assisted by the Royal Indian Navy. Particulars of ships will be found in the Navy List and the Royal Indian Navy List, copies of which are in the Library of the House.

(b) If the Honourable Member is referring to the role played by the Royal Indian Navy, the matter is still under consideration.

(c) Does not arise.

(d) and (e). I refer the Honourable Member to my reply to parts (a) and (b) of starred question No. 1666 on December the 1st, 1938..

Maulvi Abdur Rasheed Chaudhury: How many warships have been added to the Indian Navy in the course of the last three years?

Mr. C. M. G. Ogilvie: I think none.

Maulvi Abdur Rasheed Chaudhury: May I know the reason why?

Mr. C. M. G. Ogilvie: Financial.

NON-INDIANS IN THE INDIAN ARMY.

1045. *Maulvi Abdur Rasheed Chaudhury: Will the Defence Secretary please state:

- (a) the total number of non-Indians in the Indian Army, stating separately the country to which they belong;
- (b) the reason for enlisting non-Indian; and
- (c) the total amount spent annually on the non-Indian portion of the Indian Army, showing separately the amount paid to armies of different non-Indian countries?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to the Strength Return of the Army and Royal Air Force in India, a copy of which is in the Library of the House.

(b) I refer the Honourable Member to my reply to parts (c), (d) and (e) of starred question No. 1241 asked by Mr. Abdul Qaiyum on the 15th November, 1938.

(c) The Defence Services Estimates are not so maintained as to show separately the expenditure on the Indian and non-Indian portions of the Indian Army. The cost, however, of a Gurkha battalion is approximately the same as that of an Indian infantry battalion.

Maulvi Abdur Rasheed Chaudhury: May I know if in view of the acute unemployment in the country, Government will consider the question of reducing the number of non-Indians in the army?

Mr. C. M. G. Ogilvie: I can only refer the Honourable Member to the full answer I gave in November last.

Babu Kailash Behari Lal: May I know the nationality of people who are non-Indians in the Indian army?

Mr. C. M. G. Ogilvie: British, Gurkhas and a certain number of people who might or might not be described as Indian, who inhabit tribal areas.

COLLECTION OF STATISTICS OF UNEMPLOYMENT.

1046. *Mr. Manu Subedar: (a) Will the Honourable the Home Member be pleased to state whether any new heads of information are being added to the census statistics, which are going to be collected in the next census? If so, what are they?

(b) Are any old heads being omitted? If so, what are they?

(c) Has a representation been received by Government from the Indian Merchants' Chamber, suggesting that there should be a record of unemployment statistics?

(d) Have Government considered this proposal?

(e) Have Government encountered any material difficulties in instructing the Census Commissioner for the statistics of unemployment being collected simultaneously when the next census is taken?

The Honourable Sir Reginald Maxwell: (a) The possibility of collecting certain additional information regarding the size of families and means of livelihood is receiving consideration.

(b) The omission of tables regarding infirmities, and regarding caste is under consideration.

(c) Yes.

(d) and (e). Experience at the last census and the difficulty of obtaining reliable data make it doubtful whether the results of an attempt to obtain statistics of unemployment would justify the extra expense involved. No final decision has, however, been taken.

Mr. Manu Subedar: May I inquire whether the heading of "Occupation" for the next census is going to be retained or whether it is to be taken out?

The Honourable Sir Reginald Maxwell: I should require notice of a detailed question of that kind.

Mr. Lalchand Navalrai: May I know if any revised forms for this census have been printed, or will they be available?

The Honourable Sir Reginald Maxwell: I do not think they can have been printed yet, because the Provincial Governments have not yet been consulted about the general scheme of the census.

Mr. Manu Subedar: May I know whether Government will make a statement on this subject before the House as to why unemployment figures cannot be collected—if the decision is that they should not be collected?

The Honourable Sir Reginald Maxwell: If the Honourable Member means that he wishes a statement to be laid on the table of the House giving the reasons, I will consider that suggestion.

Prof. N. G. Ranga: Is it not a fact that during these census operations information regarding the occupations of various people is gathered?

The Honourable Sir Reginald Maxwell: I believe so, yes.

Prof. N. G. Ranga: Why is it that Government decline to collect the information regarding those people who have no occupation at all? What is the difficulty?

The Honourable Sir Reginald Maxwell: Certain people, for instance, have occupation at one time of the year and not at another time of the year.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, I think I heard the Honourable Member to say that Government are considering the omission of information about caste. Am I right?

The Honourable Sir Reginald Maxwell: Yes.

Mr. S. Satyamurti: May I know whether Government will consider the general public opinion of the country which is that we must not divide up the country into these castes and decide to drop all information about these castes?

The Honourable Sir Reginald Maxwell: I understand that that is under consideration by the Census Commissioner-designate.

Mr. S. Satyamurti: Will the Provincial Governments be consulted in the matter?

The Honourable Sir Reginald Maxwell: Yes.

MEASURES FOR DEFENCE OF INDIA'S EASTERN COAST.

1047. *Mr. K. S. Gupta: (a) Will the Defence Secretary please state whether there is anything in the contemplation of the Defence Department to fortify the Harbour of Vizagapatam to serve as a feeder to the Singapore base in times of emergency?

(b) What are the measures adopted or proposed to be adopted to safeguard the Eastern Coast?

(c) Is there anything in contemplation by the Defence Department to establish a voluntary National Service Register for India, as in Australia, which gives priority for defence works in the public works programme of the country?

(d) Is there any programme of reorganisation of the Civil Aviation administration in view of the Western and Eastern menaces? If so, what is the programme? Will it be placed before this House for discussion?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to the reply I gave to parts (a), (b) and (c) of the starred question No. 622 of the 30th August, 1938.

(b) I refer the Honourable Member to the reply I gave to starred question No. 1411 asked by Seth Govind Das on the same subject on the 23rd November, 1938.

(c) This part of the question is not understood.

(d) This part of the question should have been addressed to the Honourable the Communications Member.

COLLECTION OF STATISTICS OF UNEMPLOYMENT.

1048. *Mr. Sham Lal: Will the Honourable the Home Member be pleased to state:

(a) whether it is a fact that preparations for the Indian census of 1941 have commenced; and

(b) if so, whether any new changes for the inclusion of unemployment figures amongst the educated, middle and labour classes are to be introduced into the next Census Report?

The Honourable Sir Reginald Maxwell: (a) Preliminary arrangements in connection with the census are being made.

(b) The Honourable Member is referred to my reply given today to parts (d) and (e) of Mr. Manu Subedar's question No. 1046.

Mr. Brojendra Narayan Chaudhury: May I know, when the general scheme of the census is prepared, whether the House will be given an opportunity to record its suggestions after the general scheme has been prepared?

The Honourable Sir Reginald Maxwell: I said I would consider that.

RULES FOR EVACUATION OF VILLAGES FOR MILITARY MANŒUVRES.

1049. *Mr. Sri Prakasa: Will the Defence Secretary state:

(a) if his attention has been drawn to the reply of the Government of the United Provinces on the 9th February, 1939, in reply to a question in the Provincial Assembly that Government had not made any rules under the Military Manœuvres Act of 1938 and that the evacuations of villagers in the district of Agra on the 25th and 26th October took place under the Revenue Manual (*vide Hindustan Times* of the 10th February 1939, page 5, column 2);

(b) if the model rules of the Government of India are ready; if so, whether a copy of the same has been sent to the United Provinces Government and when they were so sent; and

- (c) if Government propose to recommend to the Provincial Government of the United Provinces the extreme desirability of adopting these rules with such changes as they may consider desirable at the earliest possible date to prevent hardships to villagers?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) and (c). No. The power to make rules under the Military Manœuvres Act of 1938 vests in Provincial Governments and the Government of India never intended nor have they been requested to prepare model rules. I refer the Honourable Member to my speech of the 5th October, 1937, in which I stated that Government had decided that the right thing to do in this matter was to leave the working of the Act as far as possible to the local civil authorities.

As promised in my speech of the 1st February, 1938, the Defence Department addressed all Provincial Governments on the 18th June, 1938, with suggestions regarding the publication of notices under the Act.

Mr. T. S. Avinashilingam Chettiar: May I know whether it is not the intention of Government to circulate model rules for the guidance of Provincial Governments?

Mr. C. M. G. Ogilvie: No, Sir. It is not the Government's intention. Conditions vary very much from province to province, and Provincial Governments are perfectly capable of framing their own rules.

BADLI-KI-SERAI MEMORIAL NEAR DELHI.

1050. ***Mr. Sri Prakasa:** Will the Defence Secretary state:

- (a) if Government have considered the implications of the acceptance by the Legislative Assembly in December last of the adjournment motion regarding the Badli-ki-serai Memorial; and
(b) if Government have changed or intend to change the language on the inscription in any particular?

Mr. C. M. G. Ogilvie: (a) and (b). I refer the Honourable Member to the replies I gave on the 14th February, 1939, to Mr. Satyamurti's starred question No. 370 on the same subject and the supplementary questions arising therefrom.

Mr. Sri Prakasa: Arising from that reply, may I know who identified the skeleton of Lieutenant Harrison, and how was that identified?

Mr. C. M. G. Ogilvie: I submit that does not arise from this question.

BAN ON THE ENTRY OF KAZI ABDUL WELI KHAN INTO THE NORTH-WEST FRONTIER PROVINCE.

1051. ***Mr. Abdul Qaiyum:** Will the Honourable the Home Member please state:

- (a) whether there is any ban on the entry of Kazi Abdul Weli Khan of Peshawar into North-West Frontier Province;
(b) when Kazi Abdul Weli Khan left India and why;

- (c) whether Government have any information about his whereabouts;
(d) whether they have received any communication from the Frontier Government on the subject and, if so, to what effect; and
(e) whether Government have any objection to Kazi Abdul Weli's entry into the North-West Frontier Province through Afghanistan; if so, the reasons therefor?

The Honourable Sir Reginald Maxwell: (a) I understand that he claims to be an Afghan subject, and cannot, therefore, enter India without a *visa*, for which he has never applied.

(b) He left India in 1919 of his own accord in order to evade arrest.

(c) and (d). No.

(e) His application will be considered on its merits if he applies for passport facilities.

Mr. Abdul Qaiyum: May I know when Government received the information that he had changed his nationality?

The Honourable Sir Reginald Maxwell: I cannot inform the Honourable Member of the exact date; but it is known.

Mr. Abdul Qaiyum: May I know if the Government of India ever received any intimation from the gentleman concerned that he had changed his nationality?

The Honourable Sir Reginald Maxwell: I said before that we had not had any application from him.

Mr. Abdul Qaiyum: May I know how the Government of India came to know that he had changed his nationality?

The Honourable Sir Reginald Maxwell: They came to know of it somehow—I do not know exactly the source of the information.

Mr. Lalchand Navalrai: May I know under what law these bans are placed?

The Honourable Sir Reginald Maxwell: As I have often informed the House, there is no such thing as a ban.

STERLING REQUIREMENTS OF GOVERNMENT.

1052. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member state:

- (a) whether his attention has been drawn to the following statement in the annual report of the Reserve Bank of India for the year 1938;

“The total amount of sterling purchased by the Bank during the year was £19,058,000 as compared with £33,916,000 in 1937. As the former amount was insufficient to meet Government's sterling requirements which amounted to £36,010,000 during the year, the Reserve Bank had to transfer sterling securities amounting to £15,605,000 from its issue to its banking department, contracting its cash balances correspondingly”; and

(b) what is the latest position in the matter?

The Honourable Sir James Grigg: (a) Yes.

(b) Sterling purchased by the Reserve Bank from the 1st January, 1939, to the 10th March, 1939, amounted to £18.4 millions; and according to the latest weekly statement of the Reserve Bank, the amount of sterling securities held in the Issue Department on the 3rd March, 1939, is slightly more than that held on the 1st January, 1939.

Mr. S. Satyamurti: With reference to the "contraction of cash balances correspondingly", referred to in the above paragraph of the report of the Reserve Bank which I mentioned in clause (a), may I know what is the latest position with regard to the cash balances according to the information available to the Honourable Member?

The Honourable Sir James Grigg: I have answered that question. Perhaps the Honourable Member did not listen. I said:

"According to the latest weekly statement of the Reserve Bank, the amount of sterling securities held in the Issue Department on the 3rd March, 1939 is slightly more than that held on the 1st January, 1939."

Mr. S. Satyamurti: By how much?

The Honourable Sir James Grigg: By a fractional amount.

Mr. S. Satyamurti: What is the exact amount?

The Honourable Sir James Grigg: A lakh or so— something of that sort.

Mr. S. Satyamurti: With regard to these sterling purchases by the Bank, may I know whether there is any arrangement between Government and the Reserve Bank in this matter, with regard to supplying Government's sterling requirements?

The Honourable Sir James Grigg: Of course there is an arrangement; the Reserve Bank is our agent for purchasing sterling.

Mr. S. Satyamurti: Is there any means of regular communication between the Reserve Bank and the Government of India in this matter? If so, how did it happen that the purchases last were small, compared with Government's requirements?

The Honourable Sir James Grigg: Because the supply was less, and, therefore, we had to call upon the reserves of the Reserve Bank.

Mr. S. Satyamurti: On the whole, was there any loss to Government otherwise than by their own purchases?

The Honourable Sir James Grigg: I do not understand the Honourable Member.

Mr. S. Satyamurti: With regard to the insufficiency of the Reserve Bank purchases to meet Government sterling requirements, may I know whether there was any loss to the Reserve Bank which is ultimately the loss of the tax-payer?

The Honourable Sir James Grigg: I simply do not understand the question. It seems to me to be of the same order as this: If you had to buy apples at a more expensive rate at one time than another, is there any loss in the matter?

Mr. S. Satyamurti: But if you have to buy apples at a higher rate, you have to pay more?

The Honourable Sir James Grigg: And the price of sterling varies as the price of apples varies.

Mr. S. Satyamurti: Is it not wise on the part of the Reserve Bank to buy, when you can buy them, at a cheaper rate?

The Honourable Sir James Grigg: You cannot always do that just as you have to buy food only when it is wanted.

Mr. S. Satyamurti: Is there no possibility of storing the food?

The Honourable Sir James Grigg: That is exactly what we have done by accumulating a reserve.

FALL IN THE NUMBER OF SHAREHOLDERS OF THE RESERVE BANK OF INDIA.

1053. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

(a) whether his attention has been drawn to the statement in the annual report of the Reserve Bank of India for the year ending 1938:

"In the last year's report mention was made of the decline in the number of shareholders since the inception of the Reserve Bank in April, 1935. As is evident from the figures given above, this tendency has continued during the year under report. Another characteristic feature of the distribution of shares is the increase in the number in the Bombay area at the expense of other areas, principally Calcutta and Rangoon";

(b) what are the latest figures with regard to the distribution of shareholders in the various areas according to the latest information available;

(c) whether the attention of Government has been drawn to the statement:

"So far Government have taken no action on our suggestion for the limitation of the maximum holding of shares referred to in last year's report"; and

(d) whether Government intend taking any action in this direction; if so, when; if not, why not?

The Honourable Sir James Grigg: (a) and (c). Yes.

(b) Attention is invited to the statement on page 2 of the Annual Report of the Reserve Bank for the year 1938.

(d) The matter is under consideration.

Mr. S. Satyamurti: With reference to part (b) of the question, may I know what are the latest figure with regard to the number of shares in the Bombay area as compared to Calcutta and Rangoon?

The Honourable Sir James Grigg: I invited the Honourable Member's attention to page 2 of the Annual Report of the Reserve Bank where the figures are set out for all the Circles

Mr. S. Satyamurti: Has the situation become worse or better from the point of view of concentration of these shares in a particular area?

The Honourable Sir James Grigg: There is a general trend of movement to Bombay but also there is a general tendency for the shares to move about just before the elections.

Mr. S. Satyamurti: I quite see the sting in the Honourable the Finance Member's statement, but may I ask him whether Government do not consider it necessary to take some prompt and effective action in view of the fact that the Reserve Bank is intended to be a public institution and it should not be allowed to become a private bank?

The Honourable Sir James Grigg: There is still a very large distribution of voting power. It is perfectly true that the large holdings are becoming larger or, at any rate, the number of holdings carrying shares in excess of those carrying the maximum voting power is becoming larger, but there is still a very wide electorate. As the Honourable Member says, there are methods of making the electorate rather narrower than it is.

Mr. S. Satyamurti: Will Government consider the suggestion of keeping the electorate as wide as it is, without allowing further tendencies for narrowing it, by some legislation prescribing the maximum shares?

The Honourable Sir James Grigg: That is the question which I have answered by saying that the matter is under consideration.

VICTUALLING AGENTS EMPLOYED WITH BRITISH UNITS IN INDIA.

1054. ***Mr. S. Satyamurti:** Will the Defence Secretary please state:

- (a) whether victualling agents were employed with all British units in India up to 1927;
- (b) whether these posts were abolished as a result of a memorial submitted by them for betterment of their service prospects;
- (c) whether there are any victualling agents now retained and, if so, where they are;
- (d) whether these jobs are permanent and pensionable and, if not, why not; and

- (e) how many there are and what will be the financial effect in the defence budget of their being made permanent and their services being made pensionable?

Mr. C. M. G. Ogilvie: (a) They were employed up to 1928.

(b) No.

(c) Yes, in certain hill sanatoria and depots the majority of which are open during the hot weather only and also in a few instructional establishment.

(d) All these appointments are of a purely temporary nature and consequently not pensionable.

(e) The number is about 25.

Leaving out of account those employed in hill stations during the hot weather only, the financial effect of making permanent and pensionable the services of those employed at instructional establishments, would be about Rs. 1,800 annually.

Mr. S. Satyamurti: In view of the fact that the extra amount involved is comparatively very small, may I know if Government will consider the question of making permanent pensionable services of these agents outside the hill stations?

Mr. C. M. G. Ogilvie: No, Sir. This form of employment is regarded as essentially temporary and might be dispensed with at any moment.

Mr. S. Satyamurti: How long should they continue in this temporary service?

Mr. C. M. G. Ogilvie: I should think for a long time, but the word 'temporary' in these matters is rather a technical term.

Mr. S. Satyamurti: Is there any immediate prospect of these establishments being dispensed with?

Mr. C. M. G. Ogilvie: I would not say there is an immediate prospect but there is at all times a possibility. Their numbers have decreased very largely since 1928.

AIRCRAFT CONSTRUCTION IN INDIA.

1055. ***Mr. S. Satyamurti:** Will the Defence Secretary please state:

- (a) whether his attention has been drawn to a leading article in the *Statesman* of the 4th February, 1939, entitled "Aircraft construction in India";
 - (b) whether his attention has been drawn to the particular statement, "it is certainly important that they should think in terms of industrial expansion as well as man power";
 - (c) what Government propose to do in the matter;
 - (d) whether the attention of Government has been drawn to another statement in the article;
- "Motor engines will sooner or later have to be built in India, for so long as war remains unabolished the country cannot face the possibility of being dependent on distant overseas sources for all its mechanical transport; and

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- (e) whether Government propose to get into touch with the executive heads of industries and the Planning Committee of the Indian National Congress to find out ways and means of manufacturing all our mechanical transport?

Mr. C. M. G. Ogilvie: (a) to (e). I refer the Honourable Member to the replies I gave to starred question Nos. 259 and 607 asked by Mr. Manu Subedar on the 9th and the 22nd February, 1939, respectively, question No. 368 asked by the Honourable Member himself on the 14th February, 1939, and the supplementary questions arising therefrom.

Mr. S. Satyamurti: With regard to clause (d) of the question, may I know whether Government are taking any steps with regard to the manufacture of motor engines in India?

Mr. C. M. G. Ogilvie: The Defence Department are very anxious that some such enterprise should be started which would manufacture motor engines of the type that they need and would rejoice if it were so. But that is all that I can tell the Honourable Member. As to the reasons why no firm has started to make motor engines in this country, I suggest that he should apply to the Commerce Department.

Mr. S. Satyamurti: In view of this answer, may I know with reference to part (e) of the question, whether Government propose to get into touch with the executive heads of the Planning Committee of the Indian National Congress with regard to the possibilities of such a manufacture which the Honourable the Defence Secretary considers very good in the interests of India?

Mr. C. M. G. Ogilvie: The Honourable Member will find the answer to that question very fully both in the answers to the very numerous questions which have been asked on the subject referred to in my answer and to the supplementaries arising therefrom.

Mr. Manu Subedar: May I ask whether Government have received a report from the Principal Supply Officers' Committee on the possibility or the question of the manufacture of the aeroplanes in this country?

Mr. C. M. G. Ogilvie: The question of the manufacture of aeroplanes in this country has, to my knowledge, not advanced sufficiently far for any report to have been received.

Mr. K. Santhanam: What is the number of motor engines which the Defence Department will be able to consume if such an industry were established in India?

Mr. C. M. G. Ogilvie: The Honourable Member will find the exact figures at present consumed given in an answer to a question by Mr. Manu Subedar which I have just quoted in my answer to Mr. Satyamurti.

CONTROLLING OF FREE EMIGRATION OF FOREIGNERS INTO INDIA.

1056. ***Mr. S. Satyamurti:** Will the Honourable the Home Member please state:

- (a) whether his attention has been drawn to an article entitled "Foreigners paradise" in the *Bombay Sentinel* of the 30th January, 1939;

- (b) whether it is a fact that there are about 300 Germans in India and thousands of other foreigners employed in the Government Port Trust, Insurance, Banking and hydro-electric companies;
- (c) whether Government are aware that these foreigners are paid large salaries;
- (d) whether Government have examined with regard to non-British foreigners the question of limiting or controlling their free emigration into this country; and
- (e) whether Government propose to take any action in the matter or leave it to the Provincial Governments to legislate as and when they think necessary?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) and (c). I would invite the Honourable Member's attention to the Registration of Foreigners Bill, particularly to the Statement of Objects and Reasons appended to that Bill and to the speeches which I made on the 9th March, 1939, when moving for consideration of the Bill and replying to the speeches of a number of Honourable Members. As I said then, Government have no information as to the occupation or whereabouts of foreigners in India and no information later than such as is contained in the Census Report of 1931 as to their numbers. As I stated in reply to Mr. Muthuranga Mudaliar's starred question No. 862 on the 8th March, 1939, there were 951 persons in India in that year who stated that they had been born in Germany.

(d) and (e). While it is not a fact that foreigners have unrestricted entry to India since Consular Officers exercise a careful scrutiny into the antecedents and financial status of a foreigner before giving him a *visa*, Government have, from time to time, examined the question of foreigners in India and, as the House is aware, have decided to ask for power to register them, since reasonably accurate information is a necessary preliminary to the consideration of further measures of control. As the admission of foreigners into British India finds a place in entry 17 of the Federal Legislative List, it is a subject which is exclusively within the sphere of the Central Government.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, may I know whether Government have no information as to the number mentioned here of Germans, that is, 300, who are now in India?

The Honourable Sir Reginald Maxwell: No, Sir, we have not apparently got accurate information as to the number of Germans in India but it must be much more than 300.

Mr. S. Satyamurti: May I know whether Government have watched the immigration of many people in India in recent months and whether the Government of India have any information, which may be even approximately correct, of the number of Germans, Austrians, and others who have come into this country?

The Honourable Sir Reginald Maxwell: As far as I remember, actual *visas* have been given for about 250 Germans and Austrians but we do not know whether they have arrived in the country or not.

Mr. S. Satyamurti: May I ask whether Government do not insist on foreigners who are employed in Government or Port Trust or Insurance and Banking offices being reported to the Government of India as to their nationality?

The Honourable Sir Reginald Maxwell: I do not think Government have any power to require private concerns to supply information of that kind in the absence of power to register foreigners.

Mr. S. Satyamurti: As regards Government employees themselves, have Government got any information of those who are directly employed by them?

The Honourable Sir Reginald Maxwell: The employment of foreigners under the Crown is regulated by section 262 of the Government of India Act, that is to say ordinarily they are not eligible for employment under the Crown.

Mr. S. Satyamurti: How many have since been exempted, and how many foreigners are now in Government employ?

The Honourable Sir Reginald Maxwell: I have not got exact information. If the Honourable Member likes he can give notice and I will try and find out. But I doubt whether it would be possible. Attempts were made in answer to a previous question during the Session to find out the figures, but we were not successful.

RESUMPTION OF LEASED LANDS IN CANTONMENTS.

1057. *Mr. Sham Lal: (a) Will the Defence Secretary be pleased to state if it is a fact that the present policy of the Government of India is to resume leased lands in Cantonments, although there may not be any breach of the lease conditions by the lessees?

(b) If so, what is the number of such cases?

(c) Are Government aware that due to this policy of the Government, there is great discontent amongst the people?

(d) Do Government propose to reconsider such cases?

Mr. C. M. G. Ogilvie: (a) No.

(b), (c) and (d). Do not arise.

COMMUTATION OF PENSIONS.

1058. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Finance Member state:

(a) whether Government are aware that the Madras Government have stopped the commutation of pensions;

(b) whether Government have calculated whether the commutation of pensions has worked to the disadvantage of Governments; and

(c) if so, what the net advantage to Government will be by the stoppage of commutation of pensions?

The Honourable Sir James Grigg: (a) Yes.

(b) Government have not carried out the detailed investigation necessary to decide whether the system of commutation is in fact advantageous or disadvantageous. Theoretically it should be neither.

(c) Does not arise.

Mr. T. S. Avinashilingam Chettiar: In view of the fact that the Madras Government have come to the definite conclusion that it is advantageous to Government to stop commutation of pension, may I know whether Government will look into the matter?

The Honourable Sir James Grigg: If the Honourable Member wishes to ask me for an expression of my personal opinion as to whether the stoppage of commutation of pensions would or would not be advantageous, at the present moment I am bound to say that it would be disadvantageous to Government to stop commutation, so that as I do not share the views of the Madras Government, it is not surprising that we do not propose to follow their action.

Mr. T. S. Avinashilingam Chettiar: May I know whether the Madras Government's conclusions are based upon incorrect data? May I know whether the Government of India will make enquiries of the Madras Government about this?

The Honourable Sir James Grigg: The Honourable Member should address this question to the Madras Government.

Mr. S. Satyamurti: May I know whether the Government of India have decided to charge the commutation of pensions to revenue and not to capital expenditure?

The Honourable Sir James Grigg: Over a certain part of the field, I do not think the recommendation of the Public Accounts Committee has been completely complied with.

Mr. S. Satyamurti: May I know whether the Honourable the Finance Member himself agrees that commutation of pensions should be charged to revenue and not to capital?

The Honourable Sir James Grigg: In so far as my personal opinion has any validity whatever, it should be charged to revenue.

AMALGAMATION OF THE VETERINARY ESTABLISHMENTS OF THE ARMY.

1059. *Sardar Mangal Singh: Will the Defence Secretary please state:

(a) whether, in view of the progressive mechanisation of the Indian cavalry regiments, Government are considering the advisability of amalgamation of the veterinary establishments of the Indian Army Veterinary Corps and the Army Remount Department; and

(b) the probable amount of saving after this amalgamation is effected?

Mr. C. M. G. Ogilvie: (a) No, because their duties are entirely different.

(b) Does not arise.

Sardar Mangal Singh: May I know whether there has been any decrease in the demand for cavalry horses?

Mr. C. M. G. Ogilvie: Yes, there has been some decrease.

Sardar Mangal Singh: May I know whether Government will reconsider the conditions of land grants for horse breeding?

Mr. C. M. G. Ogilvie: I cannot see how that arises from this question.

Sardar Mangal Singh: This arises because of the decrease in the demand for horses?

Mr. C. M. G. Ogilvie: I cannot see how that arises.

UNWILLINGNESS OF THE PUNJAB VETERINARY GRADUATES TO JOIN THE INDIAN ARMY VETERINARY CORPS.

1060. ***Sardar Mangal Singh:** Will the Defence Secretary please state:

(a) whether it is a fact that no graduate of the Punjab Veterinary College has offered himself to join the Indian Army Veterinary Corps for the last four years;

(b) whether Government have examined the reasons for the unwillingness on the part of the veterinary graduates from that college to join the Army;

(c) whether it is a fact that the conditions of service in the Indian Army Veterinary Corps are not satisfactory and have ceased to attract the proper material from the Punjab; and

(d) whether Government contemplate taking suitable steps in this direction?

Mr. C. M. G. Ogilvie: (a) No.

(b) Yes. The reasons are (i) the number of graduates from the Punjab Veterinary College in recent years has been very small and (ii) the majority of those who prefer employment in the Civil Veterinary Department which offers better prospects of promotion to more highly paid appointments than exist in the Army.

In the near future, however, the number of graduates is expected to be considerably greater, and the number applying for the Army is, therefore, likely to increase.

(c) No.

(d) Does not arise.

GRANT OF HONORARY KING'S COMMISSION TO VICEROY'S COMMISSIONED OFFICERS OF THE INDIAN ARMY VETERINARY CORPS.

1061. ***Sardar Mangal Singh:** Will the Defence Secretary please state:

(a) whether it is a fact that Honorary King's Commission is granted to selected Viceroy's Commissioned Officers while in service;

(b) if the answer to part (a) be in the affirmative, whether it is a fact that this honorary commission is granted to Viceroy's Commissioned Officers of the Indian Army Veterinary Corps not in service, like the Viceroy's Commissioned Officers of the other branches of the Army, but after retirement only; and

(c) whether Government are prepared to do away with this discrimination against Viceroy's Commissioned Officers of the Indian Army Veterinary Corps?

Mr. C. M. G. Ogilvie: (a) and (b). All Viceroy's Commissioned Officers including those of the Indian Army Veterinary Corps are now eligible for the grant of commissions as Honorary Indian Commissioned Officers whilst on the active list and on retirement.

(c) Does not arise.

Sardar Mangal Singh: Since when has this change been introduced as regards the Viceroy's Commissioned Officers in the Veterinary Corps?

Mr. C. M. G. Ogilvie: I cannot give the Honourable Member the exact date, but it was quite recently.

REPORT OF THE CHATFIELD COMMITTEE.

1062. ***Mr. K. S. Gupta:** (a) Will the Defence Secretary state whether a copy of the Report of the Chatfield Committee has been received by the Government of India?

(b) Is the consideration of the Report of the Committee postponed for six months?

(c) Are the Government of India proposing to have a small committee to go into the recommendations embodied in the Chatfield Committee?

(d) What is the personnel of the committee?

(e) When is the committee to start its work?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to the reply I gave to parts (a) and (b) of starred question No. 740 asked by Mr. Satya-murti on the 27th February, 1939.

(b) No.

(c) No.

(d) and (e). Do not arise.

Mr. T. S. Avinashilingam Chettiar: When do they expect to finish the consideration of this report?

Mr. C. M. G. Ogilvie: I cannot forecast that.

Mr. T. S. Avinashilingam Chettiar: May I know whether His Majesty's Government are in consultation with the Government of India just now over the Chatfield Committee report?

Mr. C. M. G. Ogilvie: I have answered that question several times. No official reference has yet been made.

CALLING OF THE INCOME-TAX ASSESSEES IN RAI BARELI DISTRICT TO FYZABAD.

1063. *Mr. Mohan Lal Saksena: (a) Will the Honourable the Finance Member be pleased to state if it is a fact that most of the income-tax assesseees in the Rai Bareli district were called to Fyzabad this year for assessment?

(b) Is it a fact that a representation was made to the Commissioner of Income-tax, United Provinces and Central Provinces by the assesseees to the effect that in going to Fyzabad they had to incur considerable expense and trouble?

(c) Is it a fact that by way of explanation it was given out by the Income-tax Officer, Fyzabad, that he and his subordinates had no funds for travelling expenses and they had consequently to be summoned to Fyzabad?

(d) Are Government aware that Rai Bareli district is nearer to Lucknow than Fyzabad and forms part of the Lucknow division and not Fyzabad? If so, are Government prepared to consider the feasibility of including Rai Bareli district in the jurisdiction of the Income-tax Officer, Lucknow?

The Honourable Sir James Grigg: A report has been called for and a reply will be laid on the table of the House in due course.

REQUIRING OF THE SERVICES OF CUSTOMS AUTHORITIES FOR ENFORCING PROHIBITION IN BOMBAY CITY AND SUBURBS.

1064. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Finance Member please state whether the services of the Customs authorities will be required for enforcing prohibition in Bombay City and suburbs, and whether Government have received any communication from the Bombay Government, and what decision Government have arrived at on the subject?

The Honourable Sir James Grigg: The Government of India have received no communication from the Provincial Government on this subject.

INTRODUCTION OF CHILDREN'S AND PROBATION LEGISLATION IN THE CENTRALLY ADMINISTERED AREAS.

1065. *Shrimati K. Radha Bai Subbarayan: Will the Honourable the Home Member be pleased to state:

- (a) whether the Government of India have considered the question of introducing legislation such as Children's and Probation Acts for centrally administered areas and with what result;
- (b) if the answer to part (a) be in the negative, their reasons for it and whether Government propose to give their immediate attention to it;
- (c) the present regulations in force in the centrally administered areas for the trial and care of juvenile delinquents; and
- (d) if any figures are available about the number of juvenile delinquents, boys and girls, whose names are on official records in these areas for the last three years ending 30th June, 1938?

The Honourable Sir Reginald Maxwell: (a) and (b). The Government of India have not felt the need of such legislation and in the absence of any public demand they do not contemplate any such legislation at present.

(c) The Bombay Children's Act is in force in Ajmer-Merwara with some modifications. In all Chief Commissioner's provinces except Panth Piploda juvenile offenders can be dealt with under the Reformatory Schools Act, 1897.

(d) No.

Shrimati K. Radha Bai Subbarayan: Is it the policy of the Government to introduce legislation only when there is a public demand for it?

The Honourable Sir Reginald Maxwell: The need for legislation of this character is usually evidenced by some kind of public demand.

Shrimati K. Radha Bai Subbarayan: Will Government not consider the advisability of introducing legislation in the interest of the public though they may not hear the public demand for it?

The Honourable Sir Reginald Maxwell: Government are always considering legislation in the interest of the public, but they must have something to prompt them, I think.

PROBATION SYSTEM IN THE CENTRALLY ADMINISTERED AREAS.

1066. *Shrimati K. Radha Bai Subbarayan: Will the Honourable the Home Member be pleased to state if Government are prepared to examine the question of considering the subject of the probation system as a matter for the Education Department and working it through the officers of that Department, in the centrally administered areas, and if not, why not?

The Honourable Sir Reginald Maxwell: I will consider the Honourable Member's suggestion.

RECRUITMENTS TO THE ROYAL INDIAN NAVY.

1067. *Mr. Brojendra Narayan Chaudhury: Will the Defence Secretary please state:

- (a) the number of visits of recruiting parties to (i) Bengal, (ii) Punjab and (iii) Surma Valley, the duration of the visits, the places they visited and the method of recruitment, for ratings to the Royal Indian Navy, since 1st April, 1936;
- (b) the reason why 72 ratings could be recruited since 1st April, 1936, from the inland Province of the Punjab, far away from the sea, as against only four from Bengal and sixteen from Madras, which are maritime Provinces; and
- (c) whether the bulk of the sailors of the mercantile marine come from East Bengal and Surma Valley through the Port of Calcutta and very few from the Punjab, if at all?

Mr. O. M. G. Ogilvie: (a) (i) Nil.

(ii) Four.

(iii) Nil.

Mr. K. Santhanam: With reference to part (b) of the question, have the Government of India come to the conclusion that only British machines are the best?

Mr. C. M. G. Ogilvie: Yes, I think probably they have.

Mr. K. Santhanam: May I know why they should not try one or two American or other machines to find out whether the British machines are as satisfactory as others?

Mr. C. M. G. Ogilvie: It is always better, if possible, to rely upon a source of supply from which you are comparatively certain of getting at all times the articles you need.

Mr. K. Santhanam: Is it the policy of Government to buy only from Great Britain and neither to manufacture it in India nor buy from other countries?

Mr. C. M. G. Ogilvie: I submit it is no use talking about buying from India because it would be impossible to do so.

Mr. Abdul Qaiyum: In view of the fact that Britain recently bought a large number of these machines from the United States and Canada, may I know why this restriction has been imposed about purchases to be made exclusively from Great Britain?

Mr. C. M. G. Ogilvie: There is no restriction. The type of machines we have got are what we consider to be the best type. But in time of stress when we suddenly want a large number and more than our own workshops can produce, we may be, and sometimes are, compelled to go outside.

Mr. S. Satyamurti: With regard to 49 machines becoming obsolete in the last five years, is that the normal number or were there any extraordinary causes, and if so what were they?

Mr. C. M. G. Ogilvie: No, Sir, there were no extraordinary causes.

STOPPAGE OF THE ALLOWANCE OF STATE PRISONER SARDAR TEJA SINGH SUTANTAR, M. L. A.

1070. *Sardar Mangal Singh: (a) Will the Honourable the Home Member please state whether it is a fact that the allowance paid to Sardar Teja Singh Sutantar, M.L.A., (Punjab), a State Prisoner, has been stopped?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member please state when it was stopped and why?

(c) Are Government prepared to reconsider his case and give him adequate allowance?

The Honourable Sir Reginald Maxwell: (a) to (c). The grant of allowances to the State Prisoner referred to is a matter for the Provincial Government concerned and not for the Central Government.

Sardar Mangal Singh: May I know if there has been any correspondence between the Punjab Government and the Government of India about the stoppage of the allowance of Sardar Teja Singh?

The Honourable Sir Reginald Maxwell: Not so far as I am aware.

Prof. N. G. Ranga: Under whose orders is he held a State Prisoner?

The Honourable Sir Reginald Maxwell: I presume under the orders of the Provincial Government.

PRACTISE BY ADVOCATES OF THE ALLAHABAD HIGH COURT IN THE DELHI COURTS.

1071. *Mr. Mohan Lal Saksena: (a) Will the Honourable the Home Member be pleased to state whether the Advocates registered in the Allahabad High Court are permitted to practise in the courts at Delhi?

(b) If the reply to part (a) be in the negative, under what rules are they debarred from doing so?

The Honourable Sir Reginald Maxwell: (a) and (b). So far as I am aware there has been only one case in which the competence of Advocates enrolled by the High Court at Allahabad to appear in the Delhi Courts has been specifically raised. In that case the Honourable Judges of the Lahore High Court decided that while section 4 of the Legal Practitioners Act, 1879, enabled an Advocate of another court to appear in isolated cases in the lower courts at Delhi without permission, such an Advocate was not entitled to practise regularly without enrolment in the Lahore High Court.

EFFECT OF THE SARDA ACT ON CHILD MARRIAGES.

1072. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Home Member please state:

(a) whether on 27th February 1939, the Honourable Mr. Puckle, the Home Secretary, stated in the Council of State in the course of the debate on the Honourable Mr. P. N. Saprú's resolution, asking for a committee to enquire and report on the question of desirability of legislation regarding Hindus Polygamy, Divorce, etc.,—that fear was expressed from some quarters that the reforms suggested might make the lot of Hindu women harder, just as the Sarda Act had led to more child marriages; and

(b) whether Government have definite information or reasons to believe that the Sarda Act had led to more child marriages and that the effect of that legislation has been the very opposite of what was intended; if so, what the information and the reasons are?

The Honourable Sir Reginald Maxwell: (a) Yes. If, however, the Honourable Member refers to the official report of the Honourable Mr. Puckle's speech he will see that Mr. Puckle took no responsibility for the accuracy of the statement made.

(b) No. Such material as is available is inconclusive.

Mr. Lalchand Navalrai: Is it a fact that after the Sarda Act these marriages have decreased and breaches are punished?

The Honourable Sir Reginald Maxwell: I have no precise information. The Act is operated by the Provincial Governments.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, may I know whether Government are not satisfied that either the Sarda Act has lessened the number of child marriages, or have they formed the impression from the information available to them that the Sarda Act has been ineffective, or at any rate they have no means of forming any conclusion?

The Honourable Sir Reginald Maxwell: All that I meant to convey was that Government have no data which would justify them in expressing any positive opinion one way or the other, but they have no reason to suppose that the facts are as alleged.

Shrimati K. Radha Bai Subbarayan: Does the statement of the Honourable Mr. Puckle in the Council of State mean that Government intend to oppose any legislation for reforming the existing Hindu marriage laws?

The Honourable Sir Reginald Maxwell: No, Sir.

DETAILS OF "OTHER REFUNDS" UNDER CENTRAL EXCISE DUTIES.

1073. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state the details of "other refunds—Rs. 23.15 lakhs" in the accounts of 1937-38 under Central Excise Duties?

(b) Under what circumstances and on account of what reasons are such refunds given? To whom are they given?

(c) On what grounds is the amount of such refunds reduced for the budget of 1939-40 to Rs. 9 lakhs only?

The Honourable Sir James Grigg: (a) A statement is laid on the table.

(b) The refunds are granted mainly on excised goods exported to places outside British India in accordance with the rules framed for the purpose and are paid to exporters.

(c) The difference is due mainly to the separation of Burma. Prior to separation duty on Burma motor spirit and kerosene was classified as "Central Excises"; since separation such duty has been classified as "Customs". Consequently refunds payable in respect of Burma motor spirit and kerosene held in stock in British India at the time of separation were debited to "Central Excises". In the year 1937-38 such refunds amounted to a sum of approximately Rs. 18 lakhs. With the exhaustion of excised

stocks the payment of refunds under "Central Excises" on account of Burma motor spirit and kerosene has virtually ceased.

Statement showing refunds and drawbacks under "Central Excise Duties" in British India during the year 1937-38.

	(Rs. lakhs.)
Motor Spirit	14.80
Kerosene	6.06
Sugar	0.60
Matches	0.62
Iron and Steel	1.07
TOTAL	23.15

REVISED DUTY YIELD ON MATCHES, ETC.

1074. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state why the revised duty yield on matches, match splints and veneer was raised from Rs. 4.10 lakhs to Rs. 18 lakhs in 1938-39?

(b) Was this due to a change of rates of duty, or to any sudden importation of large and unexpected quantities?

(c) On what grounds is it expected that more material would continue to arrive from abroad, yielding Rs. 18 lakhs as provided in the budget for 1939-40?

(d) Has the Finance Department drawn the attention of the Forest Research Institute and the Railways to the possibilities of using Indian material in place of the imported material?

(e) Have Government examined the proposal to raise the duty on foreign match splints in order to lead to a larger use of Indian material?

The Honourable Sir James Grigg: (a), (b) and (c). The variation is accounted for by a change in the procedure as regards Burma. Duty on matches manufactured in Burma and imported into India is collected by means of banderols sold in Burma. The proceeds were formerly credited under the head "Central Excise Duties" and are now credited under the head "Customs".

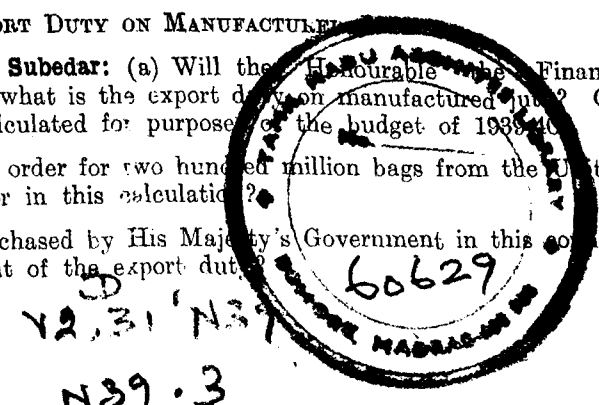
(d) and (e). Do not arise.

EXPORT DUTY ON MANUFACTURED GOODS.

1075. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state what is the export duty on manufactured goods? On what basis is this calculated for purposes of the budget of 1939-40?

(b) Was the large order for two hundred million bags from the United Kingdom provided for in this calculation?

(c) Are goods purchased by His Majesty's Government in this country liable to the payment of the export duty?



(d) Have Government examined the possibility of an improvement in this source of revenue during 1939-40 on account of further orders from the same direction or from other countries in Europe?

The Honourable Sir James Grigg: (a), (b) and (d). For the year 1939-40 the revenue from the export duty on Jute, raw and manufactured taken together, has been estimated at Rs. 420 lakhs, which is the same as the revised estimate for 1938-39. On the basis of previous actuals the share of jute manufacturers in this total is Rs. 240 lakhs. The estimate was framed after taking into account all factors expected to have a bearing on the trade during the year.

(c) Yes.

Mr. Manu Subedar: How much allowance was made for the extraordinary order of two hundred million bags which was received and for further large amounts about which it is said that the orders are forthcoming?

The Honourable Sir James Grigg: Answering the second question first, the possibility of further orders from the United Kingdom was too problematical to be taken into account at all. As regards the actual order I cannot give the exact figures because it depends on the question as to how far these orders are an addition to the normal production or how far they push over the normal production. As the Honourable Member knows, at the moment this order has not necessitated the lengthening of working hours. So the presumption is that it will tend to displace the ordinary orders.

Mr. Manu Subedar: May I know whether in Government's opinion the total export of manufactured jute will not be greater than it was in the previous year on account of these orders?

The Honourable Sir James Grigg: I have given the Honourable Member the best attempt at prophecy I can in the budget estimates. I may perhaps supplement that information by telling him that I think the revised figure of 420 lakhs for 1938-39, that is, the year about to end, is on the high side—probably 10 lakhs too high.

PROTECTION OF INDIAN INVESTORS FROM DOUBTFUL FOREIGN VENTURES.

1076. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state whether Government have seen the appeals sent out by companies not registered in India or the United Kingdom, such as, the Commercial Pine Forests Limited of New Zealand, canvassing for funds and investments in shares and bonds in this country?

(b) Have Government any information as to the number of cases in which Indian money has been lost through weak or bogus foreign concerns giving exaggerated accounts and tempting Indian investors in enterprises in British Colonies generally, and particularly with regard to orange groves in South Africa and timber in New Zealand?

(c) Under the new Companies (Amendment) Act, what are the requirements which a company not registered in India or the United Kingdom must satisfy before it approaches Indian investors with an appeal canvassing for funds?

(d) Are there any obligations imposed on the local agent, manager, or broker, who undertakes such work?

(e) Have Government considered the question of strengthening these requirements?

(f) Have Government considered any other means of warning Indian investors in cases where Company Registrars or the Finance Department of the Government of India have reason to suspect some danger for Indian investors from any particular appeal of this kind?

(g) Will Government make a brief statement of their policy in the matter of protecting Indian investors from doubtful foreign ventures?

The Honourable Sir James Grigg: The question should have been addressed to the Honourable the Commerce Member.

Mr. Manu Subedar: There are portions in this question which relate to finance—collecting of capital in this country by foreign companies, etc.

The Honourable Sir James Grigg: The Commerce Member has undertaken to supply the Honourable Member in due course with the information which he asks for; and if after that he is dissatisfied, perhaps he will address me another question.

OFFICERS AND MEN SERVING IN THE ROYAL AIR FORCE.

1077. *Mr. C. N. Muthuranga Mudaliar: Will the Defence Secretary please state:

(a) how many officers and men are at present serving in the Royal Air Force;

(b) how many of the above are Indians and how many non-Indians;

(c) whether there is any proposal to increase the strength of the Royal Air Force, and, if so, by how much in the number of aircraft and in personnel; and

(d) whether Government are considering the desirability of sending Indians in much larger numbers to England, or other places for training with a view to their being employed in the Royal Air Force in India?

Mr. C. M. G. Ogilvie: (a)—(d). I refer the Honourable Member to the reply I gave to his starred question No. 2029 on the 9th December, 1938.

Mr. President (The Honourable Sir Abdur Rahim): The Chair would tell the Honourable Member that when a question has been answered already, he ought not to repeat the question again.

Mr. C. N. Muthuranga Mudaliar: What about the answer to parts (c) and (d) of the question?

Mr. President (The Honourable Sir Abdur Rahim): Any portion that has been answered ought not to be repeated.

Mr. C. M. G. Ogilvie: I think I answered the whole thing. Parts (a), (b), (c) and (d) have been repeated in this question word for word.

APPOINTMENT OF A THIRD SECRETARY IN THE DEFENCE DEPARTMENT.

1078. *Mr. C. N. Muthuranga Mudaliar: Will the Defence Secretary please state:

- (a) whether it is a fact that recently a third Secretary has been appointed to the Defence Department;
- (b) whether the Defence Department deals merely with the Secretariat side of the Army Headquarters, every branch of it having its own Secretariat under military officers; and
- (c) what is the necessity for three Secretaries for this Department?

Mr. C. M. G. Ogilvie: (a), (b) and (c). I refer the Honourable Member to the reply I gave to starred question No. 2030, dated the 9th December, 1938. There is now one Secretary only in the Department.

PURCHASE OF "ENVOY" AEROPLANES.

1079. *Mr. C. N. Muthuranga Mudaliar: Will the Defence Secretary please state:

- (a) whether it is a fact that recently two "Envoy" aircrafts were purchased; if so, at what cost;
- (b) whether it is a fact that two aeroplanes were in use during the Viceroyalty of Lord Willingdon; what has become of those planes and whether the present Viceroy is using them; and
- (c) what is the necessity for purchase of new machines?

Mr. C. M. G. Ogilvie: (a), (b) and (c). I refer the Honourable Member to the reply I gave to his starred question No. 2031 on the 9th December, 1938.

WARNING TO THE PUBLIC IN CALCUTTA AGAINST EVASION OF STAMP DUTIES.

1080. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Finance Member please state:

- (a) whether a Press note has recently been issued in Calcutta, warning the public against evasion of stamp duties and about the exemplary punishments provided in sections 62 and 65 of the Stamp Act II of 1899 in the following cases:
 - (i) when a purchaser demands a receipt in token of payment and the seller acknowledges such payment in the "cash memo"; and
 - (ii) when the seller voluntarily wishes to acknowledge the receipt of money in the "cash memo";
- (b) whether the Press note has been issued by the Government of India, or by the Provincial Government with or without the approval of the Central Government; and
- (c) whether Government are prepared not to put the law into operation in the case of cash memo. by executive order or by instructions to provincial authorities or to amend the law?

The Honourable Sir James Grigg: (a) and (b). The Central Government have seen such a Press note which was apparently issued by the Provincial Government. It was not previously approved by the Central Government, nor is such approval necessary.

(c) Executive authority in this matter vests in Provincial Governments with whom the Central Government do not propose to interfere.

POSTPONED QUESTION AND ANSWER.†

PERMISSION TO JEWISH REFUGEES TO LAND IN INDIA.

‡495. *Mr. Manu Subedar: (a) Will the Honourable the Home Member please state how many Jewish refugees from European countries have been allowed to land in India?

(b) Is it a fact that many of them landed before Government put restrictions?

(c) What is the nature of the restrictions now put and under what circumstances would a German Jew be allowed to land and to live in India?

(d) Have there been any cases of repatriation of such refugees from India?

(e) Have the Government of India been approached directly, or through the Secretary of State, by the Central Committees for the relief of Jewish refugees in this country?

(f) If so, what is the position taken up by the Government of India in this matter?

The Honourable Sir Reginald Maxwell: (a) and (c). I would invite the Honourable Member's attention to the reply given by me on the 9th February, 1939, to Sardar Mangal Singh's starred questions Nos. 240 and 256.

(b) I have no reason to believe so.

(d) No.

(e) and (f). I would invite the Honourable Member's attention to the reply given by me on the 6th February, 1939, to part (a) of Mr. Thirumala Rao's starred question No. 139.

THE GENERAL BUDGET—LIST OF DEMANDS—contd.

SECOND STAGE—contd.

DEMAND NO. 12.—EXECUTIVE COUNCIL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The discussion on the demands will now continue. It is the turn of the Congress Party to move their motions.

Government's Defence Policy and Administration.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Sir, I move:

"That the demand under the head 'Executive Council' be reduced by Rs. 100"—(To censure the Government for their Defence Policy and administration.)

†Vide page 1096 of these debates.

‡Answer to this question laid on the table, the questioner having exhausted his quota.

[Mr. S. Satyamurti.]

We have taken advantage of the suggestion of the Honourable the Finance Member that we can raise a debate and have the vote of the House on this question by moving a reduction in the vote for the Executive Council. Therefore, I want the House to vote on this cut motion as a censure of the Government's defence policy and administration.

I should like to know what is the Government of India's defence policy. Ultimately, all defence policies are dependent on the foreign policies of the governments concerned. Who are the Government of India's enemies and who are the Government of India's friends? The answer depends on who are the enemies and friends of the British people and of the British Empire. So far as that is concerned, the foreign policy of the Government has been, for many years, now a spineless policy. This morning's telegrams about the events in Central Europe must have convinced any Honourable Member of this House, who has read them, that this continual surrender to Hitler and Mussolini is leading nowhere, and that there is going to be no peace in Europe and the great democracies are now merely shaking before the dictatorships. Our foreign policy, to the extent to which it impinges on defence policy, is entirely settled by the Government of Great Britain, and we are not at all consulted: we have no foreign policy of our own, and on any questions we may put, we get very unsatisfactory and uncommunicative answers. We, in India, can evolve our own foreign policy, provided we are free to do so. So far as our neighbours are concerned, except on the North-West and now on the North-East Frontier, we have almost impregnable borders; and in Asia itself, provided we do not pick up a quarrel with Russia and China—God knows what is going to happen in China—or the Muslim powers of Afghanistan, Turkey, Persia and Iran, I do not see what there is for us to fear from any of these nations. I recognise Japan is coming rapidly into the picture, and her imperialist ambitions are not checkmated by England or America. Japan's answer to England's moral protestations is always and rightly "Physician, heal thyself". So far as our coast line is concerned there are pregnable portions thereof, but, ultimately, we are constantly told in this House—even this morning we were told—that the naval protection of India is the main concern of the British Navy to which we have only to make a minor contribution. But we are weak in the one arm of defence where the next war is likely to be decisively fought, and that is the Air arm. There, we find, that we are not allowed to make such progress as we can make, considering that in the Air Force even England is comparatively a modern country. It ought to be possible to Indianise the Air Force completely, provided the Government of India have an honest and sincere policy of Indianising the defence of India. But conceding that we are weak, I recognise that India's foreign policy need not involve us in limitless defence commitments, because unlike other nations we have no territorial or even commercial ambitions over other countries. Once India is free and self-governing, she will be quite content to be friends with all her neighbours and with all the powers of the world. Even for commerce, India is a huge country: we can be practically self-contained, exporting a few articles that we must, and importing a few articles in return, that we must. Therefore, we can be strictly neutral in the event of wars of other countries. We also believe in universal disarmament as the panacea for all human ills. I know Mahatma Gandhi's doctrine of non-violence is not yet accepted by humanity, but I make a present to those friends, who think that non-violence is not a solution, of the possible picture of this

piling up of armaments on armaments. What is going to be the next war? What is going to be its result? In all wars, there is no victor or vanquished. If another war takes place in Europe or in any part of the world, I think it will be the destruction of European and westernised humanity. Whether it is a blessing or not for the rest of humanity, I will not say. But, I think that all statesmen with large visions are convinced that this piling up of armaments on armaments is doing no good to anybody. Of course, they all say: "We are arming only in self-defence, and we are not arming against others". But it seems to me that India will have no need to follow that mad race for armaments. Our ideal defence policy should be a minimum, highly-equipped land force with a second line of Indian citizens as a defence. That is where the Defence Department has woefully failed. The Defence Department does not trust India or the Indians. The Defence Department is the most secret, the most uncommunicative and the most expensive of the Government Departments. Indians are not wanted there, neither in the fighting units, nor even in the clerical units. Why, even in the Army Headquarters British officers are employed, British clerks are employed and Indians are at a disadvantage. That is because they do not trust us, they suspect us, and the real reason, Mr. President, is they do not want to defend India as such; they want to defend British Imperialism in India, and India's constant fear is not of any wars against India or by India, but against Britain by her enemies which may involve India in those wars.

And, moreover, Sir, I say that the defence policy of the Government of India deserves to be censured on the ground that the Defence Department of the Government of India consistently refuses to take the House and the public into confidence. The recent performances of the Government with regard to the Sandhurst Committee were the subject of a censure motion yesterday, and I will say no more about it, but the House has expressed its opinion. As regards the Chatfield Committee, the Government will not tell us what they are going to do about it. I can multiply instances, but I do say that the Defence Department keeps India at arm's length. They add insult to injury by saying—you have no knowledge of the armv matters, and, therefore, you cannot be taken into confidence. They refuse to give us opportunities of gaining knowledge, and then turn our so-called ignorance against us.

As for defence expenditure, I want to say that, so far as the actual defence expenditure is concerned, it is not controlled by the Governor General in Council at all. The Defence Department puts forward its estimates, and the Government have got to accept them. Even in England, Mr. Lloyd George said: "I have been a member of a great many Cabinets and the control of the Cabinet is not as intimate, as close, and as effective as one would wish it to be. After all, what really happens in the Cabinet is that the Secretary of State for War brings forward his estimate and his Right Honourable friends bring forward their estimates. Then they do not criticise each other's estimates. There is a classic understanding that they will support each other's estimates". But in India, Sir, the position is much worse.

The other point that I want to make on defence expenditure is that the bulk of this expenditure, a not inconsiderable portion of the expenditure, is wasted on what is called the North-West Frontier, and on this

[Mr. S. Satyamurti.]

matter, although our friends constantly tell us that they are trying their best, they have not been able to get peace. Let me quote to them from Captain J. R. Kennedy, where he says:

"For close on a hundred years now we have been fighting wars on the North-West Frontier of India. The area involved is only some 450 miles in length and a few miles in depth. Lives and treasure have been poured into that little strip of country directly during wars, and indirectly during peace in the maintenance of huge armaments in preparation for the next outbreak. Nearly all our wars have been failures from the point of view of good military execution, and all have failed to achieve anything in the nature of permanent peace."

I think, Sir, taking the matters up-to-date, the position is the same. They waste money in war time and in peace time, and on the Frontier, war and peace time are identical,—all time is war,—and they achieve no results whatever. We have offered other solutions. If you want to make them part of India, then govern them; or leave them alone, and come to terms with them. The Frontier Government can help, Mahatma Gandhi can help, but the Government must follow that cat and mouse policy, waste money, and achieve nothing worth achieving. And it does seem to me that this idea of having a peaceful policy for the whole of India does not suit them. Ultimately, the problem of the self-government or the freedom of India is also the problem of the defence of India. We realise that, but they do not allow India to raise her own forces, to officer her own forces, and they must have partly an army of occupation, and partly an army of mercenaries in this country. That is not going to have any results either from the point of India or of her large question of defence.

And, Sir, on this question of Indianisation, they have been tinkering with the problem. They are not sincere. I make that charge deliberately that the Government of India do not want really to Indianise the army. They really want to have all officers in their hands. They have got their British Units, and there is no doubt, whatever, that the speech which was reproduced as an Appendix to the Skeen Committee's Report, under which British boys entering the army were assured that at no time would they be compelled to serve under Indian officers, is as true today, as it was when they were uttered. The Government of India do not want Indian officers really to become so numerous, so effective, and so influential as to command British ranks, and they want to exclude Indians. They make a great point of the fact that the number of candidates for Sandhurst has fallen. The answer to that is, you do not encourage our Indian officers, you treat them as inferiors, and, therefore, you are not able to attract the best in our country, and, Sir, it seems to me that unless the Government of India completely change their policy and accept the policy of Indianisation at once, there will not be a peaceful or honourable solution of the problem of India's freedom, for it seems to me that the question of India's freedom is a question of a few years. It is bound to come. When it comes, how is India going to defend herself? The Britishers say if they go, we will not be able to defend ourselves. I cannot and will not accept that argument. It is an insult to God the Creator. God did not create the Anglo-Saxon as the policeman of the world. India can and will defend herself, but when that time comes, it can be made easy and comfortable, provided the Government of India even now agree—I believe it is not too late,—but the sands of time are running out fast,—it is not yet too late, hopelessly too late, to grasp the question firmly and say here and now "we shall have a programme of definite Indianisation; at

the end of 10, 15 or 20 years, every officer in India will be an Indian; the British Units will be completely withdrawn, and India will have an army of which she can be proud, and which will defend herself against foreign aggression".

Then, Sir, the next point is the question of expenditure. The Honourable the Finance Member in his speech patted himself on the back and said no other country in the world has escaped increasing its military expenditure,—India is an exception. I have two answers. India has increased her military expenditure this year. Britain gave her five hundred thousand pounds last year; four battalions have been transferred, and you have transferred nearly half a crore from the defence reserve fund. As a matter of fact, therefore, your defence expenditure is not cut down as it ought to have been cut down, but has been kept up on the same level. Even that figure is deceptive, Mr. President, because the loss on strategic Railways and the services lent to other departments and many other things have to be taken into account. According to us, it is roughly fifty crores, but whatever it is, it is a very high proportion, nearly 50 per cent. of the Central Revenues or nearly more than 25 per cent. of the revenues of the whole country are wasted on defence expenditure, and to say that other countries are spending less and cite figures is not conclusive. To a man earning Rs. 100, Rs. 2 is of much more value than it is to a man earning a thousand rupees. Considering the abject poverty of India, the expenditure to the tune of nearly fifty crores, on defence, is simply such that we cannot afford it. We must halve it. We cannot spend more than 25 crores, and to say that we must spend fifty crores to defend India is begging the question. What do you defend? A country of skeletons, hunger and poverty does not need all that heavy expenditure; you must defend a country full of teeming millions who live decent comfortable lives. But what do you do? You starve the nation, impoverish them, and yet you want to defend your Imperialist policy. That is not defence which ought to be charged on the revenues of India. And, Sir, it does seem to me that, unless we are able to reduce the expenditure to a very large extent and see that we get full value for our money, we can never solve this problem. The British ranks in this country cost us three to four times the Indian ranks. They ought to go, and they should be substituted by Indian ranks and officers. That will give us a saving of about seven to twelve crores a year. I will not commit myself to any specific estimate, and if in the defence purchases and defence supplies strictest economy is practised, I believe there is money on the whole to the tune of 15 to 20 crores. And we can save that money without affecting the efficiency or the strength of the army.

The next point I want to make is, what are the functions of the Indian defence forces? "Internal security" they say. It is more and more the concern of the Provincial Governments. I do not think the military authorities like the use of the forces for putting down internal disorder, nor would the civil authorities like. I am one of those who are optimistic and believe that very soon, with popular Provincial Governments in power, it will be possible for us to dispense more and more with the use of foreign mercenaries for the sake of putting down disorder. On the other hand, all of us who are patriotic, who are national, who are self-respecting, must do our best and use all our endeavours to see to it that we keep internal order and peace with the use of the normal police forces of the country.

[Mr. S. Satyamurti.]

As for external aggression, I believe that what Afghanistan has been able to do for the frontier tribes we ought to be able to do, and we ought to say that we have no territorial ambitions and, therefore, we do not want these colossal defence forces against foreign aggression. It seems to me that really the problem is now more on the North-East than on the North-West Frontier, with Japan coming up on that side. Therefore, I suggest that this problem has got to be looked at from the point of view purely of Indian defence and not from that of the imperial interests in the East. It is not being done. Therefore, I ask the House to censure the Government for its defence policy and administration. Moreover, through out the defence administration of this country there is a racial sting and a racial stigma.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. S. Satyamurti: I shall finish within that time, Sir. In quarters, in furniture, in amenities, the Britisher is treated as if he is a superior being, and the Indian is treated as if he is an inferior being, in his own country, out of monies you and I pay, and I suggest, Mr. President, they deserve condemnation and censure at least for that. So far as the question of improving the defence policy and administration in this country is concerned, I make the following suggestions to the House, so that we may carry them out when we are in power. We must have a scheme of Indianisation with a definite time table, which must work out automatically. Then this pretence of Indians being fit or not fit is nonsense. India existed before England came, and India will exist after England leaves this country. And every country is fit to defend for herself, and no country can go on defending another country. We can defend ourselves, we have the material, we have the man power, and we have the resources. Moreover, we want to reduce the defence expenditure by half, and we should have a first class second line of defence, a completely Indianised air force and a minimum naval force. Last but not least, in administering our Defence Department, we must so administer it as to add to the wealth of the country by encouraging industries subserving the defence needs, and by making supplies possible only in our own country. I believe that under both these heads, policy and administration, the Government of India have no policy. Whitehall lays down the policy and Delhi and Simla have got to carry it out, and we have got to pay for it. So far as administration is concerned, they are secretive, they are uncommunicative, they will not Indianise, they are insincere about Indianisation, and I feel that, as self-respecting representatives of the people, we ought to censure the Government of India for lack of policy on defence and for their bad administration of Indian defence matters. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

Mr. F. E. James (Madras: European): I have listened with very great interest to the speech which has just been delivered by my Honourable friend, Mr. Satyamurti. He prefaced his speech by a reference to the foreign policy of the United Kingdom. That foreign

policy has from time to time been open to criticism by those who hold a different view, but I wish to indicate in his remarks one inconsistency. In the first part of his speech my Honourable friend appeared to blame the foreign policy of His Majesty's Government in that it was not more aggressive than it is today. He talked about the surrender to dictatorial powers, and yet, later on in his speech, he indicated that in his view Almighty God did not make the Anglo-Saxon the policeman of the world. In other words, he would wish Britain's foreign policy to be based upon the extensive role of policing Central Europe. On the other hand, his view was that the Anglo-Saxon was not made by other hand, his view was that the Anglo-Saxon was not made by Almighty God for that particular purpose. I would tell my Honourable friend, that whatever may be the vagaries of foreign policy in the past of His Majesty's Government, one thing is perfectly clear that today British prestige stands higher than it has stood for many years . . .

An Honourable Member on the Congress Benches: Question.

Mr. F. E. James: throughout Europe, throughout the world.

An Honourable Member: Have you read this morning's papers?

Mr. S. Satyamurti: Czechoslovakia denies, Hitler denies.

Some Honourable Members: Abyssinia, Palestine, China, everywhere.

Mr. F. E. James: My Honourable friends may not like that fact, but they cannot deny the facts of contemporary history. My Honourable friend, Mr. Satyamurti, suggested that it would be possible for this country to remain neutral in time of war. I am not sure that he is correct in that statement. Speaking on a serious note, I suggest that it is almost inconceivable that in any war which is possible in the near future, India can, in fact, remain neutral, even if constitutionally it were in her power to do so. I am supported in that statement by the frequent references which are made by Leaders of the Honourable Member's own Party, in which they speak of the danger to India which threatens not only from the West but from the East. His third point had reference to the universal desire for disarmament. I am perfectly sure that every one in this House, and in fact, in this country would re-echo the desire that he expressed that a time might come when there might be some concerted effort among the countries in the world for progressive disarmament. But I would ask my Honourable friend whether, in spite of that noble and high ideal, the time is propitious at the moment. Let it not be forgotten that the position in which the United Kingdom found herself three or four years ago, internationally, was largely the result of the amazing extent to which His Majesty's Government had acquiesced in a policy of unilateral disarmament, and it has only been through rapid and efficient re-armament in these recent years that His Majesty's Government has recaptured the position, which it had once held, in which it can look other countries in the face without fear or without shame. Then my Honourable friend went on to discuss the general defence policy of the Government of India and pointed out that defence policy was intimately linked up with foreign policy and that inasmuch as India did not control foreign policy, therefore, she did not control her defence policy. He went on to indicate what in his view should be the policy of the defence authorities in this country and I hope that if I recapitulate his views I shall be doing full justice to them. First of all, he said that India needs a well-equipped

[Mr. F. E. James.]

land force supported by an Indian citizen army as a second line of defence. I say at once that I agree with him there. I think less attention has been given than it deserves to the equipment of the Territorial and Auxiliary Forces as a proper second line of defence in this country. I have been associated with both the Territorial Forces and the Auxiliary Forces in South India and I do know how difficult it has been to secure adequate funds from the Defence Department for the extension of both those forces. I do suggest, very strongly indeed, that the time has come when there should be a re-orientation of policy, both in regard to the Territorial Forces and in regard to the Auxiliary Forces throughout the country. As far as South India is concerned, there is ample material available for the extension of the Territorial Force, in spite of the allegations that are sometimes made that the South Indian does not belong to the martial classes.

Then, Sir, my friend went on to speak of the cost of defence and of the control of the people of India over that expenditure. First of all, in regard to the cost, I do not agree with him that the present cost of defence, even if it is assumed to be at the level of 50 crores, is out of all proportion either to the size or the revenues of this country. The Honourable the Finance Member, the other day, pointed out that the cost represented as 50 crores was equal roughly to about three per cent. of India's national income. Even if there is some doubt about those figures of Indian national income, there is no doubt about the figures of India's revenues both Provincial and Central and reckoning the cost at 50 crores, the amount is only roughly about 23 per cent. of India's total revenues, including the Provinces and the Centre. I have not been able to get figures as to the revenues of the Indian States but a proper picture of the relative proportion of this cost to Indian revenues should not exclude the revenues of the Indian States or the cost of their contributions to the Indian Exchequer for that purpose. If Honourable Members will look round the world today—and after all we have to face the realities of a difficult and dangerous situation—I think they will realise that the cost of India's defence is not out of proportion, when compared with the cost of the defence of other countries. The real question is not whether the cost is so much as to whether we are getting full value for the money that is being spent. There, we hope, that the results of the Chatfield Commission will ensure that there will perhaps be a more equitable distribution of the available finances over the various arms of defence. It has been felt, in some quarters, and not without justification, for a number of years that too much of India's defence money has been spent on the land forces and too little on her navy and certainly too little on her most important Air arm. I for one hope—and I think I am voicing the opinions of my colleagues in my Party—that one of the results of the Chatfield Commission's report will be that there will be,—what, in our view, is most essential—a more equitable distribution, having regard to modern conditions of warfare, of the money available for India's defence purposes.

Now, Sir, my Honourable friend, Mr. Satyamurti, also went on to say that one of the rather natural complaints which he and his Party have, in regard to defence expenditure, is that there is no control over that expenditure by the people of the country as expressed through the Legislatures. That undoubtedly is true. That is partly the result of the peculiar constitutional relationship which exists between India and the

United Kingdom. But I would point out this,—that under the scheme of Federation, whatever may be thought of that as a constitutional scheme, the influence of the ministry of the Federation over the defence expenditure of the country will be far greater than the influence of this Legislature over that expenditure today. I do not want to go into detailed constitutional arguments but I am sure Honourable Members will recognise that a Federal Ministry, though it is not responsible for finance, will, in the future, be able to exercise over defence expenditure a far greater power than is exercised at present by this House.

An Honourable Member: How?

Mr. F. E. James: I would ask you to read the Government of India Act.

Now, Sir, let me pass on to one other matter which my Honourable friend raised in dealing with defence policy generally and that is the need which he expressed, and with which I wholeheartedly sympathise, for more publicity on the part of the Defence Department in regard to the activities of the defence service and also a different attitude in regard to seeking the co-operation of the people of this country in matters of their own defence. There is, no doubt, that in the war of the future the distinction between the combatant and the non-combatant will be largely obliterated. If that is the case, the co-operation of the people with the defence forces of the country becomes not only desirable but absolutely imperative, for an army or the defence services of a country cannot fight their country's battles unless they have behind them the people of the country. I know it is difficult at times to secure the kind of co-operation which I believe is necessary. I do not think that the fault is altogether on one side alone but I do appeal to the Honourable the Defence Secretary to realise that behind this demand of my Honourable friend, Mr. Satyamurti, there is support from many of those who do not see eye to eye with the Congress, politically, who believe that a larger measure of co-operation between his department and the people of this country is essential in view of the difficulties that lie ahead. Sir, I have not the time to deal with all the other points mentioned by my Honourable friend. He referred to the functions of the army. He referred to internal security. I am sorry to observe that internal security has not improved in some of the provinces since the Congress Ministries came into power. Therefore, it is quite impossible for my Honourable friend to suggest that the army should be used less, in the future, for the purposes of internal security than it has been used in the past. My own community feel very strongly in regard to that matter—that no re-disposition of the forces should be undertaken which would, in any way, weaken the power of the military arm to intervene, if need be, for the preservation of internal security.

My Honourable friend's final summing up of his own motion may be, I think, put under these three demands—first of all Indianisation. Secondly, co-operation and thirdly, control. In all those matters my Honourable friend has a considerable amount of sympathy from this side. Indianisation is a difficult process. You cannot achieve it by waving a wand. A committee has been appointed and we shall look to the recommendations of that committee with great interest. The co-operation of the people with the Government is essential: and I would suggest to some of my Honourable friends that that co-operation requires some effort on

[Mr. F. E. James.]

both sides: and if we ask for co-operation from the Defence Department, we are entitled also to get that co-operation on the part of the people. Finally, in regard to control, there is no control at present. We sincerely believe that in the next step which has been envisaged in the constitutional progress of India, there will be a larger degree of control over the defence expenditure of this country than has yet been experienced, and it is with that hope and that expectation that we for ourselves are prepared to go forward.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, we support the cut which has been moved by my Honourable friend, Mr. Satyamurti. Though we may not ditto all that he has said, and we may not agree with all the arguments which he has put forward, the main purpose of his cut motion has got the full support of our Party. We want to know—what is the defence policy pursued by the Government of India at present? We have to examine it carefully. We find that it is failing hopelessly in many respects.

First of all, I will take the expenditure. The expenditure which is incurred unnecessarily, and the human lives which are lost without any justification or bringing any proper reward cannot be supported by us. We think that the callousness of operations in Waziristan and the forward policy of the Government of India are bringing no fruits to this country. We do not know for whom and for whose benefit the Government are pursuing that policy. Government, we find, are bringing no benefit to the Indian Exchequer. The British do not say that they want any territorial gain in that country or that their territory will bring in any benefit to India. We find that that policy is opposed by the Congress as advocated by my friend, Mr. Satyamurti. We know that the Frontier Government do not want that policy. They do not want to add any more territory to their province. We see that Mahatma Gandhi does not want to do it, although he has not resorted to fasting on this question. . . .

Mr. M. S. Aney (Berar: Non-Muhammadan): You want him to fast for this?

Sir Muhammad Yamin Khan: Yes, if he can stop pursuing with a useless policy in Waziristan. Why not? (Interruptions.) Sir, I never followed him anywhere and I do not want to follow him, but here we find that the head of the British Government in this country followed him, and we want him to follow him there too. If the Viceroy was anxious to save Mahatma Gandhi's life in Rajkot, he will certainly come forward here to save Mahatma Gandhi's life if he begins a fast in this matter of Waziristan also. That is one point. Sir, we cannot see eye to eye with the British Government in this respect. My friend, Mr. Satyamurti, has said that we do not require British troops at present. Well, I do not subscribe to or agree with his views that under the present circumstances we can do away with the British troops in India, but what I do suggest and where I do take my stand is that British troops may be necessary even for the defence of India under the present circumstances in which we are placed today, because we have not got a sufficient and a well-equipped army of our own and there is a danger, if not from the west, at least from the east of the Indian territory. But what we have

been pressing and we do want to press again is that the British soldier in India is not kept only for the defence of India, but he is a part and parcel of the British Imperialism. The British army is kept in India for the purpose of defending the British Imperialism. If that is the case, then India may share, to the extent that it would pay to the ordinary Indian soldier, for each British soldier in India, British soldier must be charged to us only to the extent that India would pay otherwise for the upkeep of the Indian soldier. As regards the British officer, whatever is otherwise to be paid to the Indian officer, that should be charged for the British officer from the Indian Exchequer, and the rest of the cost of the British soldier and officer must be found from the British Exchequer. If Britain keeps sixty thousand British soldiers here, I do not mind, but whatever India can afford to pay for sixty thousand Indian troops, that only must be charged from the Indian revenues and the rest must be found from the British Exchequer. That will be the equitable adjustment for the future. We think the policy should be pursued in this manner that, until we have a properly trained army which may replace the British troops, the British troops must be kept here.

Sir, I do not see eye to eye with my friend, Mr. Satyamurti, when he says that the popular Governments will not require any army for the purpose of keeping the internal peace. The internal peace must, for a long time to come, be kept by the army. Though we think that the police force is sufficient in some cases, but in some matters it is really the dread of the army which keeps the people straight or brings them to order. I find that from the hopeless condition in the province of my own. We have had so many riots in Benares, Cawnpore, Budaon and many other places, even in the small villages where we had never heard that there could be any communal riot, and yet these communal riots have sprung up suddenly within the last one or two years everywhere. Even in the small town of Morena having a population of only four thousand we find people murdering each other and committing riots by desecrating Tazias. Now, where are you going to get such a large number of police to keep your towns and villages in order? An army must be required for this: and the advent of a popular Government is bringing a certain change in the mentality of the people, so that the people who are the most rowdy class of people have begun to find that they gain by creating rowdyism, so that life and property and other things must be secured and the internal peace must be kept by the army. Therefore, I do not agree with the views put forward by my friend, Mr. Satyamurti. I do not require British troops for these contingencies. I will be that we do not require British troops for these contingencies. I will be happy and I shall be only too pleased and my Party will find itself in a very happy position if and when we will find that these riots do not occur and the riots are kept down by not creating any kind of hardship to those communities which require protection from the Government of the Province.

Another point which my Honourable friend has made is that we must come to a certain definite policy as to what shall India do in case the British have to leave this country. Have they got anything in their mind? Supposing a war in Europe takes place and the emergency arises, as it did arise in 1914, when only 4,000 British troops were left in this country to defend our country especially in view of the menacing condition of Japan and its recent activities in China, will we be able to defend our country ourselves? So, we do not think that this is a safe policy

[Sir Muhammad Yamin Khan.]

which should be pursued. It is only those Governments who have given less thought to remain always prepared to meet any kind of aggression that have lost. The British Government had not properly equipped itself and the army of the British Government was not sufficiently strong to deal with the situation that had arisen within the last five or six years in Abyssinia, Europe, China and other places, and that is why they had to eat the humble pie, and that is why, as some of my friends have said, the British prestige has got a great blow. My Honourable friend, Mr. James, may say that the British prestige has risen. Whether it has risen or it has got a blow, I am not going to discuss at present. But as England was not fully prepared, Mr. Chamberlain's policy got the best in the circumstances, and that was the only right policy which the British Premier could pursue. If they had gone to war, then, instead of bringing any good to the British nation, they would probably have brought ruination to the British Empire. So, the avoidance of war was, in my opinion, perfectly justified. At the same time, we find that China was not fully equipped, and a small nation like Japan came to its aggression. Should India, which is the next biggest country in Asia, be left unarmed and unequipped, she too will have to face the fate of China. Therefore, we do not agree that we should be left unarmed or untrained as we have been up till now. The armament policy must be changed, and I think in all sections of the army Indians must be trained properly, so that they may be able to carry on the present policy in the future. I will again advocate, what I have advocated several times before on the floor of the House, that the officers of the Indian army must be such as to satisfy the Indian soldiers. The Indian soldiers are not satisfied with the present policy of the Defence Department. The Defence Department must continue to have those officers who will command the confidence of the Indian soldiers. Without going into the details of what happened yesterday, we will very carefully scrutinise what the Committee does which has been formed by the Government. We will see whether it does justify itself or not as a representative Committee.

In conclusion, I wish to say that we want that His Excellency the Viceroy, after making that brilliant speech in the Chamber of Princes, will see that the British Government in India will follow his lead and see that the same consideration is given to the British Indian subjects as had been advocated by him for the Indian States. With these words, I support the motion.

Mr. Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadan): Sir, I whole-heartedly support the motion moved by my friend, Mr. Satyamurti. The motion aims at censuring the Government for their defence policy. Had it been in my power, I would have said that for this very policy Government deserve destruction and unconditional removal. Of all the Governmental activities of a nation, the question of defence is the most vital one. If there is no national defence, there is no national existence. It is, therefore, that there is a race among the nations of the world for re-armament. Every nation feels that if they are not perfectly equipped and perfectly armed, their very existence is doubtful and precarious. So, the question of defence is very vital. But so far as this question concerns India, I feel that this defence policy is not to defend India but it is to destroy India. I will, therefore, call this defence policy the destruction policy of the British Government in this country. By

following this policy, the British Government is destroying the manhood of the nation. It is a part of this policy that the Arms Act has been passed by which the whole nation has been disarmed. This is the greatest mischief which the British people have done to this country. No nation is satisfied merely by the fact that it is safe from foreign aggression but every nation is very anxious to see that every individual, composing that nation, is fit to defend himself. But we have the misfortune of being disarmed by the British Government. Whenever there is a question of Indianisation, the friends come from the other side and say that suitable candidates are not forthcoming. We know that India had reached the zenith of power and progress at a time when the Britons did not know how to weave their clothes and they did not even put on clothes for their garment. We had Generals and Rulers even at that remote time. But what has become of this military quality now? Is it not this defence policy which has destroyed this? Who is responsible for the fact that we have not got sufficient number of suitable candidates for service in the army of this country? Sir, the army in India is not meant to defend India. The army is meant not to protect India, not to protect anything Indian, it is meant to protect and defend British trade and commerce, it is meant to protect the Englishmen living in this country and it is meant to protect everything British. When my Honourable friends talk of Indianisation, I am glad that my Honourable friend, Mr. Ogilvie, said that he did not conceive of a time when the Indian Army will be completely Indianised. I think he is right. I think the whole country ought to take note of that. I can also foresee and foretell that the Indian Army cannot be completely and wholly Indianised because, so long as the Britishers are here, the British Army will be here. As soon as the Indian Army will be Indianised, they will be no more in this country. It is, therefore, right to say that the Indian Army will never be Indianised.

My Honourable friend, Mr. James, was talking of British prestige. Does he remember the brilliant retreat of the British soldiers from the field of Flanders in the last European war, in 1914? If he remembers that incident, he would not talk of British prestige. I remember to have read big headlines in newspapers about the retreat of British soldiers in the last war. If only the Indian Expeditionary Force had not gone to France, at the proper time, the whole of England would now have been under German rule and my Honourable friends who are now adorning the Treasury Benches would have been something like nominated Members in the German Parliament of England. Even if my Honourable friend, Mr. James, had forgotten the brilliant retreat of the British soldiers in the last war, how could he have forgotten the recent Munich agreement? Was it not an abject surrender to the dictates of German and Italian Dictators? I am surprised that such a reasonable and wise man, like Mr. James, should forget all these things and talk of British prestige. Let the next war come and we will see where the British prestige stands. We generally hear of distinction made in this House between martial and non-martial classes. This is merely divide and rule policy of Government. It is due to the destructive policy of Government that such invidious distinction is maintained. There is a saying of Guru Govind Singh in my part of the country, and I think it is also in this part of the country, which says:

*"Chirion se main paj marwawoon,
Billi se main bagh marwawoon,
Tab Guru Gobind Singh nam kahawoon."*

[Mr. Ram Narayan Singh.]

It means: "If I can get a bird of prey killed by a small bird, and if I can get a tiger killed by a cat, then I shall be called Guru Govind Singh". In the same way, everybody knows that it is only by teaching and by training that a man is made a hero, that a man is made good or bad. If people are trained in a proper way, then I think they will be soldiers. It is the divide and rule policy of the Government that has made this distinction between martial and non-martial classes. A good Government will see that all able-bodied citizens of the country should be trained and should be armed so that at the time of any emergency they will form a second line of defence. My Honourable friend, Mr. James, said that the people of South India did not belong to martial class.

An Honourable Member: He did not say so.

Mr. Ram Narayan Singh: I am glad he did not say so. I feel that everybody can be made a good soldier by proper training. A soldier can be produced from any part of the country, by good training. This invidious distinction between martial and non-martial classes must go. I say the Government are keeping this distinction with an evil motive. We know where we stand. If the next war comes, the British people will suffer. I remember that when the late German war was going on, one gentleman, an Indian, went to see the then Viceroy, I think it was Lord Hardinge or Lord Chelmsford, when the Viceroy asked: "Hullo! if Germans come what will you do?" The answer was: "we shall present a farewell address to you (the British Viceroy) and an address of welcome to the German people". The Viceroy was amazed at the answer and asked the gentleman as to why he said so. The gentleman replied: "Have you prepared us to fight the Germans? You have disarmed us, you have denationalised us and so how will we be able to fight the Germans?" Looking at the way in which the British administration is going on in the matter of defence of this country, we are greatly perturbed. I will only ask my countrymen, how long are you going to be slaves to the British, how long are you going to be protected by them? I know there are some Rulers in this country who claim sovereign rights. I do not know how many soldiers they have got in their States to defend their rights. Still they talk of sovereign rights. We talk of swaraj and responsible Government when we do not fight to defend ourselves. Under the circumstances no swaraj is possible so long as we are disarmed, so long as we are made slaves, similarly, those people who talk of sovereign rights must know that they are equally helpless with ourselves. They are also slaves of the British, nothing more nothing less. With these words, I support the cut motion and I hope every Member of the House including my Honourable friend, Mr. James, will support the motion.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian): Sir, year after year and decade after decade Indian statesmen have urged that the army in India should be Indianised. But what have Government done? They have shown lip sympathy with this demand, but on one pretext or another they have done practically very little.

The demand for Indianisation has been based on two principal grounds. In the first place, it has been urged because it is calculated to curtail the military expenditure of India to a substantial extent; and secondly,

it has been urged because it is felt necessary that Indians should learn to defend their own country.

As regards the first point, it has been acknowledged by experts from Britain that India spends much too large a sum every year on the army and that the poor people of India have a burden thrust upon them which is very difficult for them to bear. Sir Walter Layton who came out to India as Financial Advisor to the Simon Commission expressed the view that while India spent as large a proportion of her annual income on the army as other nations, her expenditure on nation-building services was extremely small, compared to the expenditure on nation-building services in other countries. It was pointed out by the Finance Member the other day that at the present moment India was spending a very small amount of her national income whereas countries like Italy, Germany, Japan and Britain, are spending very large sums. I do not accept the figures which he gave, because the view is prevalent in England that statistics are to be very carefully scrutinised before they can be accepted as correct. There is a saying that there are three kinds of falsehood, —lies, damned lies and statistics. Statistics being the worst of the three. However, without going into his figures I will accept the general proposition that India spends less than some of the other countries. But why do these countries spend more on their military services? Japan is an aggressive country which wants more lands and wants to conquer China and perhaps other countries also; Germany wants her colonies back and wants to have a predominant position on the European continent; Italy has her ambitions: she has conquered Abyssinia and she wishes to conquer many other countries in Africa and perhaps also in Europe. Britain has already grasped the greater part of the world and wants to maintain this her war world-wide empire.

But what is the position of India? She does not ask for any territories and does not want to conquer any other people's country; she wants merely to defend her own country. She wants now to end her state of political bondage and to become free.

Britain has followed a very wrong policy in keeping India weak and helpless. This has been due to her extremely selfish attitude and this attitude is now going to recoil on herself. There is a very grave danger of India being invaded at the present moment, if not from the West, certainly from the East; and India is wholly unprepared to defend herself. The time has come when Government should revise its policy and take up a line of action which will prepare India to defend herself.

We have heard a great deal about martial traditions. Now these martial traditions have not dropped from the skies and have not fallen from the heavens. They have been made by human endeavour. When it is said that martial traditions cannot be created in any part of India other than the Punjab, we must say that this is a very incorrect view. I admit that the people of the Punjab are strong and brave. Let them have their proper share in the Indian Army, but what we do object to is for any province to claim a monopoly in military service. Let the inhabitants of the other provinces be trained fully so that they may be able to participate in the defence of the country. It is wrong to deprive the inhabitants of the rest of India from being able to contribute their share to the defence of India.

An Honourable Member: 20 crores.

Lieut.-Colonel Sir Henry Gidney: Not quite. Let it be 20 crores if you wish,—but I say it is between 15 and 18 crores. If that is the cost of the British army, the balance of the defence estimates must go to the cost of the Indian army. This House has very frequently told the Government that India wants to be taught to defend itself, and if there be any honour or truth or genuineness in the promises that England has made ultimately to grant Dominion Status to India, and if there is really any serious desire to hand over the defences of India ultimately to the people of this country, then it is high time Government reviewed its policy and did not practice its superiority complex attitude and not slavishly adhere to those compartments, of white, brown and black, particularly to those pacts or policies which have been entered into between the War Office and the Government of India long years ago. The whole world is changing and with it India is also changing rapidly. We are always told when we ask for a certain thing that it cannot be done and that we are inexperienced. Who dictates that policy? Is it dictated in India or in England? It is the War Office in England which dictates this policy. Some Honourable Members here have demanded that British troops should be sent away; that British Officers should be taken away and that the entire army should be entirely Indianised. Are they really serious when they make that demand and do they realise what they would mean to India if it were done even as an experiment?

Mr. B. Das (Orissa Division: Non-Muhammadian): Quite.

Lieut.-Colonel Sir Henry Gidney: Mr. Das, who always answers without due reflection, says "quite", but let me say at once that the moment you took the British Army away from this country, you would be dispossessing yourselves of that neutral force which is so vitally necessary today in India for its internecine internal peace and order, as also for its N. W. Frontier and communal troubles.

An Honourable Member: No.

Lieut.-Colonel Sir Henry Gidney: Really, then, you and I must agree to disagree on this point. But, Sir, you cannot get away from this undesirable fact in which I am a believer. But apart from that, I am a believer that the time has come for the Government seriously to review and reconsider the defence policy of this country. I consider, Sir, that the time has come when India must not be made the jumping off ground, the play ground, the training ground for the British Army and the platform from which to be sent to various parts of the British Empire to relieve its national disorders, i.e., wars, etc. If this is the main purpose of the British army in India—apart from the N. W. F. defences which I consider to be an Imperial duty, it is not right to call upon India to pay for the maintenance of that army. Sir, in the sessions of 1925 or 1926 in Simla when I spoke on the general Budget, I made these very statements. The House is, in the main, right when it considers whether India should take the responsibility to pay even in full for the maintenance of the British army in India. If we are relaxed even partly of this responsibility, it would leave us with an amount of money which we could use in expanding the Indian army in India and so satisfy the aspirations so

seriously and so sincerely expressed in this House by all classes. I for one am a believer in the sincerity of the demand of all classes of people to throw open the book, the sealed book, relating to the army in India. The book has of late been opened somewhat, the preface and the index have been shown, but the context still remains a secret. The want of co-operation is seriously defective and so an army career is today unknown for want of knowledge and publicity. I do believe that the time has come when the Government of India must alter its antiquated policy. The question is, how is this to be done? Here is India mulcted as we are with the army expenditure of about 45 crores (and the revenues of the whole of India must be taken when you percentage your total defence expenditure), it is hardly comparable with the defence expenditure of the other nations of the world. The smallest nations are, today, arming to the teeth. India today is quite unprepared to stand any modern warfare, and I ask the Defence Secretary to deny when I say that if India were attacked by a modern force like Japan, she would be absolutely defeated in no time. And I would add further: If the British army were called upon to fight across the seas, it would be found to be properly equipped with modern arms, etc. I see evidence of this enforced economy in the Honourable the Finance Member's speech where he has instanced the chief causes of this defence decrease, i.e., he has abandoned the scheme of mechanising certain British Regiments. In addition, he has slowed down the programme of mechanising the cavalry and has withdrawn four British battalions from India. Why has this been done? As a measure of economy—very dangerous, I think. To-day more than ever does India require its military forces up to full strength and armed properly, and its defences strengthened. But what is the position today? When a new arm—a rifle—comes into the possession of the British army, it is also supplied to the British soldiers in India, but the old arm is then given to the Indian army, and when the Indian army is given the new rifle its discarded rifle is given to the States Forces, and this, I understand, is how we have your rifles distributed or handed from the British army down to the States Forces. For any one, as was stated in the House of Commons, to say that an army so equipped is in a fit position to defend itself against a modern equipped force is absolute bunkum. We all know that with our limited resources, our revenues are incapable of standing the strain of equipping modern weapons to our entire army. Government realises this, so do we. The Chatfield Committee came here to try and remedy this difficulty, thus have drawn out battle between efficiency and economy and between economy and national safety and defences. Government, itself, has also done its utmost to reduce military expenditure from something like 75 crores. If I remember aright to 45 crores, but at what risk?—at the risk of endangering the defences of this country. Surely this is not the time to weaken our defences; this is a time to strengthen our defences. But how can you do it? The way you can do it is by satisfying India's aspirations and giving her a larger army, by satisfying the youth of this country and training them, and also by showing them there is dignity and honour in joining the forces of their own army and defending it. To say they know very little about the army, I submit Sir, it is inequitable, it is wrong, to call upon the Indian taxpayer to pay for the entire cost of the British army in this country which is used for the defence of the Empire abroad. It would be a different matter if this army were used exclusively for the defence of India and its frontiers. I

[Lieut.-Colonel Sir Henry Gidney.]

admit the British Army is necessary in India. It would spell the ruin of India if it were withdrawn or decreased. I am also one of those who believes that India must learn to defend herself. It is the duty of His Majesty's Government in England, and I think the House will join with me unanimously in asking His Majesty's Government that if they wish to retain the British army in India for Imperial or Empire requirements it is their duty to maintain it either wholly or partly and the money so saved can be used for increasing the Indian army and expanding our various utility services which are crying out for help. I quite agree with many of my Honourable friends here who have shouted in despair that the army department has, for its own reasons and on the advice of its Army Council, divided India into enlisted and non-enlisted classes. The past history of India will tell you that low class Indians, pariahs, defended this country. The past history of India will tell you how the Mahrattas defended this country. But today we have recruitment confined to the Punjab and the North-West Frontier and Nepal. It is wrong to discourage the youth of India by putting this ban of inferiority on them and then turning round and saying, "we cannot give you a chance to defend your country because you are incapable of doing it, being a non-martial race". This charge has even been levied against the Anglo-Indian community. The old adage is "never put off till tomorrow what you can do today", and I do beg the Defence Secretary to look upon my suggestion with sympathy, not only with sympathy but that the proceedings of this debate should be sent to the War Office in England for serious and early consideration. I have often said that efficiency and economy are strange bed-fellows. I repeat today that India's ambit of danger of foreign vulnerability is narrowing, especially with Japan so near us, and we should have an army equipped with modern arms that will be able to defend India. We have not got it today. Neither the British army nor the Indian army is today capable of defending India against a modern army.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member has got two minutes more.

Lieut.-Colonel Sir Henry Gidney: I have very little more to say. Sir. Various continental armies have been quoted, Hitler's forces have been quoted. Hitler's is still an untried army. The Italian army during the last Great War was tried and it failed. Do not talk of the conquest of Abyssinia, which is a conquest in name only, but remember this. If you have not got a strong army in India and any other foreign country attacks us, you would get what would in common parlance be called a 'hell of a time' compared to what you are having now which in comparison is a heaven. Today you are safe under the Union Jack and the arm of the British soldier. By all means get a larger part in India's defences but be satisfied with this and do not jump from the frying pan into the fire. If we are to defend this country in the future we must be given the chance of preparing for that defence and learning the art of defence. This can only be done by the Government of England relieving India's exchequer of at least part of the expenditure connected with the maintenance of the British army and so helping India to increase her own national forces and so encourage her youth and instil into them the dignity of joining the army for the defence of their own country. I

support the principle underlying this motion, but not as a vote of censure against Government. The British army is a necessity in spite of what you on the Opposition Benches say; it is a dire necessity today.

An Honourable Member: No.

Lieut.-Colonel Sir Henry Gidney: No? By jove, you get rid of the British army and you will have your throats cut tomorrow. I repeat it is a necessity, but I suggest to the Defence Secretary the urgent necessity of placing this matter before the Home Government and the War Office and making it plain that this House is not averse to the British army remaining in India but that it is averse to taxing the exchequer of this country to maintain that army in entirety. As a compromise why not suggest that we are prepared to pay on rates equivalent to the maintenance of the Indian Army, the difference in cost to be borne by the Government of England.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member's time is up.

Sardar Mangal Singh (East Punjab: Sikh): Before lunch my Honourable friend, Mr. James, made an amusing statement that the prestige of the British Government stands very high. I fail to understand how such a responsible parliamentarian can be responsible for such an amazing statement. It reminds of a story of a Bania who was beaten by a Jat but who afterwards got up and said, "*galion se to pipu kardia*,"—meaning that he has floored him by abuses. If the British prestige rises by kicks and slaps I leave my Honourable friend to hug that delusion and he may please himself as he likes.

The Deputy Leader of my Party, while moving this cut, said that the object of this motion is to censure the Government of India. He is an old parliamentarian and uses parliamentary language. But I am a plain ordinary matter of fact man. I feel that the sins of commission of the Government of India have been so numerous, so heinous, so varied that some stronger expression should be used. I feel inclined to say that the Government of India deserve to be hanged by the neck till dead. Whether we examine the policy of Indianisation of the officer ranks, whether we consider the forward policy on the frontier, whether we consider the control of defence expenditure of the Government of India, or whether we take up the constitutional position as laid down in the Government of India Act, the whole policy of the Government is inspired by utter mistrust and suspicion of Indians. The whole structure of the Indian Army is still—I will be glad if the Defence Secretary can contradict me—as it, at present, obtains, is based upon the policy which the Government of India adopted after 1857. At that time different proportions were laid down of British soldiers, Gurkha soldiers and so on, and the Government of India is faithfully keeping to those proportions. In the whole of the Indian Army at present there are 180,000 fighting soldiers. In this we find about 50,000 British, 20,000 Gurkhas and the rest are Indians. This proportion has been kept up upto this time. I feel that one of the difficulties of the Government why they cannot have more Indians in the army is because, if they raise two Indian soldiers they will have to enlist one British soldier in this army. That is why the Government of India cannot increase the Indian Army. At the time of the Round Table Conference, in the Defence Sub-Committee it was

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laid down as the cardinal policy of the Government of India about defence that "with the development of the new political structure in India the defence of India must, to an increasing extent, be the concern of the Indian people and not of the British Government alone". That was the policy enunciated by responsible British statesmen at the time of the Round Table Conference. Let us examine how far the British Government has followed that policy. Just after the Round Table Conference, the Government of India Act was enacted, and, in that Act, we find that the defence expenditure has been entirely removed from the vote of this House and we had a taste of it last year and this year also when we saw in the budget that even the small votable items on defence expenditure have been removed by the Finance Member and they are not being submitted to the House as it has been done during the last 15 years and that is the kind of increasing concern of the Indians in defence matters! At present, under the present constitution, the Commander-in-Chief is the Member of the Viceroy's Executive Council and, as such, most of the important military matters come before the Viceroy's Executive Council and Indian Members have some right to have their say on matters military. I remember one case when the Viceroy and the Commander-in-Chief were very keen on forfeiting the commission of a King's Commissioned Indian Officer but the Indian Members, somehow, did not sign that requisition. The matter, when it went to the Secretary of State, was turned down by him and refused to forfeit the commission of that Indian officer. My point is that under the present constitution the Indian Members have got some right to express their views to influence the decision of the Government of India, while under the Government of India Act, which was enacted after the British Government laid down this policy, that right has been taken away. In future, the military policy will be discussed between the Viceroy and the Commander-in-Chief and no minister of the Crown, Federal or otherwise, will have any right, nor this House will have any right to discuss the army expenditure and thus influence the decision of the Government of India on army matters. I say, Sir, that instead of increasing the association of Indians in the Army Department they are taking a retrograde step. Then again, in 1936, this House passed a Resolution, practically unanimously, that a standing defence committee should be appointed by the Government of India. The Government of India, at that time, seemed inclined to accept that Resolution but the Council of Imperial Defence turned down that proposal and definitely refused to have any kind of co-operation with the Indian. This has been the policy of the Government after they declared that defence will be the increasing concern of the Indian people and not of the British Government alone.

Then again, what about the policy of Indianisation? In the same defence committee they definitely laid down that "immediate steps be taken to increase substantially the rate of Indianisation in the Indian Army to make it commensurate with the main object in view", having regard to etc., etc. Now, let us examine this rate of substantial increase. Before this committee laid down this policy about 28 Indians used to be taken in Sandhurst and other colleges in England. After this policy was laid down, the Government of India appointed a committee and they agreed to take 60 cadets annually. It looks as if they have increased the rate but if we examine it and go deeper into it, we see that what has been given with one hand has been taken away with the other. Before this committee reported, Indian Commissioned Officers used to replace only the British officers and

the number of British officers in the Indian units is about 2,500. But, in future, the Indian Commissioned Officer will replace not the British officer but the Viceroy's Commissioned Officer whose number is 5,000. Before this we had to train about 2,500 people but according to this policy we have to train about six or seven thousand people before this section of the army is Indianised. Therefore, I say, that what is given with one hand has been taken away with the other. This remark is quoted by a committee in which our Honourable President was also one of the members and in their minutes of dissent Sir Abdur Rahim, Rai Bahadur Chottu Ram and Mr. Mukherjee say:

"An output of 60 officers a year at the first sight would appear to double the present rate of Indianisation and it might indeed produce that effect if it were not accompanied with the condition that the graduates of the college will displace the present Viceroy's commissioned officers in the Indianised units, a condition which makes the apparent increase in Indianisation by means of this college entirely illusory. It is taking away with one hand what is given by the other."

This is the rate of affairs about Indianisation. What is the policy behind this Indianisation. I say with all the sense of responsibility that I have that in the matter of Indianisation the Government of India as well as the British Government are not proceeding honestly. They are carrying on this affair as if it is their deliberate policy to make this experiment a failure. What are the figures? When they began the college in Dehra Dun, at the second examination 326 candidates came forward. What is the position now? In the last examination only 128 candidates came forward. The former Commander-in-Chief made a statement in England that the experiment is failing. Those men who are not acquainted with army affairs, perhaps, feel that Indians do not wish to join the army but the position is quite different. Ask any commissioned officer who has served four or five years in the army what sort of treatment is being meted out to these young officers. Examine his living conditions, pay and social conditions. Then you will find how they are being made to go out. I am almost inclined to say that they are being kicked out under one pretext or other. Examine how many commissioned officers have left the units and joined the Political and other departments. We have to examine this question from that point of view. The Indian youth should be attracted to this department so that this question of Indianisation may succeed. On account of shortness of time I cannot go into other matters but I wish to say this, that the policy of the Government of India, during the last several years and, particularly, during the last two or three years, has been so irritating and so bad that all sections of the House and all elected Members of the House should vote for this motion of censure on the Government of India, although they deserve a far severer treatment at the hands of this House. Sir, I support the motion.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa:

3 P.M. Muhammadan): Mr. Chairman, my Party is in sympathy with the cut motion as moved by the Congress Party, though our reasons are not identical with their reasons. We have expressed our indignation in season and out of season at the most deplorable policy which is being pursued in the areas on the western frontier and Waziristan, the way in which they have been hunting down the men of the tribal areas, is certainly disgraceful. The slow process of penetration in the tribal areas and the extension of the Indian frontiers is being continued in spite of the fact that those humble people have no designs of any invasion on the British border and are doing no harm whatsoever. Besides, economically, as well,

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those areas are not expected to provide gold mines for the British exchequer. The operations in Waziristan have not been profitable to the Indian Government as yet and is neither expected to be; friendship and co-operation with them was advised by this House and by Members of all communities, but the same has not been heeded to as yet. Sir, it is futile to make that section of the frontier tribes submit to an alien rule, and such an acquisition may be termed as a white elephant which will add no substantial gain either to the Indian Government or to the British Government at large. I have not been able to follow my friend the Mover when he said that the defence expenses are very high, and again he said that the defence arrangements are of a meagre nature and most inadequate to meet the apprehended dangers from Japan and other powers on the eastern and other frontiers of this country, who are enemies of British imperialism, as stated by my friend, Mr. Satyamurti. Personally, my knowledge of these is rather different on the basis of the figures supplied to me a year ago from the Defence Department about the ratio of expenses in the different parts of the world including England; and it will be found that probably the Indian defence expenditure is the lowest, as my Honourable friend, Mr. James, pointed out today, *viz.*, that it works out to be only twenty-three per cent. of the total revenue. We have either to take one view, *viz.*, that either the expenses are too low, or the view that they are too high. Either the army is sufficient to defend India, or the Indian exchequer cannot afford to bear any more burdens for the purpose of defence. Both cannot be true. Of course, defence matters are treated with all secrecy and that may be a matter of complaint from the Indian elected side of this House. I would ask the Congress Group to tell me whether they would be a party to sanctioning bigger amounts for the purpose of defence if it is so required, by taxing the dumb millions of this country where the majority cannot get even one square meal a day. I do not approve of the secrecy that is being maintained in matters of Foreign policy and defence by this Government and I, certainly, feel that our co-operation should have been solicited, we should have been taken into confidence and this House should have been consulted, and all the cards should have been placed on the table to ask us whether we would like to spend more money, or whether we would like to have a bigger army, better and more equipped with all the modern arrangements, or we would like to maintain them as they are being maintained by the paramount power of the day.

Of course, it is quite right that the process of Indianization cannot be speeded up by a magic wand, as Mr. James has just pointed out, but, at least, we should have had the satisfaction that our army is for us and with our consent and that the British soldiers and officers are brought out and maintained in our interest and do receive our sanction. By maintaining a secrecy of the defence policy, this Government has at least created an impression on this side of the House that for reasons better known to them they do not like to disclose the whole situation. Sir, as I have often said, we do not mind importing experts for our own purposes and use, certainly it is our legitimate desire that we should be the real masters to decide how many of them, and by what means, and whom, we are going to bring into India for the purpose of our defence or for any other purpose that we may require them. Sir, Mr. Satyamurti has remarked that we do not require any army for internal peace and tranquillity. I wish I could agree with

him. I may say that however disposed we may be to find fault with the maintenance of foreign element in army, it cannot be said that the army has not got to be strengthened with experienced men and men of calibre. Whether we have to import them from foreign countries or we have to get them from our own areas, that is a matter of administration, a matter of opinion, a matter of the advantages that may be offered and a matter of the circumstances in which we may be placed. Where the army is maintained partially for the purpose of internal peace and tranquillity, their independence in action is necessary, that is also something which is rather important. I wish I could agree with the Honourable the Mover that, it was not so required for internal peace, but, unfortunately, our experience in the provinces, these few years since autonomy has been introduced, has not been very happy. The paramount power has got to be equipped fully with an army to meet all exigencies and circumstances that might compel them to invoke their special powers in the emergencies which may arise some day or other as a result of Communal race in India. Sir, things have not been very happy. It may be unfortunate, it is certainly unfortunate, but all of us are aware of it, and we have got to be alive to the situation and admit the facts as they are. The unfortunate position in this country has been that sectarian feelings are still prevailing and have been exercising a most predominating influence on the minds of the majority of the people and it was with this feeling that Dr. Banerjee made a heated remark just now on the question of the martial and non-martial races.

Sir, some of my friends first complain of the slow process of Indianization, they make a complaint that European soldiers and officers are not desirable in the army of this country. as, they say, defence should be absolutely Indianized. Then again comes the question of martial and non-martial races and, of course, as yet in a little milder tone, but the time may not be very far when the question of provincialism or sectarianism and other things might crop up acutely, and certain sections of the people may begin to make certain demands on certain particular considerations. Now, I want to point out that the question of defence and the foreign policy has got to be looked into from an altogether different angle. And that is, not to consider at all the question of martial or non-martial races from the point of view of sectarianism, religion or any community, but to look into the question of the entire Indian safeguard and Indian defence. Whether that defence can be secured by the martial races or the non-martial races or by such people who have to be imported, that is a matter for us to see and decide in the general interest of the country. I certainly said, only a few minutes before, that I wished we should be the real partners or rather the sovereign power to decide how we would like to be defended and what arrangements we should have for our own defence, but, at the same time, I think under the Constitution as we are, the question of martial and non-martial races or any question of communal or sectarian matters should not be brought in at this stage in a vital matter like that of defence. That is my impression of things. I may be wrong, and my remarks may not be agreeable to the majority party of the House but that is my feeling,—that in the matter of defence, which is a very big question, there should not be involved any question of any section, any community or any particular religion. If a certain part of the Indian frontier is to be attacked, the aggressive party will not make any distinction between any section of the people inhabiting that country, and between any section of the people living

[Mr. Muhammad Nauman.]

in that part of India. So far as the army is required for the internal security of the country, the question of communities or of martial and non-martial races and even of religion and sectarianism may arise. For that purpose, the Sovereign power or the Paramount power has got to maintain a certain section of the militia, which is to be considered above those considerations and which may be utilised for purposes of internal security in the event of there being trouble between the different communities and the different provinces of this vast continent—India. I do not agree with the Mover that we do not require any army for the internal security of this country. We do certainly require an army which should be above prejudices. It may be very small as compared to the requirements for the external defence of the country but a certain section of the army has to be maintained for such emergencies which may arise under the prevailing conditions and mentality of the people and as long as we do not become above that mentality in which we are now placed, we cannot claim a purging of this element. With these few remarks I support the motion.

Mr. M. S. Aney: Sir, the motion which you have moved is a very important one and raises a question of vital importance to the country. The points which are mainly raised by this motion are those which affect the questions of defence as well as of foreign policy. You have rightly remarked that the problem of defence is very much influenced by the foreign policy which a nation may have. So far as India is concerned, it is doubtful whether it can be said to have any foreign policy at all, because I find—and I believe in this even the Treasury Benches will readily agree—that India's enemies or India's friends are not made by India at all. Those who happen to become the enemies of England for some reason or other are to be treated by Indians as their enemies, although it is very doubtful whether the friends of England are really the friends of India, but the enemies of England are bound to be treated as enemies of India. This is the main feature of the political situation in which we find ourselves, and the net result of this is that the foreign policy of India, as a matter of fact, is determined not out of any considerations for India itself but out of considerations of what they call the interests of the British Empire. Therefore, it is determined by those who are responsible for running this big show, this Imperialistic show. As the reins of the foreign policy are being held by persons at a great distance from this place, the defence policy also is naturally dictated by somebody else. So, India is one of those unfortunate countries, probably the only unfortunate important country, in the world where neither the foreign policy nor the defence policy of the country is considered by the people of that country but by somebody else on considerations which have got very little bearing upon the interests of this country as such. That being the important feature of this whole thing, we, naturally, find all the disadvantages of such a policy reflected in the arrangements for the defence made in this country.

What do we find so far as our defence arrangements are concerned? I do not know what is the idea of the Army Department as regards modern wars, but a modern war, in my opinion, does not really mean a battle between two standing armies. If that is the idea of anybody, he is hopelessly mistaken, and, I am sure, that the Indian Defence Department is not really ignorant of this situation. A modern war really, in my opinion,

means a war between two peoples or even many peoples. One nation is at war with the other nation in the true sense of the word. In modern war the civic population also will not be entirely free from the effects of the war when the war is actually going on. The conditions as regards modern warfare have been entirely changed on account of the new machines of human destruction and human annihilation that have been invented of late and in which each nation is trying to outstrip another nation in the race of being properly equipped. The appearance of the aeroplanes and their use for purposes of war have entirely changed the aspect of the war. So, if the Government of India and the British Government really think that the present times are not times of peace at all and something very sinister, very dangerous and very disquieting is likely to happen in the near future and we are to be prepared for that, then I am quite sure that they are making absolutely no preparation whatsoever, so far as India is concerned. They think that if they can mechanise their army and if they can have a few more aeroplanes here and a few more machine guns and a few more tanks there, that is enough. These things might be sufficient for them to protect their frontiers, for some time, but they are not sufficient for the Indian nation to defend itself in a time like that. The question is this. Are they preparing the Indian nation as a whole for an emergency of this kind? Do you know what the other nations are doing in this matter? They are creating a kind of a capacity for defence among the people themselves and not relying simply upon the army for that purpose. The main attempt, therefore, should be not to see what is the exact strength of the standing army and how that standing army can have an up-to-date machinery for a short time, but how the people themselves can stand up and, in times of difficulty, can take up their proper place and defend the nation against an invader. Is there any idea whatsoever in the minds of the Government of India in making any progress in this direction at all? I find, on the other hand, that they want to leave the people in the same helpless condition, in the same abject condition of helplessness, as they are today. People who are so placed certainly cannot defend themselves, and it is no credit to the British people that they have left them in that helpless and pitiful position. I will, certainly, like them to consider the question, therefore, of the development of territorial and auxiliary forces on a much larger scale and the question of the Indian University Training Corps more seriously. They have absolutely neglected that branch so far. They find no money to develop these things.

Take the budget. For a number of years we find that very little advance is made in that direction. Thus, so far as the training of the people in this direction is concerned, I find that the Government of India is particularly negligent in its duty, probably because they still think that India can be defended, if a time comes, by such army as they can raise at the eleventh hour. The idea is not to defend the people of India but to defend their own Empire. They look at the whole question from the point of view of how they will be able to defend their own Empire, not from the point of view of making the people of India fit to defend their own country against foreign aggression and retain the country in their own hands. So, in my opinion, a radical change is necessary in the outlook of the Britishers here. My Honourable friend, Mr. Muhammad Nauman, repeatedly put the question whence to find the money? Probably my Honourable friend does not know that if the people are trained like that, not much money will be required. Much money can be saved and the amount thus saved can

[Mr. M. S. Aney.]

be spent in other useful directions. If you allow the people to go through military training, they will prove a potential force and this national militia, properly trained, will be a source of great strength to the defence of the country and with the force thus created, you will be able to curtail the regular army that you maintain now and with the money thus saved, you can spread education among the masses. This factor has not been taken into consideration.

I have to make another suggestion also. It is now admitted that the Indian Army is part of the entire British defence force. It is repeatedly asserted, though we never agree to that proposition; still, on the other hand some of my Honourable friends are always anxious to assert the proposition with all the emphasis at their command, namely, that some modicum of British Army should be maintained in India for some time. My Honourable friend, Mr. Nauman, also fell a victim to this hallucination. Anyhow it is there. We have to accept that proposition to which some of my Honourable friends subscribe for the time being. I do strongly contradict that statement that there is any necessity like that. But assuming it is so, if they concede the point that the Indian Army is part of the British Empire Defence, then they certainly will have to admit that the expenditure which we have to make upon that Indian Army ought to be shared proportionately by the British Exchequer. That position will have to be conceded. That is a point which has remained under discussion for a number of years. There is a definite tangible suggestion that I make, namely, that so long as you maintain a British Indian Army here, if you think that the British element is a necessity here, then I suggest we should not be taxed to pay the British soldiers or the British officers a pie more than what we pay for Indian soldiers and Indian officers. Anything paid in excess of that must be shared by the British treasury. If you accept that proposition, I am told we shall save thirteen crores. If you think that an Indian officer cannot be appointed today and that the army cannot be officered by Indians and that the British Army cannot be replaced, very well, keep the British Army here with all its officers, but do not make us pay for that portion of the army any amount more than what we can pay to our own countrymen. If we are asked to pay more, then it is an insult to our self-respect. It is an unjustifiable burden which you ask us to bear. You can satisfy your requirement by keeping the British Army here and, at the same time, satisfy our demand that nothing more should be paid to them than what we would pay to Indians. Why do you want us to pay everything? Therefore, the apprehension of the Britishers that India will go to ruin and chaos if the British Army is withdrawn can be allayed by keeping the British Army here, at the same time we shall be saved unnecessary expenditure which we have to incur. In the meantime, the army expenditure will certainly be economised and something can be done for nation-building purposes. Is the British Government prepared to accept my suggestion and act up to it? Unless some such thing is done, I am sure the real mentality to create an Indian Army for the defence of India will not be generated at all. Unless the British Government's pockets are touched for the sake of maintaining the British Indian Army here, they will not be able to understand the sense of resentment that we feel on this point and the keen necessity for looking at the question purely from the Indian point of view. That can arise only if strong action like that is taken by the Government of India. I very much doubt whether the Government

of India feel like that. The whole trouble is that the Government of India feel very much in the same way as the British Government in England.

Another point which I wish to refer to, particularly with reference to the remarks of my Honourable friend, Mr. Nauman, is this. My Honourable friend suspected that in raising the question of martial and non-martial races, it was a question of communalism. Not at all. I want my Honourable friend to look at the question free from any such suspicion. Look at it purely from an Indian point of view. India, after all, is a nation of 35 crores of inhabitants, the whole entire country, and, therefore, its national army at least should reflect the entire Indian nation and not merely any particular part of that Indian nation. If it is not reflected like that, then it will cease to be a national army. Viewed from that sense the point which my Honourable friend the Mover of this motion made was this. You have got in the Indian Army persons recruited from countries outside India, whether they are from Nepal or from the tribes across the border, it does not matter; they all come from outside the pale of the Indian nation. Will you do a thing like that if you recruit soldiers for a national army for India? Is it possible to conceive of foreigners being enlisted in a national army for India? Therefore, we are at the mercy of foreigners for our defence, whether those foreigners come from the mainland of India or from across the seas,—6,000 miles away. What we want is to be saved from this foreign domination and from this foreign direction. The only remedy is for us to gain our independence, I do not know when, but we shall do it. With these remarks I support the cut motion.

Mr. Abdul Qaiyum (North-West Frontier Province: General): Sir, I have great pleasure in supporting this censure motion. I think that no words can be too strong for condemning the policy of the Government of India, which they have persistently pursued in the matter of defence of this country. The trouble arises from the fact, that those who are responsible for guiding the policy of the Defence Department of this country, do not subscribe to the doctrine of Indianisation or nationalisation of the army. The novel position is that those who are expected to carry out this policy have absolutely no faith in it. What is the policy of the Defence Department? We have been told about the danger from Japan which is threatening India from the East. Japan may be a potential enemy from outside the borders of this country. But I am one of those who believe that the Defence Department of the Government of India is a real and dangerous enemy inside the borders of this country and right in our midst. They have proved, time and again, that the policy which they are pursuing is not at all in the best interest of this country. What is the policy of the Defence Department? Certainly not the defence of this country against foreign aggression. It is more to keep down the people of this country, and to stand between them and their natural birthright *viz.*, the right to live as a free and independent nation. The type of army which we intend to set up in this country would be an army which will not only free this country, but would help her in maintaining her hard-earned freedom, certainly it cannot be said that this particular army can do so. . . .

An Honourable Member: You can win freedom by fasting.

Mr. Abdul Qaiyum: Don't worry about fasts? Fasts can do a lot. They have done a lot. Some of those who are now occupying the Treasury Benches will have to fast one day and they will all starve, if one more fast is undertaken.

[Mr. Abdul Qaiyum.]

expressed utter helplessness, and said that there was absolutely no money for such a purpose. But he was not at all hesitant when he spent something like 36 to 40 lakhs on auxiliary forces from which the sons of the soil are utterly excluded, and which are entirely officered and manned by domiciled Europeans and Anglo-Indians who are utterly unsympathetic towards the aspirations of the people of this country. So the point which I wanted to make out was that the Indian Army is not at all an Indian Army,—that it is an army which consists predominantly of people who are absolutely alien to this country,—alien by race, alien by origin, and alien by sympathies and culture, to the people who inhabit this country. And if Sir Henry Gidney is really aiming at the good of his community he should tell them not to lean any more on Great Britain.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member may proceed to the next point.

Mr. Abdul Qaiyum: And they should think and behave as if they were Indians. If they do that I am sure they will find an honoured place in India and I for one would not grudge it if Sir Henry Gidney, instead of being a Lieutenant-Colonel, becomes the Commander-in-Chief of the army in India.

Now, Sir, I want to turn to the Honourable the Foreign Secretary for a minute and say something about the announcement which he made the other day when he solemnly said,—and I want to bring out the implications of it,—that there is no such thing as independent tribes in India and that British India runs absolutely along with the borders of Afghanistan and all this stretch of territory is British.

Sir Aubrey Metcalfe (Secretary, External Affairs Department): Sir, on a point of personal explanation, I said nothing of the sort. I have never said that British India is coterminous with Afghanistan.

Mr. Abdul Qaiyum: That is what I understood him to say, that there is no such thing as independent tribes. Now, what are the implications of it? Sir, when you moved this cut motion you were pleased to refer to a passage from Captain Kennedy who said that the wars on the frontier have lasted for a century but have not succeeded in achieving permanent peace. And I assure the House, that if this dangerous doctrine which has been expounded and laid down by the present Foreign Secretary is adhered to, we will have any number of wars for several centuries to come. After all, it is not the Foreign Secretary's country which pays for these wars; it is Indian blood which is shed in Waziristan and it is Indian money which is poured into it. The British Government in India has been guilty of wasting four hundred crores of rupees during the last 50 years of futile and foolish wars in Waziristan of which no earthly good has come out.

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

Now the fiat has gone forth from Sir Aubrey Metcalfe that it will have to be carried out by the army in India. The House must realise the implications of this pronouncement.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

Mr. Abdul Qaiyum: Sir, I was interrupted by points of order.

Mr. President (The Honourable Sir Abdur Rahim): There cannot be any different rule for the Honourable Member.

Mr. Abdul Qaiyum: Now, what are the implications of this pronouncement? The other day this was laid down by the Honourable the Foreign Secretary. The present position is this: if these people are British subjects I should like to know why Great Britain and the Government of India have been carrying on a policy of bombing these tribesmen. When they shed crocodile tears over bombing in Spain and China, I think the present Government should be ashamed of themselves in persisting in this nefarious and immoral policy of bombing these tribesmen just across their administrative border. Sir, in the end I will say that the principle laid down by Sir Aubrey Metcalfe is fraught with dangerous possibilities for this country, and it will commit us to untold expenditure and a long series of wars in the tribal areas. It is really surprising that in this year, when the British Government, of whom he is an agent, professes democracy and are trying to oppose the totalitarian states, he should come out as the exponent of imperialism and lay claims to a territory to which they have absolutely no moral right.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Abdul Qaiyum: In the end, I will say that their forward policy is immoral, vicious and utterly wrong.

Sir Aubrey Metcalfe: Sir, before I proceed to what I had originally intended to say, I will just say a few words on the point which my Honourable friend has just raised, regarding independent territory. He accuses me of having said that British India is coterminous with the frontiers of Afghanistan. As I pointed out, I said nothing of the sort. I said that India was coterminous with the frontiers of Afghanistan and that the people who live inside India were not independent. They are what is known as British protected subjects and it is no new principle of any kind that I have laid down. It is a principle which has been in force ever since the Durand Agreement was completed with the Afghan Government in 1896. I propose to answer a question on the subject before very long, and that will perhaps make the matter even clearer. But as for the suggestion that I have produced or propounded a new theory in the interests of imperialism, I can only say that it is nonsense. As long as we have an international frontier with Afghanistan laid down by treaty agreement, we are bound to have, as I think the House will admit, some responsibility for the behaviour of the people who live within it; and one responsibility which we did undertake and which we are still bound to maintain is that of preventing those people, who live on the Indian side of the Durand Line, from interfering in the affairs of Afghanistan; and that is one of the reasons why we are compelled to maintain a certain measure of control over what my Honourable friend is pleased to term the independent areas. They are not independent, they are inside India and we have a responsibility for what the inhabitants there do. So much for that.

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LEGISLATIVE ASSEMBLY.

[15TH MARCH 1939.]

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Is Nepal also in India?

Sir Aubrey Metcalfe: Nepal is a foreign country; and if my Honourable friend does not know it, he should know it.

I now proceed to what I had originally intended to say regarding one aspect of our frontier policy. Certain gentlemen opposite have attacked us with extreme bitterness on what they are pleased to describe as the disgusting treatment which we mete out to certain people, whom he describes as extremely unfortunate. He does not say what his attitude is towards the people of the settled districts who have been harried for a great many years by the gentlemen whose cause he champions; but I think that the House must realise that there are two sides to this question. The point that I wish to bring home is that it is a complete mistake to suppose that Government's policy on the North-Western Frontier with regard to the inhabitants of the tribal areas is or ever has been purely aggressive or founded on any kind of imperialism or ill-feeling towards those tribes. As more than one, I think two, gentlemen observed from the opposite Benches the contents of this area, which they seem to think we desire for imperialistic reasons, are of no value, I am prepared to accept that and I am prepared to admit that there is, in present circumstances, nothing of value which can be developed, so far as we know, in the tribal areas.

If I may briefly survey the state of the frontier at present, I may say that there are very few areas where we make any attempt to advance or to control or do more than ensure that our own inhabitants in the settled districts receive reasonable treatment. If the history of the northern part of the frontier is looked at, it will be found that there has been, in recent times, no attempt made to move forward or to implement what my friends are so fond of calling the forward policy. There has been also extremely little trouble in or from those areas during recent years. The only two cases I can remember are the trouble with the Afridis in 1930—that was caused entirely by an incursion of Afridi tribesmen into the Peshawar district and a settlement was made, eventually, and no attempt was made then or has been made since to advance by force into the Afridi country or to occupy it with troops. There was also an incident not very long ago in Mohmand country. There again, there was no question of aggression by Government. The aggression came entirely from certain other Mohmand tribes who are not under our influence, and wantonly attacked Mohmands who are entitled by agreement to protection by Government. Government were asked to give them armed assistance, to which they were entitled, and Government gave it. As soon as the situation had been restored Government forces were withdrawn and there is no occupation there and no attempt to increase the political influence which we already have there. I have no doubt my friends will say, "why then do you advance into Waziristan"? The answer is to be found in the history of our relations with the Waziristan tribes. Ever since the time of the Sikh rule, those tribes were troublesome—because they were poorer or may be more warlike, but whatever the reasons may be—there is no doubt that relations with those tribesmen have always been extremely difficult, difficult in this sense: not that Government has been anxious to extend their control or to make things unpleasant for the tribes, but difficult because the tribes in that area insist upon being extremely aggressive and unpleasant, if I may put it very mildly, to the inhabitants of the settled districts: for a great many

years we contented ourselves with attempting a purely defensive policy, varied every now and then by a punitive expedition which was extremely costly in lives and money. It was only in 1919 that the position became completely intolerable. I will not weary the House with figures as they are on record, but the number of raids which were committed and the loss of life to the inhabitants of the settled districts between 1919 and 1922 made it quite impossible for Government to acquiesce any longer in that position. It was, therefore, attempted as an experiment to occupy with troops certain portions of the tribal areas. And as the House well knows, troops were established at two points in the tribal area. It was hoped that from that a situation might arise in which the tribes would be controlled with greater effect and in which there might also eventually be some, shall we say, economic development which would make it possible for the military operations to be abandoned and generally for a decrease in expenditure. Well, from 1923 till 1936, I maintain that that policy was extremely successful. Waziristan,—I travelled there myself in 1934,—was as peaceful as the Peshawar district or any part of the settled area—one did not require to be escorted to go anywhere, roads were built and things were going well, the tribesmen were all happy and satisfied, and there were great efforts made, so far as financial considerations would permit, to develop their economic conditions and to make it less necessary for them to seek a living by raiding into British districts. There came a change in 1936, and that change cannot, in any way, be attributed to any aggression on the part of Government. There was no forward movement then; Government were quite prepared to leave things as they were, but, unfortunately, there was suddenly a movement started by a religious leader who wished to obtain influence, possibly among his tribesmen. He, at any rate, set up the cry that his religion was in danger and that it was necessary for him to interfere in defence of his religion in the settled areas of the North-West Frontier Province. That was a position in which Government could not acquiesce. Every effort was made by peaceful means to persuade this religious leader and his followers to believe that their religion was not in danger, and that they must not interfere in affairs of British India. Those efforts, unfortunately, were not successful and operations began. Government were forced, much against their will, to resort to force because there was no other alternative. Well, those operations, I admit, have continued for a long time, and, so far, have produced no final result. . . .

Mr. S. Satyamurti: Hear, Hear.

Sir Aubrey Metcalfe: That I do not deny. Conditions certainly are not as bad as they were by any means, but I believe now that the opposition is confined very largely to a few irreconcilable or hostile leaders who hope and, I believe, succeed in making a fairly good private gain out of their depredations by kidnapping and so on in the settled districts. But I would like to say this that during the course of the operations, Government have not at any time confined themselves entirely to the use of force. They have made many attempts, on several occasions, to get into touch and to open negotiations with the leaders, and on all occasions those overtures have been rejected and, in fact, have never been answered. It has not been possible, so far, to establish peace by negotiations, although Government have been extremely mild in the terms offered, and they are still ready to make terms with these people if they can find any reasonable basis for doing so. There is no intention of being aggressive or having any ill-will

[Sir Aubrey Metcalfe.]

towards the tribesmen who are prepared to live at peace with Government and to refrain from this wanton depredation into British India. I would Sir, admit that the situation is not satisfactory and the problem is one which is very much easier for people to criticise than to find for it a solution. The only solution which in the course of this debate I have heard suggested was the one made by my friend, Mr. Satyamurti, who said that we should either subdue and govern them or make terms with them, I think those are the words he used. Well, I should explain that there are treaties with a great many of these tribesmen which are faithfully observed on both sides, but with these particular hostiles, I have already explained, we have made great efforts and we have failed, because it requires two parties to make a settlement. As regards governing and subduing them which was suggested, I admit that it would be a logical solution. But it is clear from what we have heard today, that it is not a solution which would commend itself to certain Parties in this House, and it is also a solution which presents very great practical, financial and political difficulties, and one which Government do not wish to contemplate unless it becomes absolutely necessary. I need not enlarge on the difficulties, because they must be apparent to any man who thinks about them.

There is just one further point that I wish to make before I sit down, and that is with regard to our general foreign policy. Mr. James pointed out some of the inconsistencies in Mr. Satyamurti's speech, but there is one, I think, great inconsistency which has not been pointed out, and that is, that Mr. Satyamurti apparently holds that India, when she is completely freed from the clutches of the British Empire, would very easily be able to defend herself. My answer to that is—why should Great Britain still wish to hold something, which is of no value to anybody else and which would have no need to defend itself from other aggression if it could escape from the British Empire? There is a definite logical inconsistency in that which I find it difficult to explain. That, Sir, is all I have to say, and I would only add one last word, and that is, that Honourable Members who vote on this question having in their mind the idea that Government are treating the frontier tribes badly should think again and really make up their mind whether they wish to censure Government for doing all they can to protect the people, their own fellow-countrymen, who are subjected to raids and kidnapping by the tribesmen.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Mr. President, one of my main objects in rising to speak on this Resolution, if I may without being audacious, is to congratulate my friend, Mr. Aney, who has brought this debate down to earth. If there is any department of Government at the present time in which we must face realities it is the Defence Department. Up to now our debates on this department have been more or less academic, but faced with the circumstances in which we are placed today, this debate is anything but academic. We are facing realities. Dangers are very near indeed, and if ever the Defence Department requires the co-operation of the people of India, they require it today. Mr. President, we have heard the same arguments repeated year in and year out, but today may I say that I seem to feel that there is a different tone in all the speeches made. There is more seriousness in the debate today than there ever was before. The last September shock to the world has not been forgotten, and if the

shock becomes a reality, India is going to feel that shock, if not immediately, within a few months after Europe. Therefore, the debate becomes a real reality. As Mr. Aney said, what has the Government done more than it did in the past to face the altered circumstances? I am sure the Defence Department has been working hard during the last six months, if not earlier, and steps must have been taken, or are being contemplated, which we know nothing about. Therefore, is it not essential that the peoples of India should be taken into the confidence of the Defence Department as to what is being done for the defence of this country? We hear alarming rumours. We are told that in the whole of India there are no more than 120 aeroplanes. . . .

An Honourable Member: Very old ones. . . .

Sir Cowasji Jehangir: . . . very old ones at that. We understand that Afghanistan, a small country, has got 100 aeroplanes manned by pilots who cannot be considered to be very much inferior to some to be found in Europe. These are alarming facts, if correct, in present conditions. Surely, the time has come when the Defence Department must not wait for a vote of censure to be moved in this House, before taking the country into its confidence and asking for its co-operation and its assistance. Some of the cities we live in,—the ports of India, are very pregnable. It may be that we may get an air attack on Calcutta on Karachi, and on Bombay. We ought to know what is being done over and above the few paragraphs we read in the newspapers. Sir, is it not possible to strengthen our Air Force in India and decrease the Fighting Forces on land? I quite agree that we are a poor country and that the defence budget is the most important of the financial budgets that come before us. Under the present conditions in which warfare is carried on, is it not possible to curtail some of our Land Forces and use that money for the Air Force? Will it not be possible to do without a few more British troops and have a few more British aeroplanes? They may be much more useful than the British troops in India,—both to the Indians and to the Empire. When one begins to reflect on these questions, such queries occur to one. They ought to be answered and satisfaction given to public opinion, without questions being asked. Just compare what is going on in other parts of the world with what is going on in India. Columns upon columns in the newspapers are filled in England, in Germany, in France, in Italy, about the defence forces of those countries. What are we doing?

Sir, there are just two points which I would like to speak about in the short time at my disposal, which have been discussed *ad nauseam* in this House,—one of which is the recruiting of Indian officers to the army. I have always maintained, Mr. President, that it is not fair for Government to say that they have not been able to find proper recruits for the army in the officer ranks. My own opinion has been, and it has been expressed in this House very often, that Government go the wrong way about it. I am against dividing India into martial and non-martial races. Today you do not require the same kind of officer as you required forty years ago. Forty or fifty years ago, you fought with swords and bayonets. Today you do not fight with swords and bayonets, but you have got to fight with your brains. Today you want your officers, thinking, planning. You do not want them to lead charges, cavalry charges into the field. (Interruption.) You do not want muscle as much as you wanted 50 years ago. You want more brains.

An Honourable Member: Nerves.

Sir Cowasji Jehangir: Nerves too. If you believe that the only man fit to become an officer is the man who can lift so many pounds of weight, you are mistaken. You want a man who can pass a certain standard in education, and then alone will you be able to train him as a good officer. But if you will go and recruit from amongst a class of people who do not believe in education, then you are not going to get the officer you want. We cannot get our officers from the class from whom you got Indian officers in the past. You must go to a different class. Believe me that a change has come over most parts of the world and it has also come over England within the last 1½ years. When more men are required you cannot restrict your choice to a certain class. You must go outside that class, and you must go to the class all over India that will give you the man you want. And if you tell me that you will not get physically fit men with sufficient education to be able to pass your necessary tests all over India—100 or 200 men—it is to tell me something which I will refuse to accept. Throw it open to open competition. See that the man is physically fit before he sits for the examination,—see that he is mentally and physically fit, and then let him sit for the examination, and if he passes, recruit him. But if you go to only certain portions of India, where education is not of the standard to be found in other parts of India, you will not get your men, you will get unsatisfactory people coming in, and then do not come and tell us that you have not got the numbers you want. Now, Sir, I desire for a moment to talk about realities. It is no use closing our eyes, plugging our ears and drugging our conscience. Let us realise that at present for the internal security of this country troops are very often necessary.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Sir Cowasji Jehangir: It has been my bitter experience to have been blamed for not being instrumental in calling out troops when there had been trouble. When trouble comes some of our friends, who condemned the use of troops in times of internal danger, are the first to demand that for their own safety troops should be called out. Do not let us close our eyes to the fact that they have been found necessary within the last month or two in more than one part of India and in some of the most important cities in the north of India. Let us hope and pray that that may not be the case within the next few years, but today let us not say publicly that troops are not necessary for the internal security of India. It is not facing realities. I ask you to face realities. In all departments of Government, let your imagination fly if you like, dream if you like, but this is not the time to imagine things about the Defence Department. Today is not the time to make complaints. Today is the time to insist that you shall give the assistance that is necessary and that you shall thrust it upon the Defence Department of your country.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): It was in 1905 that I wanted to enter the army. I applied for a Jemadarship as that was the only commission then open for Indians, and I was reported upon as being physically, mentally and morally fit. The order came from the Adjutant General: You are a Brahmin and so you cannot be taken. So, I have joined the non-violent army of Gandhiji and Bhulabhai Desai.

Mr. F. E. James: Much safer.

Mr. Badri Dutt Pande: You will see, Mr. James, that the storm is blowing outside. You people cannot enter into the psychology of Indians. You think you have a vast Empire dotted all over the world and, therefore, you are safe. But look at the realities: You have got only two friends, France and America. I don't know when France will be betrayed. It is surrounded by Fascist states on three sides. The Mediterranean route is not safe. The Atlantic Ocean route is not safe and submarines recently appeared near Singapore and it is not known to which nationality they belonged. Many things are happening and all over the world there is tension. You will not believe us. 13 lakhs of hillmen in my division are ready to march under Gandhi and face your bayonets and machine guns but we will not enter into a mercenary army. A man dropped a bomb on this House—I mean Sardar Bhagat Singh. He would have been a commander-in-chief. Many Bengal detenus became revolutionaries. They would have become Generals and Colonels. They were denied their opportunities. Who was Clive? He was a street boy quarrelling with the merchants. He came out here and became a great Empire-builder. So, there are thousands and thousands of angry and naughty boys who do not get a chance. They are denied their opportunities. The day is coming when two or three crores of young men will march under the banner of Jawaharlal Nehru and Subhas Bose for the liberty of India. That day is not far. During the great war we sent 15 lakhs of people and tons of money. That sort of help you won't get any more. Even the Rajas and Maharajas are not going to help you after the admonition of Lord Linlithgow. They are angry with you. They are between the devil and the deep sea—between the socialism of Praja Mandals on one side and British Imperialism on the other. From China to Palestine there is a revolt against British Imperialism. You have no friends now left. We know that without an army and treasury no nation can rule. Our hit is, therefore, the hardest on the Treasury and on Defence. We will have an army that will not be a mercenary army, but an army guided by patriotism.

You are sending 15 crores out of 45 or 50 crores on that God-forsaken country—the North-West Frontier Province. Why not hand over that province to Dr. Khan Sahib? Why don't you try the experiment for a year or two and save all that money. Let him make peace with the persons in the tribal areas. You have failed during the last 50 years. You have tried to provoke them by throwing bombs at them. That is your policy. We are peaceful not in spite of your bayonets but because of M. Gandhi's teachings. Mr. James is dreaming that he will hand over a big Empire to posterity. Our dream is that we want to see India an independent country. Both the dreams cannot be true. We think that our dream is going to be realised. There are many impatient young men who are being controlled by the influence of Gandhiji. They are going astray. They say that they are ready to strike at any moment when the order for march comes. Unless you enter into an honourable treaty with India as you did with Ireland, there can be no solution of this imbasse. All this talk of British prestige has been exploded in Abyssinia, China, Palestine, Czechoslovakia and Spain. Your friends are all leaving you. You are jealous of British prestige, power and personality and political power but the day of reckoning is coming. There is going to be a conflagration in Europe and then you will come down to us with folded hands for help. That day is coming. Sir, I support the motion.

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

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the question be now put."

The motion was adopted.

Mr. C. M. G. Ogilvie (Defence Secretary): Sir, with regard to the cut motion (Laughter)—I cannot see why the Honourable Members opposite appear at this late hour of the day to be amused,—I was not conscious of having said anything particularly funny—I was in fact casting about in my mind as to how to approach the very large mass of material with which I have to deal in half an hour,—nothing less than the whole of defence policy and administration, coupled with foreign policy to some extent as well. My predecessor, two years ago, said very rightly that he was set an impossible task in attempting in half an hour to deal with a very large number of subjects any one of which could properly be the subject of a full-dress debate. If, therefore, I am somewhat sketchy and if I leave out a certain number of things, I crave the forgiveness of the House.

Well, to start with, one of the main contentions brought from various sections of the House was that the country was not in an adequate state of defence. That contention is sub-divided into various parts. The first was, that the regular forces, the army, navy and the air force, were not justly divided—that their total force might be re-distributed with advantage. Well, that is an interesting point of view, and, perhaps, in some ways, a quite natural one. But I must ask the House to listen to me carefully. . .

Mr. M. S. Aney: That we always do.

Mr. C. M. G. Ogilvie: . . . when I say that the whole of these matters must be viewed ultimately, in fact all the time, from this viewpoint,—which is, that India is now, not even excepting China, the largest aggregate of human beings in the world. It has probably, by now, well over three hundred and sixty million inhabitants,—and, to provide them with everything, which they must have from Government, including defence, it has the revenue of a Balkan State. Three hundred and sixty million of people,—a fifth of the population of the world,—and the revenues of the Central Government are barely more than those of Belgium!

An Honourable Member: Who is responsible for that?

Mr. C. M. G. Ogilvie: . . . that, in spite of the fact that the prosperity of India has undoubtedly greatly risen in recent years. . .

Some Honourable Members: Oh, oh.

Mr. C. M. G. Ogilvie: . . . the fact remains that the only commodity which she does produce in literally enormous quantities is "people". The population is enormous, but the resources of the country are not commensurate with the population. Now, in some dim way, some people seem to realise that fact and they wish to point to the enormous population of their country as a source of strength. I do not think that is altogether right. I think, in the circumstances, it is probably a weakness. I will touch again on that subject when I have said a little more about the impossibility, in existing circumstances, of India providing, in full, for her own defence. The cost of a modern Navy is literally stupendous. A single battleship costs as much as eight or nine million pounds sterling, a heavy cruiser up to two million, or a million and three quarters at the

very least, a light cruiser a million and a quarter, and a torpedo-boat destroyer—things of which you must have very large numbers—£350,000 or more. In addition, you have to have enormous shore establishments capable of maintaining and keeping in repair these vastly complicated engines. The cost of establishing a modern Navy, if it is to be sufficiently strong to defend yourself against a first-class power from scratch, would be literally unthinkable great. An Air Force, too, is now, in some ways, even more expensive than a navy. This year the United Kingdom is spending two hundred and five million pounds on its Air Force alone,—that is to say, not very far short of three times the total income of the Central Government and of all the provinces combined.

Mr. Abdul Qaiyum: Twenty-five per cent.

Mr. C. M. G. Ogilvie: It is true, as the Honourable Member says, that at present the defence estimates do amount to something like twenty-five per cent. of the net income of both the provinces and the Centre combined,—and what are they? Forty-five crores. Surely, that is a sufficient confirmation of what I have been saying. Countries which are engaged in preparations against the evil day are, of course, now spending, proportionately, vastly more. As the Honourable the Finance Member said the other day, India pays about three per cent. of her gross national income—not the revenue of the Centre and provinces but the national income—whereas England spends 12½ per cent. and Germany 25 per cent. Well, Gentlemen. . . .

Mr. S. Satyamurti: Order, order. The Honourable Member must address the Chair, Sir.

Mr. C. M. G. Ogilvie: I am sorry for the mistake. I think that those few simple figures which I have given ought to sufficiently satisfy Honourable Members that, however much they may wish—and I grant they must wish—to be able to defend their own country entirely by their unaided efforts, in present times, such an ambition, I say, is absolutely impossible of fulfilment,—that, unless we are here to defend this country, somebody else would have to be, and that, in the circumstances, this country cannot defend itself.

Mr. S. Satyamurti: We will defend the country.

Mr. C. M. G. Ogilvie: Now, up till recently we could, more or less, pay entirely for our own army; in fact, we could pay entirely for it. But, unfortunately, the advance of science has made even the army too expensive for us. Fifty years ago when people fired round bullets out of iron tubes we could have a very large army and paid comparatively little for it. Those days are within the memory of the living men. But the advance in recent years, particularly during the last 20 years, has been enormous and we can no longer hope to pay for a fully modern army but must depend upon help in order to do so. In the circumstances, I do not think it will be worth-while to divert a large portion of our slender resources from the army to either the Navy or the Air Force, certainly, not with the idea of making ourselves independent in regard to either of those arms. That, I submit, is a pure impossibility. We would certainly like to spend more on both but with the income that we have and the calls upon our purse, we have

[Mr. C. M. G. Ogilvie.]

to be very cautious indeed. We can, however, be thankful that in the event of a calamity overtaking this country, enormous reinforcements are available and the British aeroplanes can, of course, come to this country more easily than the British troops can.

Arising out of the same point was a statement which was backed by my Honourable friend, Mr. James, that we had not paid enough attention to the Territorial Forces. Well, that again is largely a question of money. If you have just enough money to keep your first line troops going or not even enough for that, you cannot be accused of being foolish if you do not spend money, which you ought to spend on the first line, on the second line. We should like to be able to spend more on what we may call second line troops both because they are useful and in order to gratify the ambition of the people all over the country to have some form of military service, but the question is how to find the money. As for the practical use of a vast national militia, I think Mr. Satyamurti dwelt upon that and seemed to consider that a vast citizen army would be able to defend this country. Well, I would like, in the first place, to read to him and the House generally the remarks of George Washington who in his day knew a lot about such matters.

Mr. S. Satyamurti: A very ancient man!

Mr. C. M. G. Ogilvie: Therefore, what he says must be multiplied by 10,000. This is what he said.

"Regular troops alone are equal to the exigencies of modern warfare as well as for defence when it is offered and when a substitute is attempted it must prove illusory and ruinous. No militia will ever acquire the habits necessary to resist a regular force. The firmness requisite for the real business of fighting is only to be attained by a constant course of discipline and service. I have never yet been a witness to a single instance that can justify a different opinion and it is most earnestly to be wished that the liberties of America may no longer be entrusted in any material degree to so precarious a dependence."

Mr. F. E. James: May I ask a question of the Honourable Member? Would he be good enough to read the tribute paid by Field-Marshal Lord Haig to the Territorial Forces after the Great War?

Mr. C. M. G. Ogilvie: If the Honourable Member had waited a little longer he would not have had any reason to ask that question. What I was referring to was a vast national militia, necessarily very poorly trained, and equipped and without experienced officers suddenly called upon to defend its country from an invader armed with the most modern arms and capable of using them. Our troops who fought so magnificently in the last war did not go immediately into battle. They were very well trained and, after a few months, the best of them were to all intents and purposes regular troops. Most of the armies who won the last war did not go to France until after a year or 18 months of training, when they were comparable, of course, to the finest regular troops, in fact, indistinguishable from them. The national militia of the kind envisaged could not possibly do more than swell the casualties. Something of the kind has recently been seen in China.

Now, one thing which a number of Members from various parts of the House had to say was that the Defence Department was incommunicative and, in fact, did not give them full co-operation. I was surprised to hear the voice of my Honourable friend, Mr. James, in that chorus. I wonder

how we could have been more co-operative than we are. Well, the kind of thing which is said is "we hope your ramshackle Empire is going to pieces: co-operate with us." "The sooner we see the last of you, the better we shall be pleased: co-operate with us." "We think you ought to be hanged: if you fast, we hope you will starve to death: co-operate with us." "We hope that if the next war comes, you will be defeated: co-operate with us." "You have no friends left and the day of reckoning is at hand: co-operate with us." "13 lakhs of people are marching to face your machine-guns: co-operate with us." Well, considering all these things, it is very surprising that the people who make these statements ask for co-operation. But what is still more surprising is that we do co-operate with them in every way we can. I can say quite fairly that we do co-operate. There are certain things about which we cannot talk in public, even to our friends. No Government gives away its defence plans or preparations.

Sardar Sant Singh (West Punjab: Sikh): Nobody asks you to do that.

Mr. C. M. G. Ogilvie: We are daily asked to do that. Even today I have been asked to state our defence plans. I know that everyone is most interested in the results of the negotiations which will arise out of the Chatfield Committee's report. I have not been able to say anything about it because His Majesty's Government are still considering the report. But, again and again, I have been asked questions on the subject and, naturally, I cannot answer them. But there are very few things which I have refused to answer. I do not suppose in all the innumerable questions which I have been asked in this House that I have given the answer that it is not in the public interest to say in more than eight or nine instances if as many. I doubt if there has been as many as eight or nine cases. Now, Sir, the one tyranny which I think the people of this country, and, particularly, of this House suffer under is the tyranny of words. I do not myself believe that the reservation of defence makes any practical difference as regards their obtaining the full knowledge on the subject. The only difference is that they do not actually vote the money. But they are entitled to ask as many questions as they like and when it is possible to give them a reply, they get it in full detail. They are entitled to put forward Resolutions on the subject and unless it is not in the public interest, they are fully debated. If Honourable Members do show an interest in the details of defence administration—not policy on which I cannot expatiate—I am only too thankful to help them. I wish I had more opportunities of doing so. As for publicity, which my Honourable friend, Mr. James, said we were lacking in, well in the present state of flux when we hope for something to turn up every year as we have been for the last year and more, there is not very much to write about.

Mr. F. E. James: There is much to write about, after four years have passed.

Mr. C. M. G. Ogilvie: I hope we shall not have to say nothing for another four years.

Much, of course, was said on the subject of Indianisation. I talked about it at considerable length yesterday afternoon and I do not think anything new has come up. There was, however, one surprising statement which was made by my Honourable friend, Mr. Abdul Qaiyum. He said

[Mr. C. M. G. Ogilvie.]

'if they nationalise the Indian Army, it will mean that they will commit suicide'. Well, Sir, surely that is an extraordinary thing to say. Really if we thought so, naturally we should not wish to Indianise the army. We do not, however, envisage an army of the type that Mr. Abdul Qaiyum envisages. The one which we envisage will be in all respects as loyal as its predecessor.

Finally, the bogey of martial and non-martial classes reared its head once more. I think my Honourable friend, Sir Cowasji Jehangir, also is under some slight misapprehension on the subject. To start with the enlisted classes are not the monopolists of commissions in the army. As I have said on many occasions, 50 per cent. are competed for by open competition and even in the other fifty per cent. we do not, I may say, select people who can lift large weights, as he stated, but people of intelligence and just as I and I am sure everybody else is perfectly willing to admit it too, that no class has a monopoly of courage and military virtues so also no class has a monopoly of intelligence.

Finally, Sir, as I said in the earlier part of my speech, practically the whole of these misunderstandings is due to the fact that Honourable Members do not realise what the implications are when the Honourable the Finance Member rises and says that his budget deals with a sum of 83 crores of rupees.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the demand under the head 'Executive Council' be reduced by Rs. 100."

The Assembly divided:

AYES—56.

Abdul Qaiyum, Mr.
Abdullah, Mr. H. M.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.

Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Mehar Shah, Nawab Sahibzada Sir Sayad Muhammad.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K Radha Bai.
Varma, Mr. B. B.

NOES—43.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Bhandarkar, Mr. K. Y.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Frampton, Mr. H. J.
Gidney, Lieut.-Colonel Sir Henry.
Gorwala, Mr. A. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

The motion was adopted.

DEMAND NO. 17 —DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

The Honourable Sir James Grigg (Finance Member): Sir, I move:

"That a sum not exceeding Rs. 6,12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of the 'Department of Education, Health and Lands'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a sum not exceeding Rs. 6,12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of the 'Department of Education, Health and Lands'."

• *Indians Overseas.*

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Sir, I move:

"That the demand under the head 'Department of Education, Health and Lands' be reduced by Rs. 100"—(Indians Overseas.)

Mr. President (The Honourable Sir Abdur Rahim): I think the Honourable Member had better begin his speech tomorrow.

Mr. T. S. Avinashilingam Chettiar: All right, Sir.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 16th March, 1939.

LEGISLATIVE ASSEMBLY.

Thursday, 16th March, 1939.

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

MEMBER SWORN.

Mr. Walter Henry John Christie, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

LEVY OF ECONOMIC RENTS FROM EUROPEAN REFRESHMENT ROOMS ON RAILWAYS.

1081. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) whether Government have considered the present system of charging rents for European and Indian refreshment rooms;
- (b) whether in many administrations economic rents are charged for Indian refreshment rooms, and in most administrations European refreshment rooms are charged only nominal rents; and
- (c) whether Government have considered the advisability of laying down a uniform policy in this matter?

The Honourable Sir Thomas Stewart: (a) and (c). I would refer the Honourable Member to the reply given to part (d) of his starred question No. 901 of the 9th March, 1939.

(b) I would refer the Honourable Member to the statement laid on the table of this House in connection with Mr. S. Satyamurti's starred question No. 1088 of the 16th September, 1938.

Mr. T. S. Avinashilingam Chettiar: If I remember aright, the last answer was that they were still considering the question. Is that so still?

The Honourable Sir Thomas Stewart: The position is this: at the present moment there is going on a conference between the General Managers of Railways and the Railway Board, and this very question is on the agenda of that conference. It is having our immediate attention.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government are aware that in many companies, such as the Assam Bengal Railway and the Bengal and North Western Railway, a rent of one anna per room per mensem is being charged for European refreshment rooms?

The Honourable Sir Thomas Stewart: If that information is contained in the official statement, I must accept it.

Mr. K. Santhanam: May I know if Government will consult the Central Advisory Council for Railways in regard to this matter?

The Honourable Sir Thomas Stewart: Yes; the results of this discussion will be placed before the Central Advisory Council.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will accept the decision of the Central Advisory Council?

The Honourable Sir Thomas Stewart: Without knowing what the decision is, I cannot answer the question.

ATTEMPTS TO DERAIL CERTAIN TRAINS ON THE EAST INDIAN RAILWAY.

1082. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether an attempt was made to derail a train by placing heavy stones on the permanent way on the Bhagalpore-Dhowne-Mandar Hill branch of the East Indian Railway in the first week of February, 1939.
- (b) the total number of attempts on the East Indian Railway to derail trains within a month from 12th January, the date of derailment of the Dehra Dun Express near Hazaribagh Road; and
- (c) whether attempts at sabotage on the East Indian Railway are far more frequent than on other Railways?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply given to Mr. S. Satyamurti's starred question No. 777 of the 28th February, 1939.

(b) Five.

(c) Yes.

Mr. Brojendra Narayan Chaudhury: Can the Honourable Member give us the probable reasons why attempts at sabotage are more frequent on the East Indian Railway than on other railways?

The Honourable Sir Thomas Stewart: I should be reluctant to anticipate the findings of the tribunal, which is shortly to be appointed.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have any reasons to conclude that any particular persons or any gang of persons are active on this work?

The Honourable Sir Thomas Stewart: I would refer the Honourable Member to the answer I have just given to the former supplementary.

Mr. Brojendra Narayan Chaudhury: May I know whether in the terms of reference to the proposed tribunal the question why this particular railway is most subject to this sabotage will be referred?

The Honourable Sir Thomas Stewart: If the Honourable Member will have a little patience, he will see what the terms of reference are.

Mr. Abdul Qaiyum: May I know when this announcement about the tribunal is likely to be made?

The Honourable Sir Thomas Stewart: Very shortly.

ARRESTS OF CERTAIN INDIANS IN BELGIAN CONGO.

1083. *Mr. Brojendra Narayan Chaudhury: Will the Secretary for External Affairs please state:

- (a) whether his attention has particularly been drawn to the statement issued by Reverend C. F. Andrews to the United Press from Santiniketan, dated the 5th February, 1939, regarding arrests of certain Indians in Belgian Congo; and
- (b) whether he has inquired or he intends to inquire if the following allegations contained in his statement are true; if so, the steps he has taken to remedy the grievances of the Indians concerned:
 - (i) prominent Indian traders who are respectable and responsible merchants have been arrested on mere suspicions, their shops sealed and no search being made in their presence and no bail given;
 - (ii) the arrests were made on the mere information of agent provocateurs and police spies who deliberately sprinkle gold dust in odd corners of the shop which they enter to purchase articles;
 - (iii) the person who furnished information against the Indian merchants who have been arrested during the last three months is himself a person convicted for the same offence of purchasing illicit gold;
 - (iv) Mr. G. C. Ishmael, a barrister, who was allowed to practise in Belgian Congo before, has been refused permission to defend these Indians; and
 - (v) these prosecutions for offences alleged to have been committed as far back as 1932-34 are a political move to oust the Indians from Congo?

Sir Aubrey Metcalfe: (a) Yes.

(b) Government have made enquiries from His Majesty's Government with regard to these alleged grievances.

Mr. Brojendra Narayan Chaudhury: What are the results?

Sir Aubrey Metcalfe: None up to date.

Mr. Abdul Qaiyum: May I know the reason why, in cases of discrimination against British subjects, it is the Indians who always suffer in these colonies and even in foreign countries?

Sir Aubrey Metcalfe: There is no proof as yet that the Indians have suffered.

The Honourable Sir Thomas Stewart: (a) Yes.

(b) and (c). I am laying on the table a statement giving the figures required for 1936-37, the latest year for which information is readily available.

(d) and (e). Yes, but the control of the schools is exercised by the East Indian Railway Administration.

(f) The reply to the first part is in the negative; the second part does not, therefore, arise.

Statement.

	No. of students.	Net cost debitable to railway revenues.
		Rs.
Oakgrove School	443	2,32,820
Asansol H. E. School	504	13,722
Indian H. E. School, Jamalpur	370	6,469
H. E. School, Sahibganj	329	11,951
H. E. School, Khagaul	403	12,323
E. I. R. High School, Tundla	298	15,560

REFUSAL TO SANCTION CONTRIBUTIONS TO CERTAIN RAILWAY SCHOOLS TO BUILD CLASS ROOMS, ETC.

†1086. *Pandit Lakshmi Kanta Maitra: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that the Committee of the Sahibganj Railway school asked for the provision of a gymnasium and additional class rooms and that the request has been refused?

(b) Is it a fact that on account of the introduction of Science as a compulsory subject in the Matriculation and in consequence of the increase in the numerical strength, the Committee of the Asansol Indian school have been asking for a room for the science laboratory and for an additional class room for more than one year?

(c) Is it a fact that according to the University requirements, a separate room is essentially necessary for the teaching of Science?

(d) Is it a fact that the Education Department considers these additional rooms necessary for the purposes of the Bengal Education Code and the revised curriculum of the University?

(e) Is it a fact that in consideration of the urgent necessity for additional rooms the Bengal Government have sanctioned a capital grant amounting to half the estimated cost, as a special case, though the usual contribution is one-third?

(f) Is it a fact that, in spite of the recommendations of the Education Department and the Provincial Government contribution of half the cost, the Railway Administration has refused to sanction the other half? If so, why?

The Honourable Sir Thomas Stewart: With your permission, Sir, I propose to reply to questions Nos. 1086 and 1087 together.

No request for additions to the Railway School at Sahibganj has been received by Government. As regards Asansol, the provision of an additional class room and of a room for the science laboratory has recently been sanctioned.

†Answer to this question laid on the table, the questioner being absent.

FAILURE TO PROVIDE A ROOM FOR A LABORATORY IN THE ASANSOL INDIAN RAILWAY SCHOOL.

†1087. *Pandit Lakshmi Kanta Maitra: (a) Is the Honourable Member for Railways aware that for failure to provide a room for a laboratory, the Asansol Indian Railway school is likely to lose University recognition and with it the privilege of presenting candidates for the Matriculation examination?

(b) Is the Honourable Member aware that on account of want of an additional class room, many children of Railway employees have been refused admission into the school and that employees have accordingly been put to great inconvenience?

SURPLUS FUNDS OF CERTAIN SCHOOLS ON THE EAST INDIAN RAILWAY.

†1088. *Pandit Lakshmi Kanta Maitra: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that when the Railway Board took over the administration and control of the Railway schools on the East Indian Railway in September, 1935, from the hands of the Committees, surplus funds at the credit of these schools amounting to several thousands in each case were credited to the Railway?

(b) Will the Honourable Member be pleased to state separately the amounts thus credited to the Railway by the Oakgrove school and the Railway Indian High Schools?

(c) Is it a fact that these sums were almost wholly derived from school fees paid by the pupils and the Provincial Government grants? If so, why were these sums ordered to be credited to the Railway?

(d) How does the Administration now propose to utilise these sums? Is it proposed to spend the amounts for the benefit of the particular schools?

(e) Is it a fact that, in view of the refusal of the Administration to sanction expenditure on capital account from the Railway revenue, the Committee of the Asansol school asked in the last resort for half the expenditure on account of the proposed additional rooms being met out of the balance at the credit of the school made over to the Railway and in the custody of the Railway? If so, what orders have been passed? If no orders have been passed, will the Honourable Member be pleased to state the reason?

The Honourable Sir Thomas Stewart: (a) Yes, except that the control of the railway schools was taken over by the East Indian Railway Administration.

(b) I lay on the table a statement giving the information asked for.

(c) The reply to the first part is in the negative; the second part does not, therefore, arise.

(d) The surplus funds were credited to railway earnings from which expenditure on these schools, in excess of school fees or grants, is now met, as will be seen from the statement I have laid on the table in connection with the reply I have just given to the Honourable Member's question No. 1085.

†Answer to this question laid on the table, the questioner being absent.
†For answer to this question, see answer to question No. 1086.

(e) The Government of India have sanctioned the provision of an additional room for class X and a separate room for a laboratory in the school at Asansol.

Statement.

	Rs.	A.	P.
(i) H. E. School, Sahibganj	2,130	14	7
(ii) Asansol H. E. School	11,555	4	0
(iii) H. E. School, Khagaul	10,152	4	9
(iv) E. I. R. High School, Tundla	5,827	0	5
(v) Indian H. E. School, Jamalpur	5,551	14	1
(vi) Oakgrove School, Mussoorie	No such fund was available as the budget of the school was incorporated in the Railway Budget from 1918-19.		

PROVISION OF ADDITIONAL ROOMS IN THE ASANSOL INDIAN RAILWAY SCHOOL.

†1089. ***Pandit Lakshmi Kanta Maitra:** (a) Will the Honourable Member for Railways be pleased to state if it is the intention of Government to provide half the cost of two additional rooms proposed to be constructed for the Asansol school, which have been certified by the Education Department to be necessary? If not, why not?

(b) Is the Honourable Member aware that, unless the Provincial Government grant for these rooms is drawn before the end of March, the grant will lapse?

(c) Is it the intention of Government, or the Railway Board, to allow the said grant to lapse?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I have just given to part (e) of his question No. 1088.

(b) Yes.

(c) No.

TRAIN DISASTER NEAR HAZARIBAGH ON THE EAST INDIAN RAILWAY.

1090. ***Mr. Sri Prakasa:** Will the Honourable Member for Railways state:

(a) if the engine of the train that met with disaster recently near Hazaribagh on the East Indian Railway was fitted with a searchlight;

(b) the length of the track a driver can see ahead of his engine with the help of a searchlight; and

(c) if any obstruction, removal of the rail, etc., can be discovered by the driver with the help of the searchlight; and if so, from what distance?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) This depends entirely on the visibility conditions.

(c) This would depend on the size and location of the obstruction. When travelling at speed, a driver would not be able to detect a loose rail out of track alignment. If he did see it at all, it could only be at the very last moment.

†Answer to this question laid on the table, the questioner being absent.

Mr. Sri Prakasa: With reference to the answer to part (b), may I know what is the average length of track that a driver would be able to see as a general rule?

The Honourable Sir Thomas Stewart: Experiments in that connection have been carried out and it has been found that in conditions of good visibility, that is, when it is a dark night and when the air is clear, a bullock cart can be detected at a distance of a thousand feet; but the Honourable Member will understand that if there were, for instance, a sand storm, visibility might be none at all.

Mr. Sri Prakasa: May I understand that the searchlights are practically useless so far as the track itself is concerned?

The Honourable Sir Thomas Stewart: No. That cannot be deduced from my reply.

LOADING AND UNLOADING OF GOODS ON RAILWAYS.

1091. ***Mr. Sri Prakasa:** Will the Honourable Member for Railways state:

(a) if it is a fact that the loading and unloading of goods for the railways is done by the porters without any payment by the Railway Administrations concerned; and

(b) if it is a part of the contract between the Railways and those who supply porters that this work shall be done without extra payment?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the information laid on the table in the Council of State on the 15th November, 1937, in connection with the Honourable Pandit Hirday Nath Kunzru's question No. 270 of the 5th October, 1937, from which he will see that conditions vary considerably on different railways.

Mr. T. S. Avinashilingam Chettiar: May I know whether there are any companies in which things are done as mentioned in clause (a) of this question.

The Honourable Sir Thomas Stewart: The statement to which I have referred is a very comprehensive one, and I would refer the Honourable Member to it.

LICENSED PORTERS ON THE EAST INDIAN RAILWAY.

1092. ***Mr. Sri Prakasa:** Will the Honourable Member for Railways state:

(a) if it is a fact that the licensed porters on the East Indian Railway do not come under the category of railway labour, railway employees or railway men;

(b) if it is a fact that the Railway Administrations give the porters their licence numbers, fix the rates for carrying the luggage of passengers and take their own work from them of loading and unloading goods entrusted to the railway for transit; and

- (c) if Government or the Railways have received any representation that the porters should be included in the category of railway labour, railway employees or railway men?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The licensing is done by the contractors, but the Railway Administration prescribes a rate to be charged for conveying the passengers' luggage.

Where the agreement with the contractor provides for his remuneration by the Railway for handling packages, he makes his own arrangements with the licensed porters.

(c) Government have received no such representation and have no information as to whether Railway Administrations have been approached in the matter.

Mr. Sri Prakasa: Is it not a fact that the East Indian Railway administration has been approached by some organisations in Lucknow and Moghal Sarai in this behalf?

The Honourable Sir Thomas Stewart: I have no information as regards Lucknow, but I am answering a question in regard to Moghal Sarai later in the morning.

Prof. N. G. Ranga: What is the policy of Government in regard to part (a) of the question—whether Government are prepared to include these people in the category of railway labour?

The Honourable Sir Thomas Stewart: I would refer the Honourable Member to the speech I made in the course of the railway budget debates of 1938.

JOINING OF THE RAILWAYMEN'S UNION AT CHARBAGH ON THE EAST INDIAN RAILWAY BY PORTERS AT MOGHAL SARAI.

1093. ***Mr. Sri Prakasa:** Will the Honourable Member for Railways state:

- if it is a fact that there is a Railwaymen's Union at Charbagh on the East Indian Railway;
- if the said Union is recognised by the Railway Administration;
- if it has authorised porters at Moghal Sarai on the same railway to be enrolled as members of the Union; and
- if there is any objection on behalf of the Railway or the contractors of licensed porters at Moghal Sarai to recognise the right of the Union to represent the difficulties of the porters at Moghal Sarai to them?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) No.

(d) The recognition by the Railway Administration of a Union does not carry with it the implication that the Administration will entertain representations in respect of licensed porters who are not railway servants.

CONTRACTS FOR SUPPLY OF PORTERS ON THE EAST INDIAN RAILWAY.

1094. ***Mr. Sri Prakasa:** Will the Honourable Member for Railways state:

- if the East Indian Railway Administration, while giving contracts for the supply of porters at its railway stations, reserves to itself any right to see that the contractors employ the men on equitable conditions;
- the conditions on which contractors at Lucknow and Moghal Sarai employ porters;
- if over and above the contracted rate, the contractors charge an extra one anna per day from each porter at the station;
- the actual cost of the uniform that is supplied to each porter and the amount that is charged from him by the contractors; and
- the amount, if any, paid by the Railway to the contractors for its own work of loading and unloading goods at the Lucknow and Moghal Sarai stations and the amount paid by the contractors to the porters for such work?

The Honourable Sir Thomas Stewart: (a) and (b). The conditions prescribed by the Railway Administration will be found in the information placed on the table of the Council of State on the 15th November, 1937, in connection with the Honourable Pandit Hriday Nath Kunzru's question No. 270 of the 5th October, 1937, to which I have referred in my reply given today to his question No. 1091.

(c), (d) and (e). I have called for the information and will place a reply on the table of this House when received.

Prof. N. G. Ranga: Have Government come to any conclusion in regard to their consideration of the question whether these porters should be engaged directly by the railway authorities and not through these contractors?

The Honourable Sir Thomas Stewart: The last word, so far as I know, on the subject is contained in the speech to which I have already referred the Honourable Member.

Prof. N. G. Ranga: We were then given to understand that Government were still considering that particular question and we have not thereafter been told that Government have decided one way or the other.

The Honourable Sir Thomas Stewart: My recollection is not in accordance with the Honourable Member's.

MISSILE THROWN ON A COMPARTMENT OF 8 DOWN DELHI EXPRESS BETWEEN PARAKA AND KULTI.

1095. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state whether the report of the Associated Press of India, dated Asansole, the 16th January, 1939, that the window of a first class compartment of 8 Down Delhi Express was hit by a missile which

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exploded with a loud report giving the smell of gunpowder, between Baraka and Kulti, is correct, and whether this incident is connected with the Hazaribagh Road Disaster?

The Honourable Sir Thomas Stewart: I would refer the Honourable Member to the reply given to his starred question No. 631 of the 24th February, 1939.

Mr. Brojendra Narayan Chaudhury: May I know whether Government have reasons to believe that in both these cases it is probably the work of the same class of persons, whether they be revolutionaries or disgruntled railway officials?

The Honourable Sir Thomas Stewart: No. I have no information to that effect.

CONTRACT FOR THE CARRIAGE OF MAILS BETWEEN CERTAIN PORTS.

1096. ***Mr. K. Santhanam:** (a) Will the Honourable Member for Communications be pleased to state if the Government of India have recently entered into any contract with a shipping company, or companies, for the carriage of mails between certain ports in India as well as between certain ports in India and ports in Burma, Persian Gulf, Africa, etc.

(b) If the answer to part (a) be in the affirmative, will the Honourable Member be pleased to state:

(i) the name or names of the company or companies with which they have entered into such contract;

(ii) the different lines of communications for which contract has been made;

(iii) the annual subsidy and other assistance, if any, payable for each of these lines of communications; and

(iv) the period of contract for each of these lines of communications?

(c) Will the Honourable Member be pleased to lay on the table a copy of this contract?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) (i). Messrs. British India Steam Navigation Company, Limited.

(ii) I lay a statement on the table.

(iii) and (iv). No subsidy or other assistance is given to the company but a sum of Rs. 8,68,275 per annum is payable for services rendered by them. The contract is a consolidated one for all the lines. It commenced on the 1st October, 1938, and will continue in force for a period of ten years.

(c) The formal contract is not yet executed; when ready, a copy will be placed in the Library of the House.

Statement showing the lines of communication for which contract has been made between the Government of India and the British India Steam Navigation Company.

Line No.	Periodical sailings.	Line.
1	Weekly . . .	Calcutta to Rangoon and back (<i>direct</i>).
2	Do. . . .	Calcutta to Rangoon and back (<i>direct</i>).
3	Do. . . .	Calcutta to Rangoon and back (<i>direct</i>).
4	Do. . . .	Madras to Rangoon and back.
5	Do. . . .	Bombay to Karachi and back.
6	Do. . . .	Karachi to Pasni, Guadur, Charbar, Muscat, Jask, Bandar-Abbas, Linga, Dubai, Bahrein, Bushire, Kuwait, Khoramshahr and Basrah and back.
7-A	Once every four weeks.	Bombay to Seychelles, Mombasa, Zanzibar, Mozambique, Beira, Delagoa Bay and Durban and back.
7-B	Once every four weeks.	Bombay to Lamu, Mombasa, Zanzibar, Dar-es-Salaam, Beira, Delagoa Bay and Durban and back.

Mr. K. Santhanam: May I know whether any tenders were called for before this contract was entered into?

The Honourable Sir Thomas Stewart: There was an open competitive call.

Mr. K. Santhanam: May I know how many people competed for this?

The Honourable Sir Thomas Stewart: Only one tender was received.

COVERING OF THE PLATFORM AT INDORE RAILWAY STATION.

1097. ***Mr. Sham Lal:** (a) Will the Honourable the Railway Member be pleased to state whether Indore is an important railway station on the Bombay, Baroda and Central India Railway?

(b) What is the approximate annual income from that station?

(c) Is the railway platform at Indore railway station uncovered and are Government aware that it causes great inconvenience to the passengers?

(d) Are Government prepared to consider the advisability of asking the Bombay, Baroda and Central India Railway's Company to have a covered platform at Indore railway station?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) and (c). Government have no information.

(d) The provision of coverings to platforms is within the discretion of Bombay, Baroda and Central India Railway Company to have a covered Local Advisory Committees.

Mr. Sham Lal: Are Government prepared to make a recommendation that the platforms should be covered?

The Honourable Sir Thomas Stewart: No. I can make no such recommendation.

Prof. N. G. Ranga: Will Government be pleased to send this question and the answer to the concerned railway?

The Honourable Sir Thomas Stewart: Yes. I have no objection to doing so.

Mr. Lalchand Navalrai: In view of the fact that these platform questions are so many and they are not being well attended to by the divisional officers or by the Agents, will the Honourable Member lay down a policy as to what height they should be, at what place they should be, how they should be uniform and so on?

The Honourable Sir Thomas Stewart: No, Sir. I have said in the course of my reply to this question that these are matters that are entirely within the discretion of the railway administrations. I see no reason to interfere with that discretion.

Mr. Lalchand Navalrai: When the complaint is so common will the Honourable Member not lay down certain rules for this purpose?

The Honourable Sir Thomas Stewart: No, Sir. I can see no necessity for so doing.

ANNUAL LOSS ON THE ROHTAK-GOHANA-PANIPAT RAILWAY.

1098. *Mr. Sham Lal: (a) Will the Honourable the Railway Member be pleased to state the net annual loss on the Rohtak-Gohana-Panipat Railway?

(b) Has the loss been reduced this year?

(c) Are Government aware that the line passes through the canal irrigated area?

(d) Are Government aware that grain markets, costing lakhs of rupees, have been established at various railway stations of this line?

(e) Is there any idea of closing this line?

(f) Are Government prepared to give proper opportunity to the representatives of the people before taking any such action?

The Honourable Sir Thomas Stewart: (a) The average annual loss for the last six years is approximately Rs. 23,000.

(b) There has been some improvement in the earnings during 1937-38.

(c) Yes.

(d) Grain markets have been established along the line, but their cost is not known.

(e) and (f). The question of closing the line is under examination by the North Western Railway Administration who have referred it to the Punjab Government. If the North Western Railway Administration proposes closure, the proposal will be placed before the Local Advisory Committee before the recommendations are forwarded to the Railway Board.

Prof. N. G. Ranga: Will Government also consult the Central Marketing Board working under the Government of India in order to see that when the railway is closed the grain markets will not be very badly affected and the marketing facilities provided thereby for the agriculturists will not be lost?

The Honourable Sir Thomas Stewart: I am not at the moment aware whether the Central Marketing Board can give advice on the matter, but I shall certainly note the Honourable Member's suggestion.

Mr. K. Santhanam: May I know if the Railway Board will give the Punjab Government the option of guaranteeing the loss if it is finally decided by the Government of India to close the railway line?

The Honourable Sir Thomas Stewart: That is indeed a possibility.

PASSENGER TRAIN LEAVING DELHI FOR LAHORE IN THE EVENING.

1099. *Mr. Sham Lal: (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that there used to be a passenger train leaving Delhi for Lahore in the evening?

(b) Has that train been stopped?

(c) Is it a fact that due to this there is overcrowding in the Bhatinda express train which leaves Delhi at 9-30 P.M. and thus causes great inconvenience to the passengers?

(d) Are Government aware that for intermediate stations, the passenger train used to be the most convenient one?

(e) Are Government prepared to consider the advisability of starting that train from Delhi in the evening and also arranging the time-table in such a way that it may reach Lahore in the morning?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) A tendency to overcrowding has been observed on occasions.

(d) This would not appear to be borne out by the fact that this train was poorly patronised and unremunerative between Jind and Bhatinda.

(e) Government understand that the North Western Railway Administration intend introducing from the 1st of April, a through train from Delhi to Lahore, leaving Delhi at about 18 hours and arriving Lahore at about 9 hours the next morning.

Mr. Lalchand Navalrai: May I know from the Honourable Member whether that train will also give connection to some direct train to Karachi?

The Honourable Sir Thomas Stewart: I should require notice.

Mr. Lalchand Navalrai: I am very anxious about a direct connection between Delhi and Karachi. May I know what is the Honourable Member's reply?

The Honourable Sir Thomas Stewart: I understand the Honourable Member's anxiety, but I must have notice of the question.

DISINFECTING FLUIDS USED BY STATE RAILWAYS.

1100. *Mr. K. Santhanam: Will the Honourable Member for Railways please state:

- (a) with respect to his answer to question No. 30, dated the 3rd February, 1939, the average prices of the foreign and Indian manufactured disinfecting fluids bought for the State-managed Railways in India;
- (b) whether he is aware that the Indian firms who supplied the 16 per cent. were producing sufficient quantities to supply all the 18,599 gallons, if required; and
- (c) whether there is any standing contract with any firms, foreign or Indian, for the supply of such fluids over a period of years. or whether the entire quantity is bought annually by open tenders?

The Honourable Sir Thomas Stewart: (a) The information required by the Honourable Member may be obtained from the statement laid on the table of the House in reply to Mr. Manu Subedar's starred question No. 656, dated the 24th February, 1939.

(b) Government have no definite information but they presume that the Indian firm concerned could have supplied the entire quantity if required.

(c) The entire quantity is bought annually by open tenders. No contract has been arranged for a period of years.

MANUFACTURE OF CERTAIN IMPORTED ARTICLES REQUIRED BY RAILWAYS IN INDIA.

1101. *Mr. K. Santhanam: Will the Honourable Member for Railways please state:

- (a) which articles mentioned in the list given on pages 40 and 41 of Volume I, No. 1 of the Legislative Assembly Debates of the 3rd February, 1939, are not manufactured at all in India;
- (b) which are the articles partially manufactured in India and in the case of each, the value of its purchase of Indian and a foreign manufacture during 1937-38;
- (c) whether the matter is being reviewed annually, or after a fixed period of years; and
- (d) whether attempts are being made to induce Indian manufacturers to manufacture the articles now imported?

The Honourable Sir Thomas Stewart: (a) I lay a statement on the table showing the main categories included in the list referred to by the Honourable Member which are believed to include no articles manufactured in India.

(b) Articles falling under the main categories excluded from the statement are obtained partly from indigenous sources and partly by import. In regard to the value of purchases of Indian and foreign manufacture during 1937-38 Government have no information beyond that given in Appendix A of Volume II of the Report by the Railway Board on Indian Railways for 1937-38, a copy of which is available in the Library of the House.

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(c) The possibility of obtaining Railway's requirements from indigenous sources is brought under constant review by inviting tenders for the whole of the State-managed Railways requirements in India and by the scrutiny of Company-managed State Railway's home indents.

(d) The possibility of manufacture in India is constantly kept in view and attempts are always made to induce, advise and assist manufacturers in India to take up the manufacture of new articles.

Statement.

- Eal. Axles, tyres, boiler plates steel (acid), boiler plates copper, boiler tubes.
- Eb1. Wheels and axles.
- Eb6. Linoleum.
- F2. Poles (tabular), burners, glasses and roundels.
- Ga. Files, saw blades and abrasive wheels.
- Gb1. Screws (wood), chains (iron) and copper piping.
- Gb3. Hoses, rubber and canvas (continuous), flax canvas and I. R. sheet.
- Gb4. Tin, lead, zinc, extruded brass bars and bright draw steel bars.
- Gb10. Crucibles, carbide of calcium, fog signals, glass and emery paper, gauge glasses and asbestos packing.
- Ha. Spares for diessel generators.
- Hb. Accumulators complete (train lighting) switchgear, electrolyte and belt fasteners.

Mr. K. Santhanam: May I know if the assistance of the Director of Public Information has been secured to give publicity for these articles which are manufactured in India?

The Honourable Sir Thomas Stewart: I am not so aware but the Honourable Member will perhaps remember that the Director General of Commercial Intelligence and Statistics issues a weekly publication in which all open tenders are set out and I believe it to be the case that the existence of this publication is known to all people interested in business in India.

ARTICLES PURCHASED BY THE MADRAS AND KARACHI PORT TRUSTS OUTSIDE INDIA.

1102. *Mr. K. Santhanam: Will the Honourable Member for Communications please state, with reference to his statement laid on the table on the 3rd February, 1939, and printed on page 44 of Volume I, No. 1, of the Legislative Assembly Debates of 1939:

- (a) the chief articles purchased by the Port Trusts of Madras and Karachi outside India in 1937-38;
- (b) the agency used by the Karachi Port Trust for such purchase;
- (c) the commissions paid by the two Port Trusts for such purchase; and
- (d) whether Government have taken any steps to induce all the Port Trusts to purchase all their articles through the Indian Stores Department?

The Honourable Sir Thomas Stewart: (a) Madras.—Large electric cranes.

Karachi.—Four electrically driven turbine pumps and a new sea-going tug (cost of which was partly met in 1936-37 and partly in 1937-38).

(b) Messrs. Rendel Palmer and Tritton, London.

(c) I would invite the attention of the Honourable Member to the reply given to part (b) of Mr. Sami Vencatachalam Chetty's starred question No. 1202 on the 3rd February, 1939. In the cases of Karachi and Madras, it is not possible to allocate correctly the payments made to the firms in respect of their functions as Purchasing Agents and in respect of their functions as Consulting Engineers.

(d) The Port Trusts are authorised by the Statutes governing them to make their own arrangements for the purchase of stores and Government have no power to compel them to use the agency of the Indian Stores Department. The Trusts are, however, well aware of the facilities provided by the Indian Stores Department and some of them do, on occasions, make use of them.

Mr. K. Santhanam: May I know if the Port Trusts of Karachi and Madras have got any contract with their Consulting Engineers to buy the articles through them?

The Honourable Sir Thomas Stewart: I should require notice of that, I am afraid.

Mr. Lalchand Navalrai: May I know why they are not purchasing through the High Commissioner?

The Honourable Sir Thomas Stewart: I have explained in answer to the question that under the statute governing the constitution of these bodies they are entitled to make their own arrangements regarding their purchases. There can be no question of compelling them to use any particular agency.

Mr. Lalchand Navalrai: I am not referring to compulsion. Will the Honourable Member give them advice to purchase through the Indian Stores Department?

The Honourable Sir Thomas Stewart: I have already said that the various Port Trusts are well aware of the advantages that may be secured through the use of the Indian Stores Department.

NON-SUPPLY OF WATER TO ANIMALS AT GOODS SHEDS ON THE MADRAS AND SOUTHERN MAHRATTA AND BENGAL NAGPUR RAILWAYS.

1103. *Mr. K. S. Gupta: (a) Will the Honourable Member for Railways please state whether he is aware that no supply of water is made to the cattle at the goods sheds attached to the stations on the Madras and Southern Mahratta Railway and the Bengal Nagpur Railway?

(b) Is it not a fact that several bullock carts have to wait for hours at the goods sheds to load and unload goods?

(c) Was there any representation made by the Andhra Passengers' Association to the authorities of the Madras and Southern Mahratta Railway with regard to the supply of water to the animals at the various goods sheds? If so, what is the action taken, or is proposed to be taken, to meet the demand?

The Honourable Sir Thomas Stewart: (a) The Madras and Southern Mahratta Railway have provided water troughs for animals at four stations and the Bengal Nagpur Railway at nine stations.

(b) Presumably, the carts have to wait until their goods are unloaded but these operations are carried out with the greatest expedition possible.

(c) Government understand that the Madras and Southern Mahratta Railway have no trace of any communication on this subject from the Association mentioned in the question.

Prof. N. G. Ranga: Will Government see to it that at all the important stations where there is large goods traffic water troughs will be provided for the bullocks?

The Honourable Sir Thomas Stewart: I am unable to say whether at all such important stations it is necessary to provide these special facilities.

Prof. N. G. Ranga: Are we then to understand that there are only nine stations in the whole of the M. and S. M. Railway where important goods traffic is carried on and water troughs provided?

The Honourable Sir Thomas Stewart: I put it to the Honourable Member that there may be a very large number of stations at which other sources of water are available.

RAILWAY ADVISORY COMMITTEES.

1104. *Mr. K. S. Gupta: (a) Will the Honourable the Railway Member please state whether the Railway Advisory Committees are public or private bodies?

(b) Are proceedings of these Railway Advisory Committees open to the press? If so, does the Honourable Member propose to consider the necessity of publishing the minutes of these Committee meetings in papers published in the areas concerned?

(c) Is the Honourable Member aware that the Chairman of the Madras and Southern Mahratta Railway Advisory Committee passed a rule that the proceedings and the minutes of the meetings of the Committee should be kept 'Confidential'? If so, what is the reasons for keeping them Confidential?

(d) Is the Honourable Member aware that the Andhra Passengers' Association, a registered body, is not allowed by the Chairman of the Madras and Southern Mahratta Railway Advisory Committee to carry on any direct correspondence with him (the Chairman) with regard to the grievances of Railway passengers and of merchants?

(e) If it is a fact, is the Honourable Member prepared to instruct the Chairman of the Advisory Committee, Madras and Southern Mahratta Railway, to permit direct correspondence?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the Railway Board's memorandum No. 446-T/II, dated the 19th August, 1936, following page 53 of the Summary of the Proceedings of the Meetings of the Central Advisory Council for Railways held at Simla on the 3rd and 8th October, 1936, and leave him to draw his own conclusion.

(b) No, but a short summary of the proceedings is published in the Press.

(c) The proceedings and minutes of meetings of all Local Advisory Committees are confidential, for the very good reason that this enables Agents and General Managers to discuss matters freely with the Committees without feeling that they are making public pronouncements. It also tends to minimise formalities.

(d) and (e). Government understand that correspondence from the Andhra Passengers' Association mentioned by the Honourable Member is being answered since 1936.

Prof. N. G. Ranga: Are we to understand that the summary that is being supplied to Members of this House in regard to the proceedings of the various Local Advisory Committees is also made available to the Press?

The Honourable Sir Thomas Stewart: My answer to part (b) is to the effect that a short summary of the proceedings is published in the Press.

Mr. T. S. Avinashilingam Chettiar: May I know whether only the proceedings are confidential or the decisions are also confidential?

The Honourable Sir Thomas Stewart: A summary of the proceedings presumably includes the decisions arrived at and if they are published, then I deduce that they are not confidential.

Prof. N. G. Ranga: Is the Honourable Member satisfied that these summaries are published in respect of every one of the meetings of the Local Advisory Committee of the M. and S. M. Railway?

The Honourable Sir Thomas Stewart: That is the information at my disposal.

CIRCULAR ISSUED TO THE TRAVELLING TICKET COLLECTORS ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY TO COLLECT EXCESS FARES.

1105. *Mr. K. S. Gupta: Will the Honourable Member for Railways please state whether it is a fact that the Travelling Ticket Inspectors on the Madras and Southern Mahratta Railway are served with a circular to the effect that unless they collect some excess everyday their promotions would be barred and notice will be taken as negligence of duty?

The Honourable Sir Thomas Stewart: Government understand that no such circular has been issued.

Mr. Lalchand Navalrai: If no circular has been issued, is it not a fact that they get promotion by catching people and charging excess?

The Honourable Sir Thomas Stewart: If a man's duty is to catch people and he performs that duty with assiduity and success, that is certainly a factor to be taken into consideration when his promotion is under consideration

INDIANS KILLED OR INJURED BY THE DROPPING OF BOMBS IN THE BRITISH AREA IN SHANGHAI.

1106. *Mr. T. S. Avinashilingam Chettiar: Will the Foreign Secretary state:

- (a) whether he is aware of the news in the first page of the *Hindustan Times*, dated the 22nd February, 1939, that bombs were dropped in the British area in Shanghai and an Indian was killed;
- (b) whether the report is true;
- (c) till now, how many Indians have been killed or injured on account of bombing or other such action; and
- (d) whether the Indian Army stationed there was ever called to action and if so, on how many occasions?

Sir Aubrey Metcalfe: (a) and (b). I have seen the newspaper report as well as later Press reports. Government have, however, received no official information regarding the loss of any Indian life.

(c) I would draw the attention of the Honourable Member to the reply which I gave in this House on 31st January, 1938, to part (i) of Mr. Badri Dutt Pande's question No. 20. Since then Government have received no intimation of further injury to or loss of life of Indians.

(d) Government have no information.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have called for information on receipt of this question?

Sir Aubrey Metcalfe: No.

Mr. T. S. Avinashilingam Chettiar: May I know whether the position of Government is that they get automatic information from Shanghai or they call for information when such news appear in the papers?

Sir Aubrey Metcalfe: They get a certain amount of information through official sources. We have had information but there has been nothing said in any of the reports that I have seen about any loss of life.

Mr. K. Santhanam: With reference to part (d) may I know whether the Indian regiments are likely to be recalled in the near future?

Sir Aubrey Metcalfe: I submit that that is neither within my knowledge, nor does it arise out of this question.

Mr. T. S. Avinashilingam Chettiar: Sir, the Honourable Member said that he has not received any information about the loss of any Indian life. May I know whether there has been any injury to any Indian life with reference to this matter?

Sir Aubrey Metcalfe: No, so far as I have heard, there has been no loss or injury to any person.

DRAINAGE SCHEME AT LHAKSAR STATION ON THE EAST INDIAN RAILWAY.

1107. ***Mr. Abdul Qaiyum** (on behalf of Choudhri Raghubir Narayan Singh): Will the Honourable the Railway Member be pleased to state what the estimate of the proposed drainage scheme at Lhaksar station of the East Indian Railway was, and what was the actual expenditure?

The Honourable Sir Thomas Stewart: With your permission, Sir, I propose to reply to questions Nos. 1107 and 1108 together.

Information is being obtained from the Railway Administration concerned and will be placed on the table in due course.

Mr. Abdul Qaiyum: May I know when the information was called for?

The Honourable Sir Thomas Stewart: I could not give the precise date but I can assure the Honourable Member that it was after receipt of notice of the question.

DRAINAGE SCHEME AT LHAKSAR STATION ON THE EAST INDIAN RAILWAY.

†1108. ***Mr. Abdul Qaiyum** (on behalf of Choudhri Raghubir Narayan Singh): (a) Will the Honourable the Railway Member please state if it is a fact that the supervising staff of the drainage scheme at Lhaksar station started the construction of drains on wrong level and altered the original level shown in the sanctioned drawing, and this was done by them without the sanction of the Chief Engineer?

(b) Is it a fact that after the completion of all the drains it was discovered that the drain had been constructed two feet below the actual level and had to be subsequently raised up?

(c) Is it a fact that as a result of raising the level the drains for about a mile had to be dismantled?

(d) Is it a fact that after dismantling all the drains had to be reconstructed on actual level shown in the original drawing?

(e) What was the expenditure which had to be incurred on this account and who was held responsible, and what action was taken against them?

(f) Is it a fact that the supervising staff are not allowed to make any changes in the original drawing, unless it is sanctioned by the Chief Engineer?

CRACKS IN THE NEW BUILDING OF HARDWAR RAILWAY STATION.

1109. ***Mr. Abdul Qaiyum** (on behalf of Choudhri Raghubir Narayan Singh): (a) Will the Honourable Member for Railways please state if it is a fact that the new building of Hardwar Railway station has suffered serious cracks in January, 1939, i.e., hardly after about nine months of its construction?

(b) Is it a fact that the cracks are of a dangerous nature and, they might lead to a danger to the safety of the Railway staff and the travelling public?

(c) Do Government propose to institute enquiries into the cause due to which the new building erected in April, 1938, has suffered serious damages? If not, why not?

†For answer to this question, see answer to question No. 1107.

The Honourable Sir Thomas Stewart: Information is being obtained from the Railway Administration concerned and will be placed on the table of the House in due course.

Mr. Badri Dutt Pande: Was this station built by a contractor or by departmental labour—has the Honourable Member any idea?

The Honourable Sir Thomas Stewart: I should require notice of that question.

Mr. Abdul Qaiyum: May I know when this new building was completed, and what was the actual cost?

The Honourable Sir Thomas Stewart: I should require notice of that too.

Mr. Lalchand Navalrai: Has the Honourable Member got any information as to how much has been the cost of reconstruction?

The Honourable Sir Thomas Stewart: If the Honourable Member wishes any additional information, he may put down a question.

RAILWAY CONTRIBUTIONS TO GENERAL REVENUES AND DEPRECIATION FUND, ETC.

1110. ***Mr. K. Santhanam** (on behalf of Mr. S. Satyamurti): Will the Honourable Member for Railways please state:

(a) when the moratorium given by a Resolution of this House to the Railway Board in respect of their arrears of contribution and future payments to the depreciation fund and the general revenues expires;

(b) whether before that date Government propose to place before the House comprehensive proposals with respect to all aspects of railway finance, especially the contributions to the general revenues from railways, year after year, the contribution to the depreciation fund and the contribution, if any, to the special reserve fund;

(c) when they propose to place these before the House; and

(d) whether they propose to do so before the establishment of the Federal Railway Authority, and whether they will abide by the verdict of the House in respect of these matters; if not, why not?

The Honourable Sir Thomas Stewart: With your permission, Sir, I shall answer questions Nos. 1110 and 1111 together.

I cannot at present usefully add to the remarks I made on these subjects in my speech in this House on the 20th February last, in the debate on the Honourable Member's cut motion regarding a long-range policy in railway finance. I can give no undertaking of the nature suggested in the latter part of part (d) of question No. 1110 but I can assure the Honourable Member that the views of the House will be fully considered before Government arrive at a decision on these matters.

Mr. T. S. Avinashilingam Chettiar: May I know, if I heard the Honourable Member correctly that he did not come to any decision over the matter, whether he did not say that they were considering the bringing forward of a fresh Resolution? May I know if he did not make a definite statement in his last speech?

The Honourable Sir Thomas Stewart: I think the Honourable Member's recollection is at fault.

RAILWAY CONTRIBUTION TO DEPRECIATION FUND.

†1111. ***Mr. K. Santhanam** (on behalf of Mr. S. Satyamurti): Will the Honourable Member for Railways please state:

- (a) whether Government have come to any conclusion with regard to the contribution to the depreciation fund from the railway earnings year after year; and the maximum or the minimum depreciation fund which should be built up, and the period of time during which it should be so built up;
- (b) if so, what those conclusions are; and
- (c) the reasons on which those conclusions are based?

EXCLUSION OF INDIANS FROM FLYING CLUBS IN ENGLAND.

1112. ***Mr. K. Santhanam** (on behalf of Mr. S. Satyamurti): Will the Secretary for External Affairs please state:

- (a) whether his attention has been drawn to the question and answer in the House of Commons on 22nd February, 1939, regarding Indians being victimised on account of colour bar in a number of flying clubs;
- (b) how many flying clubs in England exclude Indians on the basis of colour bar;
- (c) whether it is a fact that Indians are excluded; if so, on what grounds; and
- (d) whether Government propose to ascertain the attitude of the British Government in the matter as regards the exclusion of Indians from flying clubs and communicate the information to the House?

Sir Aubrey Metcalfe: The question should have been addressed to the Secretary in the Education, Health and Lands Department.

BOMBS DROPPED ON BRITISH TERRITORY DURING A JAPANESE AIR RAID.

1113. ***Mr. K. Santhanam** (on behalf of Mr. S. Satyamurti): Will the Secretary for External Affairs please state:

- (a) whether it is a fact that, as reported in a telegram from Hong-kong, published in newspapers that bombs were dropped on British territory during a Japanese air raid and one fell near the military block house, killing one Indian and several Chinese;
- (b) whether Government have ascertained definite information about this matter; and
- (c) whether steps are being taken to prevent such attacks in the future?

†For answer to this question, see answer to question No. 1110.

Sir Aubrey Metcalfe: (a) and (b). It is a fact that bombs were dropped within the Hongkong leased territory but Government have received no information regarding the loss of life.

(c) The Japanese Government have undertaken to ensure that there will be no repetition of such an incident.

Mr. K. Santhanam: May I know if those undertakings are of more value than the undertakings of Herr Hitler?

(No answer.)

ALLEGATIONS AGAINST A EUROPEAN OFFICER AT JARTALON RAILWAY STATION.

1114. ***Babu Baijnath Bajoria:** (a) Has the attention of the Honourable Member for Railways been drawn to the news appearing in the Hindi newspaper, *Daily Arjun* of the 19th February, 1939 in which it is stated that a European officer kicked out of the train a boy sitting in the servants' compartment at Jartalon station?

(b) Is it a fact that, due to the above incident, there was every possibility of assault and disturbance and the train was delayed four hours?

(c) Have Government taken any action against the said officer? If so, what? If not, why not?

(d) Do Government propose to take necessary steps to avoid recurrence of such incidents?

The Honourable Sir Thomas Stewart: This question should have been addressed to the Honourable the Defence Secretary.

OVERCROWDING IN TRAINS.

1115. ***Babu Baijnath Bajoria:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that section 93 of the Indian Railways Act provides that if a Railway company contravenes the provisions of section 63 of the said Act with respect to the maximum number of passengers to be carried in each compartment, it shall forfeit to Government Rs. 25 per day during which it so contravenes the Act?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member please state how many times during the last three years this section 93 was applied against the Railways for overcrowding and what sum of money received from them as penalty? If not, why not?

(c) Do Government propose to enforce the provisions of section 93 of the said Act in future with a view to removing overcrowding of passengers in trains? If not, why not?

The Honourable Sir Thomas Stewart: (a) The Honourable Member has quoted the provisions of section 93 with substantial accuracy, except that the amount to be forfeited is Rs. 20, not Rs. 25 per day.

(b) No case has occurred in which Government have considered it necessary to take action under section 93.

(c) Yes: if and when circumstances arise necessitating such action being taken.

Mr. Lalchand Navalrai: May I know from the Honourable Member whether such cases have happened where they have had to forfeit that amount but the cost was not realised—is that a fact? With reference to the answer to part (b) of the question, has no case occurred in which Government have considered it necessary to take action under section 93? Have any cases occurred where Government have not thought fit that a particular case comes under a particular section, or that such a case is to be excused? Is that a fact?

The Honourable Sir Thomas Stewart: Sir, the Honourable Member can draw his own conclusion from the very definite answer I have given to part (b) of the question.

Babu Baijnath Bajoria: Do Government mean that there has been no case of overcrowding and so section 93 does not apply?

The Honourable Sir Thomas Stewart: No, Sir.

Babu Baijnath Bajoria: If there has been any overcrowding, how has that section not been applied?

The Honourable Sir Thomas Stewart: Because the conditions in which such overcrowding has taken place may not have justified the application of section 93.

Mr. Lalchand Navalrai: When information that overcrowding has taken place on a particular date reaches the Government, how is that conveyed, or how is the Government going to know that?

The Honourable Sir Thomas Stewart: I think within the past month I informed the Honourable Member amongst other Honourable Members of this House that a fairly comprehensive census of overcrowding was carried out.

Babu Baijnath Bajoria: May I know what are the conditions under which this section 93 will not apply?

The Honourable Sir Thomas Stewart: Well, Sir, one case that suggests itself to me is when overcrowding is entirely due to the irresponsibility of the passengers who overcrowd.

Mr. Lalchand Navalrai: May I know if "overcrowding" means "traveling in a compartment of a number more than is written there or prescribed"? Is that so?

The Honourable Sir Thomas Stewart: I am prepared to accept the Honourable Member's definition?

Prof. N. G. Ranga: Is it not a fact that a passenger is entitled to pull the chain if there is any overcrowding in the compartment if he has informed the railway station at any particular station of the overcrowding and the overcrowding is not relieved?

The Honourable Sir Thomas Stewart: There is a later question on the point.

Babu Baijnath Bajoria: Is it not a fact that if section 93 is applied, there will be less overcrowding in future?

The Honourable Sir Thomas Stewart: I do not think that that would be the case.

PULLING OF ALARM CHAIN FOR OVERCROWDING IN TRAINS.

1116. *Babu Baijnath Bajoria: (a) Will the Honourable Member for Railways be pleased to state whether it is an offence to pull an alarm chain for overcrowding in the compartment?

(b) Was this question decided by any court, and, if so, with what result?

(c) Are Government prepared to issue orders that no prosecution shall be launched when the alarm chain is pulled for overcrowding? If not, why not?

The Honourable Sir Thomas Stewart: (a) I conceive that the answer depends on the facts of each particular case.

(b) The question was decided in the negative on the particular facts of the cases reported in the Indian Law Report, 1, Patna, 260 and 32, Bombay Law Reporter, III.

(c) No; because the propriety of a prosecution depends on the facts of each particular case and there would be no justification for a general order in the sense contemplated.

Mr. K. Santhanam: May I know if Government will put up boards detailing the circumstances in which passengers will be entitled to pull the chain? Now it merely says that the unauthorised pulling of the chain will be subject to a fine of Rs. 50. That conveys no information of the rights and wrongs of passengers. Will Government put up a Board giving the circumstances in which the passengers will be entitled to pull the chain?

The Honourable Sir Thomas Stewart: No, Sir, I am afraid I can give no such guarantee.

Prof. N. G. Ranga: Is it the policy of Government to prosecute those people also who pull the chain because of overcrowding after having reported about it to the local station master and then finding that the railway staff was not prepared to relieve the overcrowding?

The Honourable Sir Thomas Stewart: It is not the policy of the Government to prosecute passengers who have pulled the chain in circumstances analogous to those which have already been the subject of the legal decisions quoted.

Mr. Mohan Lal Saksena: Can the Honourable Member state the conditions under which a man will be put into jail for pulling the chain for overcrowding?

The Honourable Sir Thomas Stewart: I would require notice of that.

Babu Baijnath Bajoria: Are Government aware that some delegates returning from the Tripuri Congress pulled the alarm chain and detained the train for three hours? Have any of them been prosecuted?

The Honourable Sir Thomas Stewart: I have no information beyond the newspaper report.

Mr. Lalchand Navalrai: I hope they were exempted.

REVISION OF TIME TABLES ON THE EAST INDIAN RAILWAY.

1117. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

(a) the period after which passenger train time tables are revised by the East Indian Railway;

(b) whether it is the practice of the Railway to consult the travelling public through the Passengers' Association at the time of revision; particularly as regards suburban trains, by calling for suggestions and then by joint conferences;

(c) whether a revised time table is going to be issued from 1st April next; and

(d) whether the Passengers' Associations, like the East Indian Railway Passenger Association, Serampore, have been consulted about this revision; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (c). Under normal circumstances twice a year in April and October.

(b) and (d). Passengers' Associations should put forward any suggestions they have to the Local Advisory Committees for consideration by the Time Table Sub-Committees.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member aware that Mr. Dey, the President of the East Indian Railway Passengers' Association, was being consulted in the past by the East Indian Railway, but this time he has not been asked to give his advice?

The Honourable Sir Thomas Stewart: Well, Sir, I cannot blame the Railway Administration if it has adopted a more formal and correct procedure.

Mr. K. Santhanam: Sir, Mr. Manu Subedar had authorised Mr. Satya-murti to put the questions on his behalf, but at the last moment the latter was prevented from coming to the House. He has authorised me to put Mr. Manu Subedar's questions.

Mr. President (The Honourable Sir Abdur Rahim): As this is the first case of this kind, the Chair will allow the Honourable Member to put the questions under these exceptional circumstances, but it is not to be taken as a precedent.

WITHDRAWAL OF CONCESSION FOR MULTIPLE ADDRESSES OF PRESS TELEGRAMS.

1118. *Mr. K. Santhanam (on behalf of Mr. Manu Subedar): (a) Will the Honourable the Communications Member please state at what stage the proposal for withdrawing the concession for multiple addresses of Press telegram is?

(b) Did a deputation on behalf of the Indian and Eastern Newspaper Society and News Agencies wait on the Director General of Posts and Telegraphs?

(c) What is the total revenue derived by Government from Press telegrams for each of the last three years for which accounts are available?

(d) What was the alleged loss to Government through press telegrams during each of these three years? In what manner is this loss calculated as a loss?

(e) What is the amount of saving which Government expect to effect by the withdrawal of the concession so far as (i) the equipment of the Telegraph Department, and (ii) wages and salaries, are concerned?

(f) Were any promises or assurances given on this matter by Government at any previous time when the concession was given?

The Honourable Sir Thomas Stewart: (a) A proposal to that effect is under departmental examination, but has not so far reached Government.

(b) Yes.

(c) The total revenue derived from press telegrams for the last three financial years is estimated to have been 6.35 lakhs, 6.09 lakhs and 6.73 lakhs, respectively.

(d) The loss to Government, through press telegrams during the same three years, is estimated to have been 12.46 lakhs, 12.52 lakhs and 8.66 lakhs, respectively.

The loss has been estimated on the basis of the saving in costs that could have been effected if the press traffic had not been handled at all by the department. This is in accordance with the recommendation made by the Posts and Telegraphs Accounts Enquiry Committee, 1931, in paragraph 129 of their Report.

(e) There will be additional revenue if the traffic does not fall as a result of the withdrawal of the concession. If traffic falls, there will be ultimate saving in expenditure on staff. It is not possible to estimate this saving at present as it will depend on the extent to which press traffic may fall.

(f) Government are unable to trace any promises or assurances, but I will be glad if the Honourable Member will draw my attention to them, if any.

Mr. K. Santhanam: May I know if this House will be consulted before the concessions are withdrawn?

The Honourable Sir Thomas Stewart: No, Sir.

Mr. K. Santhanam: May I know if the withdrawal of the concessions will not result in a practical monopoly by the Associated Press which has got special lines which connect the important centres?

The Honourable Sir Thomas Stewart: I suggest that the Honourable Member's question is entirely hypothetical. The proposal to withdraw the press concessions is at the present moment under consideration. It has not yet reached Government and no decision has been taken.

Mr. K. Santhanam: May I know what this House can do to express its opinion to prevent such concessions being withdrawn?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable the Railway Member is quite right in saying that it is a hypothetical question.

EXPIRY OF CONTRACT OF CERTAIN COMPANY-MANAGED RAILWAYS.

1119. *Mr. C. N. Muthuranga Mudaliar: Will the Honourable Member for Railways please state when the terms of contract of the following railways expire:

1. Madras and Southern Mahratta Railway, 2. South Indian Railway, 3. Bombay, Baroda and Central India Railway and 4. Bengal Nagpur Railway?

The Honourable Sir Thomas Stewart: I invite the attention of my Honourable friend to the reply given on the 29th November, 1938, to Mr. Satyamurti's starred question No. 1568.

Prof. N. G. Ranga: May I ask what the Government of India are doing in order to provide themselves with adequate funds to take over the management of these railways when the time comes?

The Honourable Sir Thomas Stewart: The position of Government in that respect has been very adequately explained in answer to previous questions and the supplementary questions.

Mr. K. Santhanam: May I ask if there is anything in the contract to prevent the Government of India to giving notice even now to the B. B. and C. I. Railway Company that they are going to resume the Railway in 1941?

The Honourable Sir Thomas Stewart: Without having an opportunity to study the contract, I am unable to answer that question.

Mr. K. Santhanam: May I know if Government have begun studying the contract now?

The Honourable Sir Thomas Stewart: So far as I am aware, the contract is not under immediate study.

Mr. K. Santhanam: Government have got only 12 months more to study the contract. Is it not, therefore, necessary for them to start its study?

Mr. President (The Honourable Sir Abdur Rahim): That is a matter of argument.

Mr. Badri Dutt Pande: May I ask what is the position about the R. K. R. and the B. N. W. R.?

The Honourable Sir Thomas Stewart: I do not see those Railways mentioned in this particular question.

FOREIGN MONEY SPENT IN INDIA.

1119A. *Mr. K. Santhanam (on behalf of Mr. Manu Subedar): (a) Will the Secretary for External Affairs please state whether the attention of Government has been drawn to an editorial note in the *Statesman*, dated the 3rd March, 1939, in which the following allegation has been made:

"Evidence of foreign money being spent in India is also, we understand, accumulating fast. One Power in particular seems to be acting in a manner which may require sharp action."

(b) Is it possible for Government to state what information they have on this subject and what steps are being taken to counteract this subversive propaganda by foreign powers?

(c) Have Government considered the desirability of taking the Leaders of Parties of this House in confidence on this subject?

(d) Have they apprised Provincial Governments of the danger and sought their co-operation for the suppression of such subversive propaganda, or for counteraction, where necessary?

Sir Aubrey Metcalfe: (a) to (d). This question should have been addressed to the Honourable the Home Member.

REPORT OF AN INTERVIEW WITH MAULANA ABUL KALAM AZAD ABOUT TRIBAL AREAS.

1119B. *Mr. H. A. Sathar H. Essak Sait: (a) Will the Foreign Secretary be pleased to state whether he has seen a report of an interview with Mr. Abul Kalam Azad, published at page 2 in the *Hindustan Times* of the 18th February, 1939, particularly the following passage therein:

"Referring to the Waziristan situation and the raids and kidnappings in the Frontier Province, Maulana Azad declared that the Congress had ultimately settled the question with the Central Government who should lend their whole-hearted co-operation to the Provincial Government of the Frontier?"

(b) Will the Honourable Member be pleased to state the terms of the settlement arrived at between the Congress and the Central Government?

(c) Are the Provincial Government of the Frontier Province to be given a free hand in the matter of dealing with the tribal area?

(d) Is the tribal area to be brought under the administration of the North-West Frontier Province Government?

(e) What is the amount and the nature of the whole-hearted co-operation (mentioned in the statement of Mr. Azad) that the Central Government are to give to the Government of the Frontier Province?

(f) Will the Honourable Member be pleased to lay on the table a copy of "the settlement" and copies of the correspondence on this subject?

Sir Aubrey Metcalfe: (a) Yes.

(b) The Government of India have no information regarding any such settlement.

(c) No.

(d) No.

(e) and (f). Do not arise.

Mr. Lalchand Navalrai: May I ask if the raids and the kidnapping in the Frontier have now decreased?

Sir Aubrey Metcalfe: There has been some decrease recently.

Mr. Abdul Qaiyum: What is the answer to part (d) of the question.

Sir Aubrey Metcalfe: The answer to part (d) of the question is "No".

Mr. Abdul Qaiyum: May I ask if the Government of India have considered this matter with reference to Kurram and Malakand agencies?

Sir Aubrey Metcalfe: No.

Mr. Abdul Qaiyum: What is the policy of the Government of India about the transfer of these areas?

Mr. President (The Honourable Sir Abdur Rahim): The Chair cannot allow the Honourable Member to have any discussion about the policy.

UNSTARRED QUESTIONS AND ANSWERS.

COLOUR TEST OF EMPLOYEES ON STATE RAILWAYS.

32. Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that on the North Western and other State Railways, Ishihara's colour perception test has been replaced by Narman's Lantern test, but on the East Indian Railway, Ishihara's test is still allowed to continue?

(b) Is it a fact that an employee who can normally distinguish between various colours, cannot do so when Ishihara's test is applied?

(c) How many employees have failed in colour test since Ishihara's test was introduced on the East Indian Railway?

(d) What are the reasons for having different methods of test on different State Railways?

(e) For what reasons Ishihara's test has been discontinued on other State Railways?

The Honourable Sir Thomas Stewart: I am obtaining the information asked for and will lay a reply on the table of the House in due course.

VISION TEST OF CLERKS ON THE EAST INDIAN RAILWAY.

33. Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable Member for Railways please state in what category Goods Clerks are placed for vision test on the East Indian, Great Indian Peninsula and North Western Railways?

(b) Is it a fact that Parcel clerks, Luggage clerks and Booking clerks on the East Indian Railway are classed in C₂ and Goods clerks are classed in B₁ and thereby the Goods clerks have to undergo more severe sight test than their colleagues who are employed as Parcel and Luggage clerks?

(c) What are the reasons for a more severe test for Goods Clerks and not for Parcel, Luggage and Booking Clerks?

(d) What is the function of Store Delivery Clerks and what test they have to undergo?

The Honourable Sir Thomas Stewart: (a) On the North Western and Great Indian Peninsula Railways goods clerks are placed in class C₁ vision test, and on the East Indian Railway in class B₁.

(b) Yes.

(c) I have called for the information required and will place a reply on the table of the House when it is received.

(d) Store delivery clerks are required to distribute stores on the line in accordance with lists supplied them for this purpose. For the purpose of the vision test they are in class C₂.

RENT-FREE QUARTERS FOR GUARDS AND TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.

34. Qazi Muhammad Ahmad Kazmi: With reference to the reply to unstarred question No. 499 (d) (ii), dated the 7th April, 1936, laid on the table of this House on the 31st August, 1936, will the Honourable Member for Railways be pleased to state:

(a) whether a second guard employed under the late Oudh and Rohilkund Railway and enjoying the privilege of a rent-free quarter on his transfer as a ticket collector after the amalgamation of that Railway with East Indian Railway is entitled to rent-free accommodation;

(b) whether a ticket collector under the late Oudh and Rohilkund Railway and enjoying the privilege of rent-free accommodation is allowed to continue that privilege on his transfer as a guard or as a travelling ticket examiner;

(c) whether Note 2 to Rule 2 in the State Railway Code in connection with Residential Buildings on State Railways has been amended; if so, what is the amendment; and

(d) whether the above Rule of the State Railway Code is applicable to guards and ticket checking staff or they are governed by any special orders; if so, what are they?

The Honourable Sir Thomas Stewart: (a) Guards employed under the late Oudh and Rohilkund Railway were not entitled to rent-free quarters; they are not, therefore, entitled to this privilege on their transfer as ticket collectors.

(b) Ticket collectors employed under the late Oudh and Rohilkund Railway were not entitled to the privilege of rent-free quarters; they are not, therefore, entitled to this privilege on their transfer as guards or as travelling ticket examiners. They were permitted to occupy railway quarters, when available, free of rent and are eligible for the same privilege even now.

(c) The rules in force on the subject will be found in Chapter XIX of the State Railway Code for the Engineering Department, a copy of which is in the Library of the House.

(d) The rules alluded to in part (c) apply to guards and ticket collectors. The latter enjoy also the special concession mentioned under (b).

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 15th March, 1939, the time fixed for receiving nominations for the Standing Committee on Emigration, eight candidates were nominated. As the number of candidates is equal to the number of vacancies, I declare the following non-official Members to be duly elected to serve on the Standing Committee on Emigration, namely:

- (1) Mr. F. E. James,
- (2) Mr. Mohan Lal Saksena,
- (3) Mr. Ram Narayan Singh,
- (4) Mr. C. N. Muthuranga Mudaliar,
- (5) Sir Syed Raza Ali,
- (6) Mr. Muhammad Nauman,
- (7) Mr. M. Ghiasuddin, and
- (8) Mr. Manu Subedar.

THE GENERAL BUDGET—LIST OF DEMANDS—*concl'd.*SECOND STAGE—*concl'd.*DEMAND NO. 17—DEPARTMENT OF EDUCATION, HEALTH AND LANDS—*cont'd.**Indians Overseas—cont'd.*

Mr. President (The Honourable Sir Abdur Rahim): The discussion of the Budget will now continue.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Sir, the cut motion that I had moved yesterday was to bring before the House the matter of Indians overseas. The story of Indians overseas is indeed a very sorrowful one and within the short time that is allowed to me it is rather difficult to make a full statement of their case. I hope, therefore, to place a few salient points before the House.

The Indians overseas may be divided into two categories. Firstly, those who are within the British Empire and, secondly, those who are outside the British Empire. The number of those Indians who have settled in territories which do not come within the British Empire are not very many. We are awaiting with interest the treaty of commerce and navigation which the Government of India are at present negotiating with the United States of America for the improvement of the status and treatment of Indian nationals in that country and I would like to refer only to the disadvantages that they are suffering in a neighbouring country, that is, Afghanistan. I hear that negotiations are going on for the conclusion of a treaty with that country and it behoves the Government that they should keep in mind the improvement of the conditions of Indians in that country. I have taken a few facts from a pamphlet called "Afghanistan's threat

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to India's trade" and I would like to put before the House a few points that have been mentioned in that pamphlet. We are told that Indian traders and visitors to Afghanistan have to report their whereabouts, constantly, to the police and are allowed to stay for 15 days only. Should anyone desire to prolong his stay, he has to obtain special permission from the Foreign Minister. No Indian can acquire any immovable property in Afghanistan and, for the first time in its history, this restriction has been imposed. Those intending to make a long stay for business purposes have to take a special licence and an Indian trader intending to leave Afghanistan has to find an Afghan surety to vouch for the fact that he does not owe any debt in the country. Unless this is done he is not allowed to leave. Civil suits brought against Indian merchants, based on oral evidence, result in decrees being passed against them. Indian traders who owe money are put in prison for an indefinite period and are not allowed to leave it until they have paid off their debts. In this connection it is interesting to recall that various Afghan nationals owe millions of rupees to Indian subjects. The Indians are utterly helpless to realise their debts and the Government of India have so far failed to extend a helping hand to them.

Mr. President (The Honourable Sir Abdur Rahim): Does this refer to Indians overseas?

Mr. T. S. Avinashilingam Chettiar: That phrase should not be interpreted narrowly, Sir. It means Indians abroad.

Mr. President (The Honourable Sir Abdur Rahim): This is a cut motion in respect of the demand relating to the Department of Education, Health and Lands.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I should like to submit for your consideration, not that I wish to stifle discussion in any thing, strictly speaking only Indians within the British Empire come within the purview of the Department of Education, Health and Lands.

Mr. President (The Honourable Sir Abdur Rahim): There will perhaps be other opportunities for discussing the position of Indians in Afghanistan. The Chair does not think this subject comes within the cut motion.

Mr. T. S. Avinashilingam Chettiar: The Secretary for the External Affairs Department is here and he can listen to my remarks and reply.

Mr. President (The Honourable Sir Abdur Rahim): Only if the Secretary for the External Affairs Department is willing to do so.

Sir Aubrey Metcalfe (Secretary, External Affairs Department): I am perfectly willing to listen to the Honourable Member.

Mr. T. S. Avinashilingam Chettiar: And reply. I hope the Honourable Member will have the courtesy to reply to my remarks.

The Afghan nationals, visiting this country have not got any such restrictions put by the Government of India. I do suggest that the Government of India should take up the matter in the new treaty which they are negotiating with the Government of Afghanistan.

[Mr. T. S. Avinashilingam Chettiar.]

I now come to the matter of Indians settled in the different parts of the British Empire. Easily the worst part of the Empire, in which Indians get the worst treatment, is South Africa. The tale of Indians in South Africa is the most woeful tale of all Indians settled abroad. The number of Indians settled in South Africa is nearly $2\frac{1}{2}$ lakhs and most of them are in Natal. The other portions of the Empire where Indians are settled are Ceylon where there are $6\frac{1}{2}$ lakhs of Indians and in British Malaya where also there are about $6\frac{1}{2}$ lakhs. The position of Indians in South Africa has been summed up in a small paragraph by the "Indian Year Book" published by the Times of India Press. In the Year Book for 1938-39, page 841, it is stated:

"Indians enjoy both the political and municipal franchise only in the Cape Province. In the remaining provinces they are not enfranchised. They are subjected to differential treatment in the matter of trading licenses, especially in the Transvaal. Their immigration into the Union is barred and severe restrictions exist on inter-provincial migration. In the Transvaal they are not allowed to acquire immovable property outside locations and the recent Asiatic Land Tenure legislation has closed certain loopholes which existed in the Gold Law of 1908."

In fact, in spite of the Gentlemen's agreement which took place from time to time, in spite of the assurance which the Government of the Union of South Africa have given from time to time, the treatment of Indians in South Africa has been one long breach of promises on their part. In fact, in 1927, in the Cape Town Agreement of 1927, which was called a Gentlemen's Agreement, they have made a categorical assurance in this respect. I read the relevant clause:

"The Union Government firmly believes in and adheres to the principle that it is the duty of every civilized Government to devise ways and means of taking all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and accept the view that in the provision of educational and other facilities the considerable number of Indians who will remain part of the permanent population should not be allowed to lag behind other sections of the people."

This was the Gentlemen's Agreement which they themselves enunciated and promised under the Cape Town Agreement of 1927. After that many Bills were passed, quite at variance with the terms of this agreement and some of them have been detailed by my Honourable friend, Seth Govind Das, in his report to the Indian National Congress. They are the Licensing Ordinance of Natal and Transvaal, the Liquor Act of 1928, the Transvaal Asiatic Tenure Act, the operations of the Slum Act, the Marketing Act, the denial of a voice to Indian planters in the legislation concerning sugar industry and others. I do not like to narrate here in detail all the Bills that have been passed and the Bills that were introduced, and later on withdrawn, I mean the Bills about employment and marriage and so on, for there is no proposal now for these Bills being pushed through the Union legislature. I would like to put before the House a matter which of late has been troubling this House as well as outside, namely, the matter of segregation of Indians in South Africa. This has been the subject of a short notice question in this House and that refers to the statement of the Minister of the Interior and, it was alleged, that Mr. Stuttaford, the Minister of the Interior in the Government of the Union of South Africa, gave an undertaking concerning the proposed legislation to empower the Registrar of Servitude to prohibit lease of property, sale to and occupation by Asiatics free of charge if 60 per cent. of property owners wished that such prohibition against Indians

should be enforced. This is the last and the bitterest thing that has come about in recent years. The Honourable the Secretary for the Department of Education, Health and Lands said, that he was in touch with the Agent General in this matter and I hope, Sir, that he will today give us some information about this matter. The position of Indians in South Africa has been getting worse daily. In a letter which Mr. Bhawaní Dayal Sanyasi wrote about the condition of Indians in South Africa, he says that it is assuming alarming proportions, and the intention to enact the segregation law has further deteriorated the condition there. At a meeting they held they passed a Resolution saying:

"The meeting express its deep concern at the report that the Minister for the Interior has under consideration the introduction of a scheme of segregation for the whole of the Union by imposing of servitudes in title deeds in respect of occupation and ownership of residential properties by Indians and by demarcation of areas by local authorities for trade, and declared that the scheme is in direct violation of the Cape Town Agreement both in letter and spirit, and is, therefore, wholly unacceptable."

I hope, Sir, the Government will take up the matter and do something and take stronger steps than they have done hitherto to see that this latest crime is not perpetrated upon the innocent Indians settled in South Africa.

I will now refer to Ceylon. Ceylon is somewhat near Madras and most of the people settled in Ceylon come from Madras and as such we, who come from South India, have to a certain extent some personal knowledge of what is happening there. To detail all that the Indians have been suffering in Ceylon is indeed a very difficult job. A barrier is created against Indians aspiring to enter the Ceylon Civil Service, although India has so far kept her borders wide open to the Ceylonese. I know there are Ceylonese nationals now serving in the Indian Civil Service in this country, but in spite of that this barrier has been made against Indians there. The Donoughmore reformed constitution of 1929 granted universal adult franchise but not to Indians whose rights are hedged in with restrictions and, practically, 75 per cent. or even more Indians, permanently settled in Ceylon, are left without a franchise. Medical degrees and diplomas granted by the Indian universities are not recognised in Ceylon with the avowed object of shutting out Indians aspiring either to enter the Government medical service or set up private practice. The Ceylon State Council adopted a Bill known as the "Judgment Debtors Relief Ordinance". The underlying motive was to deal an effective blow on the Indian investors and financiers who had sunk a large capital in building up the economic structure of the island. In 1932, the Ceylon Income-tax Ordinance came into force. Certain sections of this Ordinance operate harshly on the bulk of Indian traders and capitalists. I should like to refer, in the end, to one matter which has been agitating even this House lately and that is about the Village Community Ordinance. I should like to read a few lines from the "Review of Important Events relating to or affecting Indians in different parts of the British Empire during the year 1937-38":

"The Ordinance of 1924 did not apply to Europeans, Burghers and Indian estate labourers. The amending Bill extended the franchise, and with it the responsibility to pay tax, to Europeans and Burghers, but maintained the exclusion of Indian estate labourers. This proposal involved racial discrimination against Indian estate labourers. The Indian community was opposed to the proposed legislation and the Government of India made representations to the Ceylon Government to the effect that any differentiation between Burghers, Europeans and Indians was undesirable as

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it involved racial discrimination and that nothing should be done which would in any way disturb the friendly relations that have existed between the two countries. The Government of Ceylon then amended the Bill so as to extend the franchise to all persons owning not less than five acres of land in a village area on which land tax is payable. This proposal would exclude practically the whole Indian estate community since the Indian estate labourers have little opportunity of acquiring land to the extent of five acres and the discrimination against Indian estate labourers would thus remain."

It would remain, in fact, though not in word. And that has been the result of all the representations that have been made by the Government of India.

Sir, I should not like again to refer to the matter of Kenya. I do not like to refer again to the matter of Malaya which is pending decision with the Government of India. I would like to say just a few words about Fiji about which also matters are pending. The matter of Fiji is one of land tenure. Indians settled in Fiji have taken lands as leases from people belonging to Fiji itself and those are coming for renewal very shortly, within the course of a year or two. There has been, of late, an attempt to oust these leaseholders though they have been held for over a generation, for 25 or 30 years; and if they are evicted they will become landless labourers. They will have no occupation and they will become helpless.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. T. S. Avinashilingam Chettiar: The Government of India said that they have taken up the question and I hope they will see that a conclusion favourable to Indians is arrived at soon.

Sir, I would like to close only with one suggestion. In the matter of Indians abroad the responsibility of the Government of India has been very much increased latterly by the passing of the Income-tax Amending Act, by which they have sought to tax the income of Indians arising abroad also. And I should like also to say that in the matter of protecting Indian interests abroad we, on this side of the House, shall be always willing to co-operate with them in whatever steps they may take. And I would remind them about Zanzibar where they had agreed for lesser terms, but the Congress came in and joined hands with the Indians there, and they were greatly instrumental in gaining better terms which the Zanzibar Indians got later. And I can assure them that whatever differences we may have with the Government of India in other matters, in this matter of protecting Indians abroad we shall give this Government whatever help we can give them and strengthen their hands in their fight with other Dominions and with the British Government if necessary. I hope, Sir, they will take up the matter with greater earnestness and with greater strength and will really be able to get something for the forlorn Indians settled abroad.

Mr. President (The Honourable Sir Abdur Rahim): Cut motion moved: "That the demand under the head 'Department of Education, Health and Lands' be reduced by Rs. 100."

I must draw the attention of the House to the fact that this motion raises questions relating to Indians living within the British Empire which alone is dealt with by the Department of Education, Health and Lands. Any discussion relating to the condition of Indians living elsewhere, for instance in Afghanistan, will not be in order.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, the question of Indians overseas is a subject which requires a close study of the constitutions in different parts of the dominions under His Majesty's Government. What we really want to impress on Government is, how constitutionally Indians have been debarred from taking part in the normal life of those countries which are parts of His Majesty's dominions. I have no desire to indulge in any question of Afghanistan seriously, and, as the Honourable the President has rightly ruled, it would not be quite relevant. But the Honourable the Mover has made some reference to it which was probably based on some sort of his ignorance of things. In Afghanistan, there has not been any case of ill-treatment to Indians. If there had been any question

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, on a point of order, the Chair ruled just now that the question of Afghanistan does not come within the scope of this cut. The Honourable Member is now referring to Afghanistan as a sort of reply to what the Honourable the Mover said. Will the Chair allow it to be replied to?

Mr. President (The Honourable Sir Abdur Rahim): There can be no reference to Indians in Afghanistan on this motion.

Mr. Muhammad Nauman: I was just pointing out

Mr. President (The Honourable Sir Abdur Rahim): No, that does not come within the scope of this cut.

Mr. Muhammad Nauman: All right, Sir. Then, as regards the position of Indians overseas, my Honourable friend, Mr. Chettiar, has explained what the conditions are in South Africa, Malaya, Ceylon and Fiji. I want to go a little further and point out to the Honourable Member and Secretary in charge that the position in Australia and Canada is also not at all happy. Australia is more or less a continent, and Canada is also a big country. Indians are constitutionally debarred from acquiring any status in Australia. I do not know the definite law of the land, but I was told that by certain legislation six years ago, Indians have been debarred from acquiring property in Australia except those who have been living there for the last 24 or 30 years. As regards Fiji, Mr. Chettiar has explained the position, and I need not refer to it.

I do not know whether I will be allowed to refer to the position of Indians in the United States of America, Germany or France.

Mr. President (The Honourable Sir Abdur Rahim): No. That does not come within the Department of Education, Health and Lands. Is that not so?

Sir Girja Shankar Bajpai: That is correct, Sir.

Mr. Muhammad Nauman: My friend suggests that I might refer to Burma. I do not suppose there is any constitutional disability attaching to Indians in Burma: they have got absolutely equal rights there; the trouble there is due to the fact that their numbers are not equal to those of the Burmese. We cannot condemn this Government on that unless it can be

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shown that in the recent riots our Government did not take all necessary precautions to safeguard Indian interests. I think they have done their part. In the recent debate, the Education, Health and Lands Department tried to convince us that they are alive to the situation and they are doing their best under the circumstances. I want particularly to bring to the notice of the House the constitutional disabilities of Indians in certain parts of the British dominions like those in Transvaal. That question has to be fought; and in the negotiations that are pending it must be settled that Indians who have been living in other British dominions for a very long time should get the same status and the same constitutional rights as the white men acquire. From the reports of Seth Govind Das it is evident that in certain places they are not allowed to acquire rights of purchasing immovable property: that is something degrading and disgraceful, because Africans and Malaysians have no restrictions against them when they come out here: they can become naturalised subjects of this country and there is no disability against them of any kind. This Government should make representations to His Majesty's Government from time to time and make it clear that unless we get the same treatment in dominions as they give to Englishmen and others who go and settle there, we will be compelled to legislate in this country to debar their nationals, either by retaliation on commercial lines or by legislation to the effect that they will not be allowed to land in this country. The exact form of retaliation is a matter of detail which I do not desire to discuss now. My only suggestion is that the question of constitutional disabilities should be taken up in all other parts of the Empire like Malaya, Kenya, South Africa, etc. It must be made clear to His Majesty's Government that unless things are done within a certain limit of time, we will be taking such constitutional action as we can by way of retaliation and legislation. I had no desire to speak at this stage but for certain remarks of the Mover on Afghanistan to which I was given no chance to reply. Sir Raza Ali from my Party will be able to give more information on this subject if chance is given to him especially as regards South Africa, and he will say how Indians are treated there: he has personal knowledge and experience. I only submit that the Government should be alive to the fact that our Indian nationals should be protected in every British dominion and other countries, and they should not be allowed to be degraded, insulted and constitutionally debarred from any such rights and privileges as are given to the white men and other nationals. With these remarks, I take my seat.

Mr. Lalchand Navalrai: Sir, the motion relates to Indians overseas. On the radio the announcer sometimes tells us that he is going to relay it over from London and then he says "Over to London": similarly, I also say now "Over to overseas Indians."

The point about the condition of Indians overseas is a very vital one, and nobody can deny that. I must give credit to the Honourable the Education Secretary who said, in his reply the other day, that he recognises the difficulties and he is doing all he can within the scope of the authority he possesses at present. From the public point of view, this is a burning question. It is recognised in England and in other countries that when their nationals go out, those countries always watch their welfare and go to their help and they cannot ignore anything done with regard to them. Now, so far as India is concerned, I submit that it hits our Indians outside, especially in self-respect. Everybody has got

self-respect, and if Indians are considered inferior, it is the duty of the House, as representatives of our fellow countrymen outside, to see that the grievances of our countrymen outside are redressed. We cannot conceal the fact that at present we have no direct weapon in our hands to make those Governments in South Africa and elsewhere to come to their senses. But it cannot be denied that, constituted as we are, we are in the British Empire. The Britishers say that they are our guardians, though we have become major. (Interruption.) I submit that it is the responsibility of the British Government to see that our admitted difficulties are removed. Our representations, either individually or collectively, to the British Government won't do. It is through the Government of India that the British Government moves, and so the question is how far the Government of India have taken up that responsibility and done things for the welfare and in the interests of our fellow countrymen overseas. That is the main question.

The other day, the Honourable the Education Secretary told us that they have been doing all they can do in this direction. I have a great regard for him, but he will excuse me if I say that he cannot really plead that they have been doing what is necessary and what they can do. There may be a difference of opinion on many questions between the Government of India and the British Government, and my Honourable friend cannot say that they are always unable to get things done. There are ways of getting the British Government to come to the help of the Indian Government. It is not by making petitions or writing correspondence, or even lodging protests—all that will not be sufficient. I submit that there ought to be put on the British Government a strong pressure. I do not blame anybody—whether he be an Indian or an European in charge, but as regards questions relating to Indians and Europeans, the British Government has to be moved not merely by protests or petitions or communications, but a strong attitude should be taken by the Government of India. They must back it on the ground that, firstly, it is their opinion, and secondly, wherever the public opinion coincides with the opinion of the Government of India, I think they should go to any length to get their request complied with by the British Government. I know there are difficulties in the way, I realise them, but what are those difficulties due to? It is the inferiority complex that they attach to colour. It is not that Indians have a bad colour. On the contrary, I do not mean any insult, when I say that the white skin has got so many spots which necessitates their going round to sun baths and resort to nudity cults for removing these spots, and changing their white skin to a better colour. Therefore, to say that there is any difference between brown people and the white people and on that account Indians should be treated with contempt or should not be helped is unreasonable, and I would even say that it is not talking sense. What we want is that we should have equal rights and privileges for our nationals outside. We do not want any preference. We want that what an European would get there the Indian also must. It is plain that distinctions are maintained between Indians and Europeans over there in South Africa, Kenya, Fiji and other places. It is, therefore, the duty of the Government of India to press for those being removed. I do grant that the Government of India are making an attempt in that direction, but it is very slow. The Government machinery is generally said to move very slowly and they are keeping up that tradition. But that should not be. This is a question which not merely affects but causes injury to our Indians there. I submit that steps should be taken in a proper manner to bring pressure

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on the British Government to come to our help. So far as equal treatment is concerned, I think there are many difficulties and many questions have arisen from time to time. In the first place, I say that the Governments there should feel grateful to Indians for supplying Indian labour to improve their countries. They should not be ungrateful. They should give equal treatment to those men who brought them up as it were into life or into civilisation. I would therefore submit that what is required is equal treatment. The questions are many and difficult.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

Mr. Lalchand Navalrai: All right, Sir. I will finish soon. There are two questions which are being considered by the Government of India. One is in regard to rates of pay of Indians in the public services there. Several questions have been put on this subject.

Sir Girja Shankar Bajpai: Where?

Mr. Lalchand Navalrai: I will tell you. In an answer given to Mr. Abdul Qaiyum on the 14th March, 1938, it was admitted that there are differences as to the rates of pay in Fiji. Why should there be this difference? The Indian is as intelligent, if not more, as a European. Then, with regard to the question of Highlands, there is a pamphlet in my hand referring to the difficulties and discrimination, apparently published by the Government. There the question is discussed on page 4.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Lalchand Navalrai: Then, Sir, I will only say that on this and other questions Government should be stronger than what they have been in the past.

Mr. M. Thirumala Rao (East Godavari and West Godavari *cum* Kistna: Non-Muhammiadan Rura): I rise to support the cut motion moved by my friend. Unfortunately the scope of discussion has been narrowed down by the terms of the motion. Still the sins of commission and omission on the part of the Government of India, as a part of the British Empire, are too long and too varied to be compressed into the short space of a 15 minutes speech. Nearly 25 lakhs of Indians have gone abroad and the majority of them have settled down in the British Empire. Although this motion has become conventional and customary and the suggestions of the Government of India in regard to redressing the grievances of Indians do not obtain the approval by the Colonial Secretary of State in England, still we take this opportunity of ventilating their grievances and placing on record their woeful tale once again. About the racial problems obtaining in the various Colonies and Dominions and possessions of the British Empire, I should lay emphasis on a society formed in London called the Friends' House, to fight for the elementary rights of the oppressed peoples all over the world. They have said with reference to Africa:

"The white rulers maintain their ascendancy by laws designed to control the movements of the natives, their residence amongst Europeans, their acquisition of land and the extent of their participation in the economic life of the country."

If you substitute the word 'Indian' for the word 'native' here, then all that is said here applies with equal force to Indians all over the world. Before the advent of the British, the ancient history of India has a glorious record of maritime relations and commercial relations with Africa. It is only after the arrival of these estimable Britishers, who have come upon this earth as empire builders, that the fate of Indians has been reversed and they have been reduced to the position of hewers of wood and drawers of water. They have been exploited as coolies to build up this empire, to clear vast jungle areas, to build up long lines of railway in Africa, and only to be told in the end that they are no more than coolies and that they can get no better status. It is a racial problem that is facing the Government of India. This cannot be solved until the Indian nation has got an autonomous Government completely free of any connection whatsoever with the British Empire. Therefore, Sir, we are not very much hopeful that either the Secretary sitting opposite or his boss sitting elsewhere can do much for the amelioration of the conditions of the Indians. I shall come want to go into all the disabilities which have been suffered. I shall nearer home and refer to Burma and Ceylon. I do not want to say much about Burma. Much has been talked about it already but I shall deal with Ceylon. Ceylon is a small country but in tradition, culture and history it is like the rest of India, though it is severed from India while enjoying all the benefits of its connection with India, it is now trying to oust Indians, eight lakhs of them, from there. Most of the tea plantations there have been developed by Indian labour. Various disabilities with regard to the Village Communities Bill have been imposed and other rights have been denied to Indians and the Ceylonese have been aggressively nationalistic. The British Government are not able to do anything. On the other hand the Colonial Secretary has given his assent to the Bill recently. With regard to trade relations, in reply to one of the questions put from this side, it was said that the textile trade of India with Ceylon is dwindling. This is the result of an arrangement entered into by Britain with Japan. They want to have their trade relations and political relations with the rest of the world at the cost of India because we are helpless. With regard to the import of rice, the Ceylon Government insist that rice should be fumigated before import. When Mr. Santhanam moves his motion about copra, you will see how Ceylon has been growing fat by dumping large quantities of its copra into India at a cheaper cost to the detriment of the Indian producer. They have always had trade advantages. Still, Ceylon persists in denying political rights to Indians settled there.

With regard to Malaya, there has been a large amount of literature recently and the Malayan delegation was at the headquarters of the Government of India also. I say that we are tinkering with the problem and not dealing with the main issues. It is not a question of wage alone. It is a question of political privileges and racial equality. Their culture and tradition has been changed beyond recognition. There is no provision for teaching them their vernacular languages. We have seen some of the repatriated Indians who have come from there. They can neither speak their mother tongue nor English and they have become a sort of hybrid, belonging neither to this country nor to that country. It is, therefore, up to the Government of India to see that their education is properly looked after. When the question of constitutional reform is to be settled there, I say that Indians should enjoy an equal measure of power in the State. With regard to the services, the people born there are given preference, but there are

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several others who are settled there who ought to be granted equal treatment and equal opportunities of service, because their interests are indissolubly linked with the interests of the State.

Coming to British Guiana, there has been a wave of anti-Indian feeling aroused. The Europeans cannot tolerate Indians attaining any status of equality with them and it is up to the Government of India to use their limited powers so as to see that such treatment is not given to them. Now, Sir, you will see that in these colonies, where Indians have acquired some rights and where they have developed these Colonies, they are now being treated harshly. The British Prime Minister has announced with his authority of office that at least ten thousand square miles of good land will be set apart in British Guiana for the Jews. So also you have seen the recent protests headed by no less a personage than His Highness the Aga Khan that the interests of Indians in Tanganyika are going to be adversely affected by this new move of the British Government to settle down a large number of Jews there. It means that this is essentially a racial problem. Here is a case where one section of the white race is persecuted by another section of the white race and British Imperialism is anxious to see that their own cousins are comfortably settled in these areas, at the cost of the Indians who have gone and settled down there.

With regard to Canada and Australia and other places and Dominions in the British Empire, over which the British Prime Minister and the British Government do not seem to have much constitutional control, these countries have been treating Indians as outcasts. In fact, Indians have been outcasts of the British Empire and cannot enter Australia for purposes of trade, agriculture or any other purpose, and they cannot go down to Canada and enjoy the rights and privileges of British citizenship. Even a personage no less than Dr. Rabindra Nath Tagore had to refuse to go to Canada because of the discriminating and humiliating treatment meted out to Indians as soon as they land on the shores of Canada. Let alone the Colonies, what about England? Still, they have got that racial consciousness, that superiority complex, to consider themselves as a heaven-born race and the other coloured races of the world are born to slave for them. Recently, we read that Indians are denied admission to civil aviation training centres on account of their colour bar. We have read in the papers that Indians were denied admission to certain hotels in Edinburgh and London because they were dark-coloured people; and if you have travelled by the P. & O. boats you must have seen how Indians are not treated properly so that people who value their self-respect prefer to travel by the Italian boats or some other boats. When you see all these things they may not be strictly within the purview or the domain of the Secretary of the Department of Education and Health to redress these grievances, but still we say that unless and until this country comes into its own and until the sons of the soil command that respect which is due to the Indian nation you cannot expect that all these grievances can be redressed. Sir, with these few words I support the motion.

Mr. M. Ghiasuddin (Punjab: Landholders): Mr. President, the tale of Indians overseas is the same old tale of woes. The history of almost all the colonies shows that those colonies were opened up not with the help of white labour, because white labour could not be employed on account of climatic conditions which were unsuitable for them there, but at the

request of the white people settled in those countries, Indians were sent there to open up the country for them. Take the case of Australia. Only forty or fifty years ago it was impossible for any white man to penetrate into the interior of Australia. So Indian labour had to be sent over there and the Indian Government of that day miserably failed in their duty by sending out that labour without having any sort of guarantee how those people would be treated and how their affairs would be looked after. So Indians went there at their own cost and they opened the country. Many Indian lives were lost by their going into the interior. There were no water arrangements and many people died and much Indian capital was lost there,—and after a great many difficulties and hardships that country was opened up for the white people. As soon as the country was opened up, the so-called “white Australia” policy was started, and the result was that Indians were forbidden in that country, and those who were already there had to undergo a certain amount of hardship.

Now, what is the position of Indians in Australia today? No Indians are allowed to remain there for more than a year. I am speaking subject to correction. I think that is the limit. Indians can only go there as tourists. I cannot see why it should be so. Sir, recently I was one of the delegation which visited Australia, and we discussed this question with the leaders of opinion there; and all I can tell the House is that they have absolutely no satisfactory answer to give. There are parts in Australia which are uninhabitable from the white man's point of view. The climate is too hot and the white people can never colonise it,—that is, parts of Queensland and parts of northern Australia—and at the time when there was a European crisis—not the latest one, I don't know how many crises there will be—we are more or less used to crises in these days—at the time when that crisis was on, the Australians were very very nervous. They are only a seven million people in such a vast territory. How were they going to defend it, they said, if Japan invaded their country, and so in a moment every one of them, educated as well as uneducated,—one could see it from their faces,—was trembling in his shoes, literally, and I was there, at that time. So we had an opportunity to tell them, “well, look here, you are so much afraid of Japan. Why not try to increase the population of your country? And the only way is to ask us to go and settle on the west coast, and then you can ask us to come and defend you against Japan”—and some of them did realize their mistake. So we asked them—what is the matter? They said, “we have personally no objection to Indians going there”, but there was the same old answer, “we shall try to educate public opinion about that matter”. Sir, I do not know how long they will take to educate public opinion; I suppose Japan or somebody else will educate their public opinion. And so we asked them, “what objections have you got to Indians going there?” They said, “cheap labour”. Well, we said, “you can pass laws about minimum wages for labour”. Then some said, “mixed marriages”. Well, that is a ticklish question. We could not give a guarantee on behalf of the Australian fair sex that there won't be any mixed marriages, but that is the sort of arguments brought forward.

Now, there are a few mosques in Australia. When we were there, the Imam of one of those mosques died and the Indian community there wanted to bring in another man to take his place. There was a

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lengthy correspondence going on between the Premier of Bengal and the Premier of Western Australia that they should allow one single man to take the Imam's place. Now, all sorts of obstacles were being placed in getting one Indian as the Imam of that mosque. It looked as though the entrance of one Indian will doom the whole white Australian policy and it will corrupt all the labour laws and the purity of the race will be gone for ever beyond repair. And yet, on the other hand, what do we see? Our benign Government is giving all the facilities to the Australians that are possible. The Australian officers are being brought today in the Indian army and there is a regular exchange of officers which is going on. Our Government simply says that they should have sympathy for Indians and allow them to come in but, on the other hand, our Defence Department is giving them the facilities to send their men here to be trained. Is it fair? The least that I can say is that it is most irrational. Why should the Australian officers come here to be trained at our expense? What right have they to go about as lords and masters when our people are not allowed to enter the shores of Australia? What we wanted really was that if they had an objection to Indian labour, they could, at any rate, allow the Indian Companies to open their branches there. They should also allow Indian professional men to practise their professions just as the Australians or the Canadians have a right to walk into New Delhi and have a board "Australian Dentist". Why should not our professional men be allowed to go there and open their business? (A voice: "Because of the colour.") I would rather have the colour of my skin; I am quite proud of it. It is as good as the other. If there was something wrong with the colour of my skin, the white Australian policy would not have been in danger on account of mixed marriages. So there is something to be said for this colour.

Now, I come to Kenya. The question of the highlands of Kenya has been mooted time and again on the floor of this House and our Government have always patted themselves on the back by saying that they have, at any rate, done something for us. They have said that there is no law which prohibits the Indians from going into Kenya: it is only an executive order. So, it is a little comfort for us to know that we are forbidden there not by any law but only by an executive order. If it was a question of the natives of Kenya and the Indians, I would certainly not press my claims. Of course, the natives of a country should come first. So far as this territory in Africa is concerned, I think it was Lord Passfield, the Colonial Secretary, who said that the interests of the negroes are to come first. I think the Passfield declaration was made in 1928 or 1929 and it is now 1939 and what has been done to safeguard the interests of these poor negroes? I remember the time when the Passfield declaration was made. Huge deputations from Kenya, Tanganyika and other parts visited London, and said that they had been ruined by this declaration and the country was to be given over to the negroes. Yet, even today, the poor negro is being trodden under foot and the white people are ruling over Kenya. I do not think any change has taken place since that declaration was made. Now, I ask how many Europeans are there in Kenya? about 10,000. I do not know how many thousands of square miles are being reserved for these 10,000 white men.

An Honourable Member: 16,000 square miles.

Mr. M. Ghiasuddin: I am sure, there are more Europeans in the town of Calcutta than there are in the whole of Kenya colony and it should be the duty of the Government to see that the rights of the Indians are protected there in the same way as the rights of the Europeans are being protected in this country. In this little bit of reforms that we have got, they have been given the rights of the citizenship and the rights of selling their goods and they have been protected by the constitution. It should have been the duty of the Government of India to see that the rights of Indians are incorporated in those Acts and protected in the same way as the rights of the Europeans are being protected in this country. Furthermore, I would address an appeal to my friends of the European Group, who are conspicuous by their absence.

Mr. J. D. Boyle: No, no.

Mr. M. Ghiasuddin: . . . that they should try to educate the public opinion in their own country. I know it is difficult to educate public opinion and we have had a bitter experience of it. After all, there are 200,000 Europeans in this country and there are only 10,000 Europeans in Kenya. Now, if our nationals are not treated well there for the sake of these 10,000 Europeans, then, however much your rights may be protected here by constitution, if the people of the country get against you and do not buy your goods those constitutional safeguards will do you no good. So, it is in your interest as well as in the interest of fair play that the Europeans living in this country should do something for the Indians in Kenya and try to educate the public opinion in England.

Now, Sir, Australia and Kenya are not the only places where the rights of Indians are being trampled down.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. M. Ghiasuddin: Then, Sir, I resume my seat, hoping that Government would do something in the matter.

Mr. Govind V. Deshmukh (Nagpur Division: Non-Muhammadan): Sir, the disabilities that have been narrated in this House and the several disqualifications that have been mentioned prove one thing. They prove that the attitude of these Colonies is one of hostility. My friend, the Leader of the Congress Nationalist Party, yesterday stated that he has been made to realise that England's enemies are the enemies of India but there is no knowing whether England's friends are India's friends or India's enemies. Here is a case not merely of England's friends but England's kith and kin being the enemies of India. Now, Sir, an independent nation, whether it is a Western nation or an Asiatic nation, can enforce the rights of its nationals abroad; and how does it behave where its nationals are concerned? You will find that the first thing that an independent nation does is to send a representation. If that representation is not listened to, it withdraws its financial help. Then, it puts all sorts of blockades, and it sends its army to make the other nation realise the importance of coming to terms with it. Unfortunately, so far as we are concerned, we have certainly made representations, but our representations have not been listened to. Following the sequence of steps, we could certainly have said to our Government,

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if it was a Swaraj Government, to send our armies against that country. But we cannot ask the present Government to do so because it is not we who have the control of the army but it is the British Government and the War Office who have the control and that is one of the reasons why we want to have control over our army. We cannot withdraw any financial help and we cannot put any restrictions so far as their trade is concerned. It is a matter which is very unfortunate and very much to be regretted that there is no co-operation between the several Departments of the Government of India to bring about the salvation of our men who are in the Colonies. An instance has just now been mentioned about the bad treatment of Indians in Australia. How are Australians treated in India? They get all facilities. We learnt just now that they are taken in the army. They get all facilities for being trained and being turned into efficient men. In answer to a question it was said that Australians, Germans and all sorts of foreigners, who are on inimical terms with Indians, are taken in service by Port Trusts. This is a most unfortunate thing and one realises at every step how humiliating it is for an Indian to live without having Swaraj. England and the Colonies form one body and ourselves, that is Indians, also form part of the same body, one brotherhood of Commonwealth of Nations. Today's debate must have made everybody realise, at least it has made me realise, how England and the Colonies form one component part of the same body. What they want to do is to exploit India and say that we are on equal terms, that we get equal rights and equal treatment. But, do we? Certainly not. So England and the Colonies have combined together into one unit to exploit India. They may say: "India and ourselves are one". This reminds me of the story of the tiger and the lamb. The tiger said to the lamb, "You and I are one". When the lamb questioned how it could be, the tiger demonstrated by eating up the lamb with the result that the lamb became one with the tiger in its stomach.

It was said by my Honourable friend, Mr. Lalechand Navarai, that we must bring pressure on the Government of India. The Government of India means the Secretary of State for India also, because the Secretary of State for India is an integral part of the Government of India. The Government of India Act gives him power of general control and supervision. Section 315 of the Government of India Act says that he shall have general controlling power over the Governor General and the Governor General in Council and all instructions which are given by the Secretary of State for India shall be carried out by the Governor General and the Governor General in Council. Neither the Government of India nor even the Secretary of State for India, even if he wills it, can grant any relief to India. The Secretary of State for India forms part and parcel of the British Cabinet. If he takes any action it can only be as the result of joint consultations and decisions arrived by the British Cabinet. Can you ever imagine that the Secretary of State for the Colonies or the Secretary of State for India or other Ministers of the British Cabinet all of them responsible to the British people, will ever agree to a decision which will in any way take away something from the rights and interests of the Britishers or Europeans in their colonies? It, therefore, comes to this that if there is to be salvation for us, it lies in our own hands. I very much wish that this cut motion was tabled against

the whole Executive Council and not against the Department of Education, Health and Lands. Has this Department of Education, Health and Lands really done everything that is possible? Of course, by the very nature of its position, this department cannot do much. As in other independent countries, this Department of Education, Health and Lands should have derived co-operation and co-ordination from other departments of the Government of India in enforcing India's rights in this particular case,—the treatment of Indians overseas. With the co-operation of the Commerce Department, the Department of Education, Health and Lands can do much. If only the convention of bringing about trade agreements for sanction of this Assembly had been put into effective practice, it would have, to a certain extent, strengthened the hands of the Department of Education, Health and Lands. At the time of the Ottawa Agreement, Sir Joseph Bhore promised that the Ottawa Agreement would be placed before this House and its sanction obtained for giving effect to it and that if the House disapproved it, it would be thrown out. But a convention which was then created has been now thrown to the winds. I remember distinctly that in the Simla Session we moved a Resolution that this particular convention should be observed, but that Resolution was not accepted by the Commerce Member on behalf of the Government of India. Then the only thing that remains is the Department of Education, Health and Lands. It remains by itself, alone. This department has not done as much as it ought to. My first charge is that it is not alert. I will quote the very words of the Honourable Member so that there may be no misunderstanding or misapprehension. In reply to a supplementary question, relating to certain resolutions passed by the Indians in Fiji, this is what the Honourable Member said, "that the Resolution has only recently been received and I cannot say that the Government of India have already taken it up with the Colonial office". Now, Sir, reminders should have been issued and the matter should have been treated as urgent. I may give another instance. In answer to another supplementary question of mine relating to the establishment of Boards to advise on matters relating to emigration in Kenya, it was said by the Honourable Member "that unless the Indians in Kenya represented that the understanding is not being observed, there is no question of taking precautionary measures". Well, Sir, when this happens, what is the necessity for taking up precautionary measures? Everybody takes precautionary measures because something of which we have experience is likely to happen again. It cannot be a matter of ignorance or it cannot be a matter of forgetfulness on the part of the Honourable Member that the Colonies always make certain professions which are never observed in practice. When England was in great difficulties, she also made a lot of professions.

In 1921, there was an Imperial War Conference which made very nice professions. The resolution passed then was:

"There is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon British Indians lawfully domiciled in some parts of the Empire, and this Conference is of opinion that in the interests of solidarity of the British Commonwealth it is desirable that the rights of such Indians to citizenship should be recognised."

These professions were never carried out.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. Govind V. Deshmukh: Now, about the appointment of the Agent. This particular Government is very slow in appointing Agents. My Honourable friend, Mr. Lalchand Navalrai, may very much desire to have Agents appointed, but in reply to a question the Honourable Member stated that Agents cannot be appointed till the Secretary of State for India is approached and the necessity justified. There again who is to justify? We are to justify, but whether there is a justifiable necessity or not the Secretary of State for India has to decide. How can you expect any relief from the Government of India? These are so complicated questions that our case really becomes one of despair. Therefore, it follows that if we cannot, under the present form of Government, follow up our representations, which are not listened to, by withdrawal of financial help or any other sanctions or withdrawal of commercial concessions or by sending an army, all that remains for us is to rely on ourselves, which means

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Govind V. Deshmukh: which means that we must have Swaraj.

Mr. Kuladhar Chaliha (Assam Valley: Non-Muhammadan): Sir, British Indians seem to be pariahs within the British Empire and in the Colonies they seem to be sub-human. If we go to South Africa, whether it is Sir Raza Ali or Seth Govind Das, he is told not to go up the lift. If we go to board a tram or a railway carriage, we are told that we must go up in special carriages and not travel with the whites. If we go to some other parts we are told that we cannot occupy certain lands or live in certain areas. If we go to South Africa we find the epidemic of racial discrimination raging very severely now. We are told that we cannot occupy particular lands and that the Minister of the Interior is framing rules and laws that certain conditions must be imposed on us in the matter of occupation of certain lands for residential and other purposes, and we may be segregated for trade purposes in certain areas if 60 per cent. of those people will agree to that kind of legislation. If we go to Zanzibar we find that the Sultan, under pressure from the British Resident, issues orders in order to suppress us; and without the co-operation of the Congress we would have been nowhere and Indians in Zanzibar would have gone down.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

Mr. Kuladhar Chaliha: Sir, when the House rose, I was saying that there is an epidemic of racial and discriminatory legislation raging in South Africa. They are going to impose conditions for residential and occupational purposes and for buying lands: they are going to be segregated in all places. We have only 70,000 persons in Natal and they are holding only 100,000 to 120,000 acres out of a total acreage of 11,000,000 in that

province: it works out to only 1 in 100 acres for Indians. Does that justify such legislation to be enacted by the Minister for the Interior? There was no justification for this unheard of legislation. We are not aware whether the Secretary for Education has made any representation against this discriminatory legislation. We want that the Government of India should stand up and see that our national pride and our national feeling is respected. It is not sufficient to say that the Government have made representations and that they were unsuccessful. They should say that if this sort of thing goes on and continues it will not be tolerated by us and that it will react as a sort of boomerang and ruin the British Empire and will create a revolt in India. Sir, I find that the Sultan of Zanzibar also has been issuing discriminatory legislation and orders from 1933 to 1935, apparently under the instigation of the British Resident there. Can you pretend that he has no hand in these discriminatory measures? We know what happened to the clove growers and how they have been able to come up again through the help of the Congress, though perhaps not to the extent we desired. If we come to Kenya we find discriminatory legislation has been undertaken there from time to time; and in spite of Lord Elgin's assurances, that no discrimination will be shown in the settlement of lands in the Highlands, except perhaps that Indians may not get enough lands, what do we find now? The position of the Indians has been deteriorating until 1915, and though the Government of India reserved the right to reopen the question they could not improve it at all. Now, in February 1938, two Orders in Council have been passed practically shutting Indians out of the Highlands of Kenya; and the Highland Board has been created so that there will be no chance for any Indian ever to secure lands in these Highlands. If the Secretary for Education stands up for these things, we do not know what will happen. It seems there is reaction even in remote Assam in Shillong: certain restrictions used to exist, up to 1926, by which lands in a locality called Kendistrace could not be settled to men in the plains unless certain conditions were complied with. Sir, unless these grievances are remedied, I fear that the result will only be disintegration and ruin of the British Empire sooner or later, unless they treat our nationals properly.

I have talked of instances nearer home, but if we go to Fiji or British Guiana or Trinidad we find even worse things. I shall take up the case of Fiji first. We have there about 100,000 Indians and most of them are agriculturists. A committee was formed, towards the end of 1937, under the Presidency of Dr. McGusty. They nominated two Indians, not from the elected members of the Fiji Legislative Assembly, but from outside, and the elected members were passed over, and these gentlemen could not come to any decision whatever or any finding. We find before this, that the Ordinance No. 83 of 1933 required that every Indian landing there shall deposit £ 50 which will remain in the colonial treasury for three years; and if he did not behave properly then that amount may be forfeited. There is another amendment to this legislation—Ordinance No. 1 of 1938 which added further conditions to the stay of Indians there. You will be surprised to hear these conditions. Nowhere in the British Empire are such conditions imposed. The first condition is like this. They have a sort of visiting officer to impose certain conditions on the stay of Indians in that colony. Under the new amendment these new conditions are imposed:

"A visiting officer may also refuse to allow any person to land and remain in the Colony unless such person shall, in addition to observing any condition which may be imposed under the foregoing provisions of this section, have obtained from

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the Commissioner of Police a permit to land and remain in the Colony, which shall be in such form, for such period and subject to such conditions as the Commissioner of Police may think fit.

Any person who, having been required by the visiting officer to obtain a permit as aforesaid, fails to do so and remains in the Colony or who remains in the Colony after the expiration of the period allowed in the permit or who commits a breach of or fails to comply with any of the conditions therein contained, may be deported by the Governor from the Colony to the place whence he came and thereupon the provisions of section 10 hereof shall *'mutatis mutandis'* apply accordingly."

A situation like this does not obtain in any other Colony of the British Empire. There are regulations concerning the furnishing of deposits by intending Indian immigrants in the case of Ceylon, Kenya and other Colonies, but nowhere in the Colonial Empire of Great Britain do the draconian laws of Fiji obtain, reducing Indians to the position of aliens. I do not know if our Government ever stood up for abolishing these conditions. We are treated really as aliens, within the British Empire. Nowhere have such conditions been imposed. If our Government and if our Secretary had been as strong as possible, if he had advocated the cause of the Indians in the manner which this House desires him to do, things might have been better. I do not know whether he has done so or not, but I trust he will do it yet.

Almost the same condition prevails in British Guiana and Trinidad, and I shall tell you some of the disabilities from which they suffer. Whereas, among non-Indians, 50 per cent. are illegitimate, among the Indians it is 88 per cent. illegitimate. The wives of our fellow-brethren are taken away by half white and half black people there. We have been not only exploited as labourers but our social and moral culture has been exploited to a degree that cannot be imagined anywhere else except in the British Empire, and the callousness of our Government cannot be conceived. In fact, although for the last 100 years the Government are aware of these conditions, they have not done anything to legitimatise those marriages. The legitimacy of even Lord Sinha has not yet been recognised by the House of Lords—though it is outside the point at issue. We have been suffering for the last 100 years from a bar sinister, and our Government have not done anything to defend them and see that they are declared legitimate. As a result of this, they lose the property and the escheat goes to the Government. If that is the condition, why should not the Government stand up at once and say that there should be legislation enacted immediately.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. Kuladhar Chaliha: We hear that legislation is pending, but it has not yet got the approval of the Attorney General. May we expect the Education Secretary to do his best to secure the rights of our nationals there? I submit that there should be a little more expeditiousness. There is no use saying that they have written to the Secretary of State or the Colonial Secretary and that they have failed. Times are changing. Indians are very sensitive and they feel hurt and a slight swing one way or the other may inflame the people. In such a condition it is better that the Honourable the Secretary for Education should inform His Majesty's Government

that such a state of things cannot continue, and that our feelings are running high. As regards British Guiana and Trinidad we must have an Agent General who will look after the interests of our colonials and as far as possible he should see that their religious rights also are observed. In passing I may mention that Indians are not allowed to be cremated there. They have imposed a condition that there must be a crematorium on the western lines; otherwise, they would not be allowed to be cremated.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Kuladhar Chaliha: With these words, I support the motion.

Mr. N. M. Joshi (Nominated Non-Official): I would like on this occasion to take a brief review of the position of Indians overseas. The Indians who have gone abroad and settled there may be divided into three classes. First, there are the labourers whose parents and forefathers were taken abroad as indentured labourers. There is also another class of labourers who still go to Malaya, Ceylon and other places to which emigration is at present allowed. In some of the Colonies immigration of labour is now prohibited and there is no further emigration of labourers to those Colonies. Besides these two classes of labourers there are the Indian merchants and Indian money-lenders who are also found in most of these Colonies. The common characteristic of most of our people there is that they are lacking in education. The working classes are, of course, uneducated, but even the merchants and the money-lending class, who go there, are not as well educated as we would like these classes to be. Then they are not properly organised. Not only the workers on plantations in Ceylon, Malaya and other colonies are not organised, but even the merchants and the money-lending class are not properly organised. Again, it must be admitted that the standard of life of our people in those Colonies is not adequate, is not, in any case, as high as the standard of life of other immigrants in those Colonies. Moreover, although our people have gone to those Colonies for several generations, in some cases, they have not assimilated themselves socially and in other matters with the people who inhabit those Colonies and Dominions.

Our people in those Colonies and Dominions have many grievances. In the case of the labourers they have generally the same grievances which the labourers in India have as regards wages, hours of work and in other matters, besides, of course, having the social and political disadvantages which the Indian merchantile class and money-lending class in those parts also have to suffer. But it must be said that the working classes who go to the Colonies and the Dominions are not unwanted people. Even in South Africa and other places, where immigration has stopped, there is no effort to drive out the working classes from those Dominions and Colonies. They are wanted there. Now, in the case of other classes, the merchants and the money-lending class, their grievance is mainly social and political. Socially they are looked down upon, and politically they have not got the same rights as the white people have got. In order to secure the removal of these grievances, both of the working classes who are there and of the other classes, the Government of India have tried the method of representation. To some extent, their efforts have

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succeeded, but mere representations in the present state of the world do not succeed. It is necessary that the Government of India should be able to possess the power to use stronger measures. Suggestions have been made that Honourable Members in charge of the Department should resign, but unfortunately we do not get Members who will resign. I have no doubt that if one or two Members of the Executive Council resign sometimes on important issues connected with the welfare of our countrymen abroad, we may secure some improvement. But unfortunately we do not get Members who will resign. Then, we have also suggested that the Government of India should retaliate, but in the view of our Government retaliation will not produce much effect. I am not under a delusion that by retaliation we shall be able to secure the removal of all the grievances because, in the case of some of the Colonies and Dominions our retaliation will not be effective. But even there I feel that the Government of India should try the method of retaliation to the extent to which they can try. Even if it is a gesture it should be tried. If some countries do not give us political rights, we should pass legislation taking away whatever rights the nationals of those countries may possess in our country. That will not have much practical effect, but it will have some effect, it will at least give us some satisfaction that in our country they also are not given the rights which we are not given in those Dominions.

Then, Sir, the real difficulty in the case of Colonies like Kenya is that we cannot retaliate against Kenya very much because, the Europeans who go to Kenya do not come to our country in large numbers. There the real culprit is the British Government and the British people. Unfortunately, on account of the Government of India Act, we cannot retaliate against them in India. People can proclaim boycott and some other things but we have a much bigger quarrel with the British Government and the British people and that fight is being made. We cannot have a separate retaliation over overseas problems against the British Government and the British people. Our fight with the British Government is going on for a much higher aim. I feel that the Government of India have done something but they can do more. They ought to take more vigorous steps to appoint their agents in various Colonies. I feel that the Indian people themselves can do something in this matter. I strongly feel that people in India and the Indian communities who are settled abroad can do something for themselves and I have a feeling that if we put forward greater efforts and organise ourselves, both in this country and abroad, we shall be able to do much more in the matter of the removal of our grievances. In the first place, we shall increase the strength of our people there and by our own constructive effort we shall be able to improve the condition of our people there to some extent. Secondly, if we organise effectively, our voice will have greater weight with the Governments both here as well as in Great Britain. I, therefore, feel that non-official voluntary agencies should be brought into existence both in this country and in the Colonies in order to organise the communities here and also those living there. Take the working classes in Malaya, Ceylon and other Colonies. They have no trade unions. We can do something in that direction. You cannot expect the Government of India to send out the organisers. That can only be done by people in this country by collecting funds. If conditions are to be improved, there must be people to agitate and people in India can do something in that

matter. Even the merchants and other classes are not properly organised. I know that in South Africa there is the Indian Congress and also in East Africa and other Colonies but these organisations are not strong. If we can collect funds, we can educate our communities there by sending social workers and agitators. People in the smaller Colonies lack leadership and that leadership can be supplied by India. There is nothing wrong in sending agitators. I know they will not be welcome there. Still we should send them there to educate them and organise them. We can do something in the direction of sending out missions of people who will educate our communities there. This will have a double effect. In the first place, it will educate our people and in the second place, we shall have greater influence over the Governments. We must also improve conditions of the working classes in India. Take the case of the labourers in Ceylon and Malaya. If we ask the planters and the Governments of Malaya and Ceylon to improve conditions in regard to labourers, they will naturally ask what are the conditions of the labourers who work in India. We can tell them that they are working in their own country but that when they go about we are justified in asking for better conditions. We can give that reply but that reply is not convincing. If we want the conditions in Malaya and Ceylon to be improved, then it is necessary that the conditions in the plantations in Madras and Assam must be improved. I am glad to find that since my friend, Mr. Giri, took over the Ministership in Madras he has made efforts to improve the conditions of people working in the plantations in Madras. The Congress, before they took office in Assam, was thinking of bringing some legislation to improve the conditions of labourers in the Assam Plantations. Unfortunately, the Government in Assam has arrived at a compromise with the European planters in Assam. I do not like that compromise at all. It would not lead to any good result. I would like the Government of Madras and Assam to make more vigorous efforts to improve the conditions in the plantations in those provinces. Lastly, some of our people go abroad because the standard of life and the amenities in India are very low and wages are low. I would, therefore, strongly urge that conditions in India should be further improved.

Sir Girja Shankar Bajpai: Mr. President, this is the third occasion since this Session started, that the House has taken up the subject of Indians overseas. On previous occasions, we discussed Burma and Kenya; today the whole subject in its wide domain has been brought under review. I think it will be no exaggeration to say that, in the course of their speeches, Honourable Members have literally girdled the earth, touching as they have touched upon far-off Fiji and distant Demararah. It will be realised that, within the limitations of time imposed upon me, it will not be possible to do full justice to all the points that have been raised. I shall therefore deal with some of the more important points and if a number of them is left over, I hope Honourable Members will forgive me, realising that this has not been due to any want of courtesy, but to want of time.

Several speakers devoted attention to South Africa, and rightly so, because, using the language of metaphor for once, I think it can be said that it is this portion of our overseas horizon where the shadows crowd most thickly and fast. Now, Sir, except for the heroism of our own people there—not the heroism of the sword but the heroism

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of the soul—and the sense of justice of a few enlightened South African Statesmen,—this sombre landscape of the history of our people overseas is the least relieved by any gleams of light. Here we are and long have been up against stresses of racial feeling, profound in origin, tenacious in strength, seldom inactive, and easily aroused to intensity, which, because of these very characteristics, it is difficult effectively to counteract. Take for instance this question of segregation. Honourable Members who take an interest in South African affairs know that this has been the cry of a certain section, if you like, a very vocal section in South Africa for years and years together. There was the Class Areas Bill of 1924-25. It took a deputation and a Round Table Conference to bring about the abandonment of that measure.

In 1931, another outcry was raised. This time the allegation was of the evasion of land laws in the Transvaal. There was another Round Table Conference, resulting in the appointment of the Feetham Commission, whose recommendations at any rate did recognize the principle that in the Transvaal on the proclaimed lands, that is to say, the mining areas, Indians should be allowed to occupy land for purposes of trade and residence both, without segregation. Then, Sir, last year, another cry was raised, namely, that outside the proclaimed areas in the Transvaal Indians were evading the law. There was a fresh Commission appointed, the Murray Commission. That is, as far as I know, still sitting, or if it has completed its report, the report has not reached us yet. Finally, Sir, there is this move to which my Honourable friend, the mover of the cut motion, Mr. Avinashilingam Chettiar, has referred, namely the move of the Ratepayers' Association of Pretoria, resulting in the announcement by the Minister of the Interior that there may be a scheme of servitude, as regards occupation and ownership both, introduced, provided that seventy-five per cent. of the residents of a particular area desire such servitude to be imposed. Now I do not wish to dwell at any very great length on this particular scheme, because, not so very long ago, I had occasion to answer a question in this House in which I tried to explain what the position was. As far as we know—we are in the closest possible touch with our Agent-General in South Africa—, no decision has yet been reached in this matter. But the fact remains that the Indian community in South Africa is in a state of apprehension, grave apprehension, with regard to what may be the outcome of the agitation which a certain section of the people in the Transvaal have been carrying on. And let me say that we fully share that apprehension. We feel that the principle of allowing Indians to own and occupy property without segregation throughout the Union must be vindicated. Sir, my Honourable friend, Mr. Satyamurti, in a supplementary arising out of a short notice question which was asked I think more than a fortnight ago, asked me whether the Government of India themselves had made any representations to the Government of the Union of South Africa. I think I can now state on the floor of the House that we have been for the last fortnight in direct correspondence with the Government of the Union. You may take it from me, Sir, that in so far as the method of negotiation is concerned, the Government of India are determined to try it out.

My Honourable friends will say, "but the method of negotiation may not succeed". I would remind you, Sir, that on two previous occasions when similar measures were forecasted, in 1924-25 and again in 1931-32.

the method of negotiation did succeed. Mr. Satyamurti and other Honourable Members interested in this subject know that there are moments when one cannot reveal much. And, when negotiations are in progress, little can be said. All I can say at this stage is that I am not without hope of this matter being amicably adjusted in a manner honourable to all sections of the Indian community concerned.

Before I pass from this subject, I should like to say one word with regard to the general attitude of the Government of India in respect of what is called "retaliation". Speaking specifically of South Africa, I can say this, that the Government of India are not weighed down by any sense of subservience or inferiority. Their main objective is to protect the interests and the self-respect of the Indian community in South Africa: and the only restraint and restriction on their actions which they recognize are those dictated by the paramount consideration that nothing shall be done which may injure those interests. Honourable Members are perhaps aware that not very long ago there was a conference of Indians in Johannesburg when it was decided, not to resort, at any rate for the present, to any kind of direct action. I hope my Honourable friends will agree that it would be unwise of us, if our solicitude for our people is to be helpful, to resort to any kind of direct action. They—our people in South Africa—are the best judges of the local conditions and they are unwilling to adopt that course. For the rest, I am still hopeful that this thing may be satisfactorily settled by the method of negotiation.

Now, Sir, from South Africa, I have to come to the Pacific. Fiji was the colony which was touched upon by my Honourable friend, Mr. Avinashilingam Chettiar, and I think by my Honourable friend, Mr. Kuladhar Chaliha. There, as was correctly pointed out by Mr. Chettiar, the most important question is the question of the tenure of land, because the bulk of the Indian community in Fiji is agricultural and, under the present system, leases may be given for a period of twenty-one years in the first instance and extended to a period of thirty years but no more. That means insecurity of tenure for the Indians in Fiji. Now I should like to emphasise, in the first place, that this particular limitation of the term of leases is not racial in character: it applies to all leaseholders, whether they happen to be Europeans or they are Indians. But that does not dispose of the fact that thirty years is much too short a period for which especially a cultivator may hold land. And I think, Sir, that, earlier this Session or, possibly, it was during the Simla Session, when we had taken this matter up with His Majesty's Government, His Majesty's Government committed themselves to the principle that, apart from land which may be needed immediately and exclusively by the natives of the soil, that is to say, Fijians, all land should be available for the purposes of development. I understand that the idea is that such land may be leased out for a period of ninety-nine years. There is to be a Commission to go into this question, and we have already asked His Majesty's Government in the United Kingdom to let us have an Agent in Fiji who would, *inter alia*, assist the Indian community in safeguarding their own interests in so far as leases and occupation of land for agriculture or other purposes is concerned. My Honourable friend, Mr. Kuladhar Chaliha, referred also to the Immigration Ordinance. Let me tell him, first, that that Immigration Ordinance is of a non-racial character and applicable to everybody. The committee to which he referred has undoubtedly presented its report but that report, I gather, is to be discussed first in the Legislative Council of

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Fiji and we are not yet in possession of the views of the Indian community on that report. Until we know what those views are, my Honourable friend will appreciate that there may be danger in making representations which may run counter to the wishes of the Indian community in Fiji.

Again, let me jump from Fiji to British Guiana, from the Pacific to the Atlantic. Mr. Chaliha, I think, referred to the question of marriages there. It is perfectly true that, according to the law, the offsprings of marriages which are not registered are illegitimate, but the remedy for this illegitimacy is registration. It is not anything racial or denominational. All the inhabitants of the Colony, to whatever race they may belong, have to register marriages. What has happened both in British Guiana and in Trinidad is this. The Indian communities have said that they are not prepared to accept registration for themselves. They feel that it is an interference with their personal law, and they hold their personal law, which is a part of their religion, dear, and therefore they are not willing to conform to a system which may suit the Christians but which does not suit them. With regard to that, it was said that for a hundred years the Government of India had done nothing. As a matter of fact, the Ordinance to which I refer, I think, dates back to something like the nineties of the last century and, as such, it is not quite fair to suggest that for a hundred years nothing was done. We could not do anything with regard to a law which was not in existence. But as regards the law that I have been discussing, and which dates back to the nineties, Kunwar Sir Maharaj Singh was in British Guiana in 1925, and subsequently in Trinidad, and he suggested that, instead of requiring the parties to a marriage to undertake registration, Government should license those who perform these marriages, that is to say, priests amongst the Hindus and Qazis amongst the Muhammadans. That system prevails in Fiji and the Indian community there has accepted that system. As far as I now, there is a possibility of a solution along those lines being found both in Trinidad and the British Guiana. In any case, Mr. Tyson, who is now in these territories, has been instructed to do his best with the Colonial Governments concerned to bring about legislation in conformity with the wishes of the Indian community there.

Now, I come back "nearer home"—to use a phrase employed by certain Honourable speakers before,—Ceylon and Malaya. With regard to Ceylon, the question of the Village Community Ordinance was raised. I have explained the position about that before, and I do not think it is necessary for me to repeat what has already been said. We are not satisfied even with the amended Ordinance because, although it may not, in the letter, discriminate against Indians, we know that actually the people affected are the Indian estate labourers. It has also been communicated to the House that when trade negotiations take place with Ceylon, those disabilities of Indians in Ceylon will also come within the purview of this discussion. That still is the intention of the Government and that is where we intend to leave the matter for the present.

As regards Malaya, it has been suggested that certain things have been left out by us in our negotiations with the Malayan Delegation. I think those Honourable Members who made the suggestion did not perhaps attend to what I had to say on the subject in answer to a question during this very Session. What I said was, that although the wage question was prominent,

we also made it clear to the representatives of the Malayan Government that Indian sentiment attached very great importance to the question of status, to the question of the eligibility of Indians for the public services and so on. And I can assure the House that, in the negotiations which are to follow, after we have received the views of the Government of Madras, who have been consulted, these particular subjects will be kept as prominently in view as the question of the wages to be given to the Indian labourer.

Then, Sir, something was said with regard to the appointment of agents. I do not think that the House can be in any doubt about the intentions of the Government of India in this matter. The Government of India are fully conscious of the necessity of sending agents to those far-off territories. From where, unfortunately, at the present moment, it is not possible to get timely information with regard to matters which affect the Indian communities. But, as I have pointed out to the House more than once, it is not a matter which is entirely in our power or in our discretion to regulate. You cannot send an official or an accredited representative to another country unless the Government of that country is prepared to receive your representative. The argument which has been so far put forward in opposition to our suggestion for the appointment of agents is that there is no longer any obligation on the Colonial Governments to respond to the suggestions of the Government of India for the appointment of agents; that if we have representatives there, the result will be that these communities, which are permanently settled there and which ought to look to the Colonial Governments for their salvation would acquire an extra-territorial loyalty, all the time thinking in terms of the Government of India and their intervention, and paying precious little attention to the views and wishes of the Colonial Governments. That is the point of view which is emphasised from the other side. I do not say that we accept it. For instance, I am not betraying any secret when I say that Mr. Tyson's mission to British Guiana specifically includes, in his terms of reference, the question of the appointment of an agent there. All that I wish to impress upon the House is, that while we are in complete agreement with Honourable Members who desire that an agent should be appointed, and while we are doing our best to get the principle of the appointment conceded, we cannot force our agents upon the Governments of those Colonies if they are not prepared to receive them. I am hoping that better counsels may prevail and that our agents may be admitted into these territories with the full realisation that their presence will be not only helpful to the Indian communities but also to the Colonial Governments concerned.

Then, Sir, I think it was my friend, Mr. Deshmukh, who made certain charges against my Department. He said: "This department is extremely slack; it does not act in time. For instance, what about the appointment of agents? Why has that been delayed?" I have explained why there has been delay. Then, he referred to certain resolutions passed by a Conference of Indians in Fiji; and he said that, the other day, I had said that we had not had time to examine those resolutions and recommendations. May I inform him that those resolutions reached the Government of India only on the 28th February? The two most important subjects dealt with in those resolutions are land tenure and the appointment of agents. I have already informed the House what the Government of India have been doing with regard to the appointment of agents and with regard to the question of land tenure. I do not think that any charge of criminal neglect against the Government of India can fairly

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be sustained in so far as this particular matter is concerned. Then, there was a reference to the Emigration Board of Kenya. My Honourable friend said that the Government of India are absolutely callous with regard to the operations and activities of this Board. If my Honourable friend will do me the honour of reading the replies which I have given earlier on this question, he will find that the only principle raised was that relating to the representation of Indians on the Board. Within a few days of the receipt of the representation of the Indian community, we asked the Secretary of State for the Colonies to accept the representation of Indians on this Board. I do not think there is any justification, with regard to this matter also, for the charge that the Government of India in my Department have been neglectful of their duty in attending to representations which come to them from different Colonies and Indian communities in different parts of the Empire.

I think that in so far as the points of detail or points with regard to the specific countries are concerned, I have dealt with them as best I could in the time available to me. There were certain observations of a general character made, and I would like to allude to them briefly before I resume my seat. It was said that there is a great resentment in this country at the treatment which Indians receive in different parts of the British Empire. We have never concealed our own resentment, our own dissatisfaction, at the fact that there are these inequalities. Time will not permit me to state in full detail the history of the negotiations which have taken place on this subject in the past. We share fully the resentment of Honourable Members at the existence of these inequalities, at the existence of these disabilities and, subject to our power to deal with these matters, we are doing our very best to have these inequalities removed. It was further contended that these disabilities cannot be removed until autonomy or self-government or independence is obtained for India. In so far as Honourable Members are making a claim for the independence of India, I submit that that is a large question which falls outside the purview of the department for which I speak. I am merely here to render an account of our stewardship, subject to the limitations which the system under which we are working imposes. I would like the House to reflect fairly on the account, very brief account, very imperfect, if you like, that I have given and then say honestly: "Within your limitations, that which you could have done you have not done". My Honourable friends want autonomy. By all means let them have autonomy. But it would be for them to reflect on the possibility of autonomy having also its limitations when they secure it. The other day, when the question of Kenya was under discussion, I pointed out that it is not merely a question of political status, but it is also a question of sanctions. I think it is rather ungracious to forget that where sanctions are open to the Government of India, as for instance in the case of Malaya and Ceylon, those sanctions have been applied. But when sanctions are not available, then you cannot blame us for not applying something which we do not possess.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): What about Burma?

Sir Girja Shankar Bajpai: My Honourable friend has raised the question of Burma. He made a specific suggestion the other day, and I think he had a reply to that from the Honourable the Commerce Member, that

the particular question of trade agreement with Burma was under consideration. I do not think I need go into greater detail with regard to that.

To sum up, we recognise that there are difficulties in the matter of the treatment of Indians overseas. We are glad, Sir, that the House has brought up this discussion because it gives us an opportunity to ascertain the views of Honourable Members, not that these views need be ascertained, they are pretty well known,—and it will strengthen the representations that we shall be able to make to other Governments; the realisation that in this matter the Government of India have behind them the opinion of the people of this country and their representatives is undoubtedly a very great asset to us. I hope, Sir, the House will continue to give us that support, not in a spirit of distrust of us, not in a spirit of distrust of our weakness, but with the full realisation, that within the possibilities that are open to us, we are doing everything that is possible to uphold the honour and to protect the interests of Indian communities overseas.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That the demand under the head 'Department of Education, Health and Lands' be reduced by Rs. 100."

The motion was adopted.

DEMAND No. 19—COMMERCE DEPARTMENT—contd.

Failure of the Government to protect the Cocomanut Industry.

Mr. K. Santhanam (Tanjore cum Trichinopoly: Non-Muhammadan Rural): Sir, I beg to move:

"That the demand under the head 'Commerce Department' be reduced by Rs. 100"
—(To discuss the failure of the Government to protect the cocconut industry).

Sir, during the last few years, specially ever since the present Finance Member came to the Government of India, it has become the fashion for Members of the Government of India to profess sympathy for the Indian agriculturist as against the industrialist. This profession might have been useful as a stick to beat the Indian industrialist, but it has not helped the Indian agriculturist. Sir, during the last fifty years, I do not think the Indian agriculturist has been in a worse plight than he has been during the last five years. His purchasing power has been almost destroyed. The cultivators of paddy, cocoanut, ground-nuts and other agricultural products are today and have been for the last five years parting with their produce for less than the cost price. If he has been still able to purchase a few lbs. of salt, or a few match boxes or a little bit of kerosene oil, the agriculturist was not able to purchase all these necessities of life out of any surplus of his produce, but because he has been defaulting in the payment of rent, interest, land revenue and taxes. He has been living in the hope that political changes will absolve him from these accumulated liabilities. It may be said that the Government of India are not responsible for this state of affairs, but that the world depression is responsible. In the first instance, it is true that world depression started this calamity, but this depression did not come only to India. It happened to the whole world. What have the Governments of other countries done for the agriculturists? I shall not cite the example of Italy, Germany or Japan who have taken so much trouble to protect the agriculturists and secure for

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them a fair price for their products. Even in Great Britain how much money has been spent? Millions have been spent to protect the growers of wheat, to protect the breeders of cattle, to get a fair price for eggs, bacon and all other agricultural commodities. Tens of millions have been spent in order to help the beet root growers, though from all accounts, no one can believe that England is fit to grow beet root. So much has been done in all other countries, but nothing has been done in India to protect the agriculturists of this country. I do not want to go further into this general problem.

My intention in moving this cut is to draw attention to the plight of the coconut industry. A few basic facts will be sufficient to bring the urgency of this problem before the House. There are 14 lakhs of acres in India under coconut cultivation. Of these 14 lakhs, 13 lakhs are in the Madras Presidency and the Indian States bordering on the Madras Presidency. Of these 13 lakhs, eleven lakhs are in Travancore, Cochin and British Malabar. These 11 lakhs of acres of coconut are cultivated by eleven millions of people which comes to one acre per ten people. The density of the population in this coconut area is about three times the average for the whole of India. You can realise how difficult the livelihood of these people must be even in the best of times.

The next set of facts which I would like to give the House is the trend of prices from 1927 to 1934. From the tariff value of about Rs. 23 per cwt. in 1929, it came down to Rs. 6 per cwt. in 1935, that is to say practically one-fourth of the price at which copra was sold in 1929. In 1934, the position became very desperate and the Government of India appointed Dr. J. S. Patel to make an enquiry and submit a report. In 1935, a special committee was set up to go into this problem, and between 1935 and 1937 the prices suddenly went up owing to extraneous causes from Rs. 6 per cwt. to Rs. 12 per cwt. and, during this brief period, the industry was just paying its way for the coconut growers to produce coconut. After 1937, the prices again fell down to Rs. 6 per cwt. at which price more or less the copra is being sold today. In Mr. Patel's report there is a calculation as to the cost of production of coconut. He has calculated that the total cost of production per ton of copra is Rs. 219-7-0 while the present price comes to more or less Rs. 120. That is to say, for every ton of copra the producer, at the present prices, has to lose about Rs. 100 while the present tariffs are 20 per cent. for copra and 25 per cent. for coconut oil. If the great fall in prices were merely due to the depression, probably some excuse might be found for Government; but it is not so. One of the main causes of the fall in prices has been that during the depression Ceylon lost her markets outside India and has begun to dump her coconuts on India.

I shall read some figures to show how this has happened. In 1929-30, only 10,000 coconuts were imported into India, while in 1934, 19 million coconuts were imported. In 1929-30, 152 cwt. of copra were imported into India while, in 1934, it is 6.75 lakhs of cwt. In coconut oil 1,566 cwt. were imported in 1929-30 while in 1934 it was 7.4 million cwt. In Mr. Patel's report all these things are converted into tons of copra and the result is that while in 1927 only 7,518 cwt. were imported, in 1933, more than 1 million cwt. were imported. It is, therefore, obvious, that India was not the traditional and natural market for Ceylon copra. This

market has developed only after the depression and, therefore, Government cannot say that we are coming and asking them to disturb the relations which have been existing for a very long time. There are facts to show that this copra and coconut from Ceylon is not brought into India at economic prices. It is being dumped because there are calculations to show that at the present prices it cannot be produced even in Ceylon though the Ceylonese have got three advantages. They do not pay land tax. The freight which Ceylonese copra and coconut oil pay when they are brought to India is much less than the freight charges between Cochin and Bombay or Calcutta. So far as coconut oil is concerned, the freight from Cochin to Bombay is Rs. 12 per ton; to Bombay from Colombo it is Rs. 7-8-0 per ton; to Karachi from Cochin it is Rs. 14-8-0 and from Colombo it is Rs. 12-8-0. To Calcutta from Cochin it is Rs. 12-4-0 while from Colombo it is Rs. 9. Therefore, they have got this advantage of freight. And the third advantage which the Ceylonese producers have got, is that they produce in large plantations while in India it is a cottage industry. Sir, if you go to Malabar you will not feel that the country is so populated; in fact, the whole population has been scientifically and hygienically distributed. Everywhere you find ten or fifteen coconuts and a cottage industry for a family. Therefore, in spite of the density of population, you find one of the fairest, cleanest and most scientifically distributed populations in a small country. It is only in Malabar where one can say that God has made the country good and man has not made it vile; and it is that part of India which is being practically ruined by the present import of Ceylonese copra and coconut oil at dumping prices. Now, what is wanted to remedy the situation? A deputation from Travancore waited on the Government of India recently and they have demanded a specific duty of Rs. 100 per ton. Sir, as I have said, the existing duties are 20 and 25 per cent. *ad valorem*. I do not know if the *ad valorem* duty is a very good measure for purely revenue purposes, but as a measure of protection or of help to the agriculturists it is worse than useless. When the prices are high you add up to the prices by this *ad valorem* duty; when the prices are very low the duty too becomes very low. For instance, when it was Rs. 23 in 1928-29, though the Indian importer had to pay only 15 per cent. at that time; he had to pay nearly Rs. 4 per cwt. Now, though the duty has been raised to 20 per cent. *ad valorem* he has to pay only Rs. 1-4-0 per cwt. This is quite ridiculous. Now, we want a specific duty irrespective of the prices of cocoanut oil or copra. The specific duty must be such as to ensure an economic price for the cultivator. Of course, I may be asked what is to happen to the Ceylonese imports. Sir, if the demand for copra and coconut oil is really genuine this imposition of a specific duty will not hurt it, because people will buy; but if it not genuine and if it only helps to displace our other oil seeds by its unduly low price, then it is certainly good for the country that the import should be restricted. Sir, I do not think it will hurt the Ceylon industry. The fact is, as I have pointed out, that the Ceylon industry also is suffering. There are companies who have not been paying any dividends for the last few years. Of course, I am not particularly worried that they do not pay any dividends; but the point is that they are forced to export to India at such prices that the Indian agriculturists cannot get his cost of production. That is the main point, and it is the indispensable duty of the Government of India to see that as far as it lies in their power every agriculturist in this country does get, at least, the cost price of his product.

[Mr. K. Santhanam.]

Sir, there is one other important point about this coconut industry. You cannot change its area or interfere with it in a short period. It takes ten years for the coconut to become productive and it continues for 30 years producing, almost the same amount of coconuts, unless the cultivator cuts it off or totally neglects it. Therefore, the production cannot be changed and adjusted to market conditions, just as in the case of other crops. It cannot be substituted. Therefore, in the case of the coconut industry, in particular, the securing of a minimum economic price is more important than in the other cases. Sir, I have pointed out that the cultivator in Malabar today does not get this economic price. It is the duty of the Government of India to secure him this economic price, and the method is to put in a specific duty which will secure this economic price. But, Sir, there is a differential duty on coconut oil of five per cent. Of course, I have no objection to the differential duty as such; if anything has to be imported, it is better to import coconuts and copra rather than coconut oil so that at least there can be a coconut oil mill industry in India. But the need of the coconut oil mill industry is only subsidiary to the interests of the agriculturists. First, the duty is needed to secure a proper economic price for the agriculturist; next, by all means try to help the oil industry. Sir, subject to these conditions I have no objection to the differential duty as such. Put in a specific duty of Rs. 4 or 5 per cwt. for copra and if you want you may increase a little when copra is brought in the form of coconut oil. But without a regular and proper specific duty on the imports of copra the people themselves will be reduced to utter ruin. That is the position today and the Government of India cannot go on fiddling, hoping that these periodical changes of prices will, somehow, get them out of the difficulty. They have seen that the prices came down between 1932 and 1935. Between 1935 and 1937 they went up a little but have come down again; and it is no use speculating that they will go up again. These variations do not help the agriculturists. When the prices come down the agriculturist does not get much and gets into debt; when the prices go up he spends what he gets: he is not able to average it out between the various years and he is not much the better for any improvement in prices that may occur

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. K. Santhanam: I am finishing. I hope I have made out a very strong case for immediate and urgent help or protection to the cocoanut industry. I would only like to point out also that though I have made out a case only for cocoanut and cocoanut products, paddy, ground-nuts and other agricultural products have very similar claims and it is time that the Government of India should adopt a positive policy of active protection of agriculturists. I do not see why only wheat should claim their patronage. I supported the duty on imported wheat; but there are other agriculturists in India who deserve equal protection from the Government of India. Sir, I move my cut motion.

Mr. President (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Commerce Department' be reduced by Rs. 100."

Mr. J. D. Boyle (Bombay: European): Mr. President. I have intervened very briefly in this debate because I entirely agree with my Honourable friend, Mr. Santhanam, as to the plight in which the cocoanut industry finds itself and also because I should like to amplify, if I can, in rather more general terms, some of the observations which Mr. Santhanam made

Mr. S. Satyamurti: But will you vote?

Mr. J. D. Boyle: It is perfectly true, as Mr. Santhanam said, that this is a peasant industry: it is in the nature of a cottage industry, while the industry in Ceylon is almost entirely run on plantation lines and is much more highly industrialised. It may be true that it is necessary for us in India to reorganise the industry in some way in order to put ourselves on a more level footing with Ceylon; but it is, nevertheless, true at the present moment that thousands of families, who can only just make both ends meet, when the prices of cocoanut are reasonable, find themselves at the present moment, as a result of dumping from Ceylon, on the point of ruin. Ceylon's case, as I understand it, is that she can produce copra more cheaply than India and, therefore, India has to put her own house in order if she wants to have a fair share of the trade. If that is so, why is it that the Ceylon Government itself has imposed a tariff on imported cocoanuts? The answer would appear to be that Malaya and other parts of the country are there, but, particularly, Malaya have been able to grow cocoanuts even more cheaply than it is found possible to do in Ceylon, and, therefore, it is perhaps up to us to urge Ceylon to put her house in order. At any rate if Ceylon in order to foster its own industry has had to order. At any rate if Ceylon in order to foster its own industry has had to put on some form of protective tariff then it seems to me that it is a perfectly good argument open to India to do the same thing. If India has to import—and that is an argument which is open to a considerable amount of doubt—but if she does have to import, I wonder if it has occurred to Honourable Members that she might do worse than import from that country which finds it can produce even more cheaply than Ceylon since there may be such a country, because Ceylon has to put a duty on to keep such cheap cocoanuts out. I should like to quote, if I may, from a speech that was made before the Travancore Chamber of Commerce on this subject. One of the arguments raised was this. The speaker said:

"We have heard much of the low cost of production of copra in Ceylon as compared with that in India, but there is not the slightest proof that such is really the case. In fact, a reference to the share quotations of most of the Ceylon cocoanut companies shows that they have been working at a loss, or, at any rate, at no profit, for many years past. The sale of copra at a loss does not postulate lower production costs. It suggests bad marketing and proves that the copra and oil which Ceylon ships to India is being sold at distress prices because a market cannot be found elsewhere. India does not need this copra or oil."

Now, I would like to implement even further the figures that my Honourable friend, Mr. Santhanam, gave about the imports of cocoanuts into India from Ceylon. He gave some very interesting statistics but I think he will agree with me that if he looks again he will find this even more remarkable fact and that is that the figures vary according to the difference between the price in India and the world price: that is to say, that imports into India from Ceylon are at their highest when the price in the Indian market is higher than the price of the world market, and they fall correspondingly when world prices improve; so that it is very difficult

[Mr. J. D. Boyle.]

for Ceylon to claim that she is, in fact, meeting a vital and urgent necessity on the part of India when one day she does it and the next day she does not. Before foreign imports, which, I think I am right in saying, started in large quantities in 1931, before they came, the price of the Indian product was largely regulated by the usual laws of supply and demand; and any abnormal rise in cocoanut prices was more or less checked by the suitability of other oils, such as ground-nut oil. But copra had always a great price difference because the public preferred cocoanut oil to ground-nut oil. Now, since 1931, that is, the year in which foreign imports started to a considerable extent, copra has not been able to maintain that price level and Ceylon copra has been available in India at ground-nut prices. This explains the abnormal increase in the Indian demand for the Ceylon product. Now, given reasonable protection the Indian production can meet, I do not think I am exaggerating at all when I say this, all the requirements of India, and they can do so at a price that is reasonable both to the producer and the consumer. The degree of protection that has to be applied must be a matter for examination, and what I would suggest to my Honourable friend is that what is required now is for Government to run an investigation: there must be a careful examination of all the statistics, of all the import figures and the potentialities of the Indian market before it is open to us to say that such and such a degree of protection is necessary; and what I would urge him to do is to impress upon the Government of India the necessity for holding such an inquiry in order that protection, if necessary, may be granted, rather than censure the Government of India forthwith. I am sure that that is really what his Party require. It is quite absurd to ask for protection without an inquiry, and I would suggest that what Mr. Santhanam's Party really needs is to impress upon the Government of India the necessity for holding such an inquiry immediately. With that point of view I am entirely sympathetic, and if Government can assure me that they either have already arranged or are in the process of arranging to hold such an inquiry, I for my part will be quite satisfied.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris: Muhammanadan): I rise to support the motion. I come from that part of the country which produces cocoanut and about the woes of whose people my Honourable friend, Mr. Santhanam, had so much to say. I represent here the districts of Malabar and South Canara which, together with the States of Travancore and Cochin, form Kerala, that is, the country of the cocoanut. We produce the bulk of the cocoanut in India. Ever since the commencement of this Assembly we have been pressing for some sort of protection for our copra against the import of copra and cocoanut from outside India. Government have been telling us that they have been going on with enquiries and committees and so on. I have here the report of the very first question that I asked on the floor of this House on the 20th February, 1935, and that was in connection with the need for a protective duty on copra. The then Commerce Member, Sir Joseph Bhore, replied:

"An enquiry into the conditions of the cocoanut producing industry has been carried out by Dr. J. S. Patel under the orders of the Imperial Council of Agricultural Research. His report was placed before an *ad hoc* Committee of officials and non-officials convened by the Council. The Committee met at New Delhi, from the 14th to 16th of January, 1935, and its report and recommendations are now under consideration by the Government of India."

This was on the 20th February, 1935. In February, 1939, that is, this year, we were told in this House that enquiries were still going on. As a matter of fact, these enquiries began five years before I came into this House, that is to say, it is already ten years that the enquiries are going on. My Honourable friend, Mr. Boyle,—to whom we, who come from Malabar, are very thankful for the support that he has given us—still speaks of an enquiry. I do not know what sort of an enquiry he is thinking of. The figures are there. The economic factors are there. The Agricultural Research Institute has had an expert enquiry into this matter, and as a matter of fact, it is not denied anywhere that the people in Malabar and in the cocoanut producing districts are really suffering a good deal. I do not know whether Mr. Boyle knows it or not, we sent out delegations, we sent out deputations, our deputations interviewed the Commerce Members, and we even interviewed Lord Willingdon. We were assured, every time, that enquiries were being carried on and that something tangible was going to happen very soon. We have been waiting and waiting for the last five years at least, but nothing so far has been done. Lately, we were told in this House that the Government of India are awaiting some communication from the Madras Government. I do not know whether that communication has reached them, and, if so, what action the Central Government is going to take on it.

I do not think I need bother the House with figures, but this much I have to say. From time immemorial my people have been depending on cocoanut and cocoanut alone for their subsistence. Cocoanut to us is not an industry; it is not commerce; it is our livelihood. It is known as the *Kalpavriksha* of the West Coast of India, because it supplies all the needs of the inhabitants of that part of the country. With us, unlike Ceylon, this is not a plantation. It has been calculated that 90 per cent. of the holdings in cocoanut in the West Coast are in small gardens below two acres. That shows that our people are keeping these gardens, not as a commercial undertaking but as a means of their subsistence. The fall in price of cocoanut from about Rs. 60 in 1926 to Rs. 17/8 today has resulted in the gardens being neglected. This is very important. For the last ten years people have been suffering and suffering very badly, but now, because of the abnormal fall in the prices of the products of these gardens, the gardens are being neglected. The trees are getting deteriorated. The trees are worth millions of rupees and this is a loss which, if allowed to continue for some time more, it will not be possible to remedy afterwards. Once the trees become barren there will be no use if any protective duty is levied.

I do not think I will weary the House with figures as I said, but I will go a little further back from the date from which my Honourable friend, Mr. Santhanam, quoted his figures. I will go back to the year 1926-27. It will be found that in that year the import of copra from Ceylon was almost negligible. In that year the quantity of copra imported into India from Ceylon was 32 tons. This import has been increasing by leaps and bounds ever since then, and in the year 1937-38, the last year for which we have figures, we find that the imports have gone up to 45,613 tons. And the difference in value is also worth noting. The 32 tons of 1926-27 cost Rs. 13,054, while the huge import that I have just now mentioned was of Rs. 87,64,561. What I am trying to point out is this, that from small beginnings this import has gone up to such an extent that it cannot but affect us materially. I do not think that any further enquiry

[Mr. H. A. Sathar H. Essak Sait.]

is required, or any more time need be wasted by having costly committees which bring out no result at all. So far as the sufferings of my people are concerned, I need not say much. I have told the House that we depend on copra and copra alone for our subsistence. The price of our product has gone down within the last 12 or 15 years to one-fourth of what it was in 1926. The House can very well understand what will be the effect of this on the poor people whose sole dependence is on cocoanut alone.

Another strange thing is this. We cannot understand why the Government of India need have this soft corner in their hearts for Ceylon. I do not know if the House is aware of the fact that Ceylon has raised its tariff walls high against certain imports from our country, such as poultry, vegetables, ghee, ginger, cement, fish, etc. Many of these articles are imported into Ceylon from the Malabar coast itself. Then there is the other consideration which Mr. Boyle has pointed out. Ceylon has imposed a very high tariff duty against the import of copra into Ceylon from the Straits Settlements. That shows what Ceylon is doing to protect an industry which to Ceylon and the Ceylonese people is only a matter of commerce. Here, for the last five years, we have been beseeching this Government to save seven millions of people who are faced with utter ruin and yet for the last ten years the Government is going on making inquiries and appointing committees. So far as the economic reasons are concerned I am sure the Government is convinced of the fairness of our demand, but there are political reasons and it is politics that has a large share in determining all these matters. But whatever the reason is, let me tell the Government that my people in Malabar, Travancore and the West Coast, cannot go on suffering like this much longer. Not only that. The condition of these small gardens and trees has to be taken into account. Once these are allowed to go to ruin, we will not be able to put back the loss that is caused. I, therefore, request Government to come out boldly with their proposals. There is no use sheltering themselves behind committees and experts and that sort of thing. I do not know whether this is the proper time for them to act. In any case I understand that the negotiations for the Indo-Ceylon trade treaty are going to be started very soon and the vote on this motion will be a reminder to the Commerce Department and the Commerce Member that a protective duty should be imposed on cocoanut and cocoanut products coming from Ceylon and that they must look into this, the first thing, when the negotiations begin. In this spirit, I support the motion and I commend it to the House.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): All the speeches that have been made till now in support of this motion have addressed themselves to particular points of view.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair, which was then occupied by Mr. S. Satyamurti (one of the Panel of Chairmen).]

I will confine myself to certain matters that are normally raised by way of objection by the other side to the grant of protection. Whenever a case for protection is sought to be made out, three points arise for consideration. The first is, whether the industry is a sufficiently large industry

on which a large number of people in this country depend. The second is, whether it is likely, in a short time, to make itself self-sufficient and stand on its own legs. The third point is, whether there is really dumping from another country which has to be prevented. In the case of the other country, another point is also considered whether there are any political relations or trade relations which have also to be taken into account before protection can be given. So far as the first point is concerned, whether the industry is supporting a large population in this country, I think there can be no doubt. India is the biggest producer of cocoanuts in the world. There are seven millions of acreage under cocoanut plantation in the whole world. India stands first with one million and 388 thousand acres. The Phillipine Islands come next and last comes Ceylon. These are the three major cocoanut producing countries. South India produces 94 per cent. of the production in the whole of India and the Malabar Coast produces 92 per cent. of the South India production. There are nearly eleven million persons holding small plantations. They have to sell the cocoanuts and purchase the necessities of life. Now, Ceylon has only a population of five millions. My Honourable friend, Mr. Santhanam, said that the population per square mile in the West Coast is nearly 1,024 or nearly five times the average population of the rest of India. In the areas where the cocoanut plantations are thick, the population is heavy. This eleven million population, on the West Coast, lives entirely upon this industry and Ceylon has entered into unfair competition. Ceylon has now lost some of her former markets. One of her biggest markets was America and now America is getting her requirements from the Phillipine Islands and, therefore, Ceylon to that extent has lost one of its exporting centres. The other two countries which have been taking large quantities of cocoanut oil from Ceylon have been Italy and Greece. They are now trying to develop their own olive oil industry. Thus, the main markets of Ceylon have been closed in recent years. It is for that reason that Ceylon has entered into unfair competition with India.

Now, repeated representations have been made on this subject since 1932. Mr. Patel went into this matter and produced a report. A committee of the Imperial Council of Agricultural Research went into this matter. It said definitely that the copra industry has to be protected against Ceylon competition by the imposition of a duty of nearly 70 rupees on every ton of copra imported into this country. That recommendation was made long ago and still the Government are sitting idle. As I have already said, Ceylon lost its foreign market and has no local market and it has to sell its produce in India, even at unremunerative prices. Otherwise they would have to allow all this produce to rot within the borders of Ceylon. There are a few capitalists who are in charge of these plantations in Ceylon. Those companies are selling their shares much below the par at a discount. Every 100 Rs. share is going for Rs. 80. They are undergoing heavy losses. I can give the House some figures to show that the cost of production of copra in Ceylon is much above the sale price. 4,800 cocoanuts make one candy of copra and Rs. 105 must be the price. At Rs. 22 per thousand, a unit of 4,800 cocoanuts must cost Rs. 105, but, as a matter of fact, that unit is now being sold in Ceylon at Rs. 92. When the cost price itself is Rs. 105, the additional labour involved in breaking the cocoanuts and converting them into copra must be taken into account. They have a large quantity of copra produced in the island in their plantations which they must sell as distress copra and which they are actually selling or rather dumping on the West Coast of India at ridiculously low

[Mr. M. Ananthasayanam Ayyangar.]

prices. These facts have been reported not only by Dr. Patel's Report, but they have been mentioned even in the representations made by the various coconut planters in Travancore, Cochin and Malabar. The third evidence in this connection is that the trade representative in Ceylon himself admitted that in India a great deal of propaganda is necessary for disposing of all the distress coconuts available there. That means they must drive out all the other oils and oilseeds from the local markets, even at unfair prices. All these things are contained in the evidence which has been published. I shall just read a few lines from the representation made by one Mr. Parameshwaran Pillay, a retired High Court Judge and President of the Travancore Coconut Growers' Association. This is what he says:

"Even a casual perusal of the Report of Mr. Basset, the Ceylon Trade Agent to India, will convince any unprejudiced mind that he was deputed to India to explore all avenues for under-selling the West Coast coconut products in different parts of India where they are selling now and not to find out new markets."

Then, Mr. Peri Sundaram winds up this part of his argument with a statement that:

"Dumping pre-supposes a combination for dumping supplies; but there is no such combination in Ceylon. But we have been always told by the authorities in Simla that the Ceylon coconut industry is a well organized industry. But that apart in the unfortunate position in which Ceylon finds herself in regard to her coconut industry, no combination is necessary for this, because Ceylon is forced to sell her goods at 'Distress prices'."

Now, Sir, their own officers have admitted that their articles are selling at distress prices in this country. This must be enough to convince the Government that there is unfair competition between the products of Ceylon and those of this country.

The next argument that may be raised is that the consumer may be affected if undue protection is given to this industry by imposition of protective tariffs. I ask the Government and the Honourable Member in charge to consider who are the consumers. There are two kinds.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member has got only two minutes more.

Mr. M. Ananthasayanam Ayyangar: There are only two kinds of consumers,—the persons who produce oil from copra and the others who use directly vegetable oil as ghee and for making soaps, etc., So far as the millers are concerned, there are very few of them in this country, and their investment is very little, whereas the coconut growers have invested nearly 80 crores from which, the average yield is about six crores, and therefore, the case of the millers ought not to be taken into consideration. As a matter of fact, they are not using their mills to the full capacity because there is no market in this country.

Another argument that may be raised is that Ceylon might retaliate and we have got a favourable balance of trade with Ceylon. So far as that argument is concerned, India does not get the benefit even to the extent of a rupee by this. The three articles which are exported to Ceylon are rice, tea and rubber. We do not export rice in very large quantities from South India, but Burma has been exporting rice to the tune of 2½ crores. If they should retaliate against Burma, it is no concern of ours.

As regards the other two articles, tea and rubber, they are not consumed in Ceylon; they are sent to Ceylon for re-export purposes. That is not a matter for retaliation. Thus, so far as the question of favourable balance of trade is concerned, it is not going to be affected. We are not getting the benefit even to a small extent from Ceylon. Thus, Sir, the argument that if Ceylon retaliates we have to go to the wall does not apply. On this ground also I say there is absolutely no advantage to be gained by any further investigation, nor is any such investigation necessary as there is already a report on the subject.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member's time is up.

Mr. M. Ananthasayanam Ayyangar: Very well, I support the motion.

Sri K. B. Jinaraja Hegde (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I rise to support this motion, because the people of the constituency to which I belong are the worst sufferers. There are only two main products grown in this area, one is the coconut and the other is rice. Rice has suffered on account of unrestricted import from Burma and Siam, and coconut has suffered on account of increased import of copra from Ceylon. As the previous speakers have impressed on you, Sir, the coconut industry of the South is the chief industry in India, and 94 per cent. of the coconut consumed in this country is produced in that area. Sir, my friend, Mr. Santhanam, gave certain figures to show how the Ceylon coconut has been responsible for the fall of prices of copra and coconut oil. I will supplement those figures by giving a few more figures. The export of copra, in quantity, from British India was as follows: During the pre-war years the average was 31,000 tons, during the war period the average was 16,000 tons, and during the post war period the average was 7,000 tons. Now, I come to the worst period. Between 1935-36 the average was 1,000 tons, between 1936 and 1938 it was less than 1,000 tons.

I shall now take the value of copra exported. During the pre-war days the average was Rs. 1,10,43,000, during the war the average was Rs. 60,73,000 and during the post war days the average was Rs. 28,84,000. Now, in 1935-36, the average was Rs. 54,000, in 1936-37 Rs. 25,000 and in 1937-38, the average was Rs. 45,000. It will thus be seen that the fall of trade from the pre-war period to the year 1937-38 has been very considerable—during the pre-war period the average was Rs. 1,10,43,000, whereas in 1937-38 it came down to Rs. 45,000 only. This fall in export is explained by the import of Ceylon copra by the following figures. In 1930, only 1,361 cwts. of copra were imported, but in 1935, 710,842 cwts. of copra were imported. Again in 1930, only 73,759 gallons of oil were imported, while in 1935, nearly seven million gallons of oil were imported.

Now, let us take the nuts. In 1930, only 19,000 nuts were imported, in 1935, 6,240,023 nuts were imported. At the same time the tariff value has also changed. From 1929-35, the tariff value on copra came down from Rs. 23 per cwt. to Rs. 6 per cwt. and on oil the tariff value came down from Rs. 30 a cwt. to Rs. 10 a cwt. This alteration in the tariff value has given a very good fillip for the Ceylon copra and oil for import into this country. Now, take the condition of Ceylon copra in their own country. They have to pay Rs. 45 as duty on every ton of copra imported

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into that country and the Ceylon Government have removed the export duty on copra, whereas, in our own country, we have not got the same tariff value. Therefore, we see that this cheap copra, which is produced on a capitalistic basis, is being dumped on the markets of our country. In Ceylon, a few capitalists own vast cocoanut gardens and produce cocoanuts on a mass scale, and they find they are very near the markets of the West Coast,—Malabar, Travancore and Cochin—and, therefore, they are able to compete very successfully with the cocoanut produced in the West Coast. Another advantage they have is, the cheap freight, with the result that they export their copra and dump it on the West Coast. Thus the West Coast is the worst sufferer.

Previous speakers have shown that the price at present obtaining in this area of the West Coast is really distress price and in respect of copra the loss is estimated, unofficially, at Rs. 130 per ton. That shows that our country is made the dumping ground for all other countries in the world for products industrial or agricultural and our agriculturists as well as industrialists have to put up a fight day and night against all these difficulties. My friend, Mr. Sathar, who represents the same area as myself, said that this agitation was going on for the last seven years. I myself put a question to the Honourable the Commerce Member whether he had gone through the address that was delivered by the Honourable Mr. Yakub Hussain at the opening of the conference of cocoanut growers of Travancore. Therein he stated that the Madras Government had done everything possible and they had made a specific representation to the Central Government that this cocoanut industry must be helped and a high protective duty must be put. We find that even the Local Government are feeling helpless in this matter and in spite of their strong recommendation the Central Government have not done anything. I find that in spite of this strong agitation nothing has been done so far and, I am afraid, whether anything will be done hereafter. But one thing is certain—that the people in the West Coast, who produce ninety-four per cent., as one previous speaker said, of the copra in the country, who are eleven millions in number of whom nearly seven millions are engaged in this industry, are sure to die of starvation if immediate steps are not taken. May I remind the Central Government that this area of the West Coast pays nearly a crore of rupees as land revenue to the Madras Government. That is nearly one-sixth of the total land revenue of the Madras Government. In order to pay this land revenue the poor agriculturist of the West Coast mainly depends on his cocoanut crop, which is the only money crop we have in the West Coast. We find that ninety per cent. of the total landowners who are called “pattadars” own land two acres and less and the cocoanut is the only money crop which enables them to pay the assessment. The land revenue is very high in that part of the country. When there are forty cocoanut trees in an acre of land we have to pay Rs. 7-8-0 an acre as assessment. Wherever the cocoanut is grown that land is classed as garden and assessed to land revenue. Therefore, I impress upon the Central Government that the problem is very acute and immediate steps will have to be taken in order to avert a crisis. Sir, I support the motion.

Honourable Members: The question may now be put.

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): Sir, it will not be necessary for me to make a long speech in reply to the considerations that have been presented in support of this motion, more particularly for the reason that I have considerable sympathy with the point of view which the Honourable Members have given expression to. Sir, it has been sought to be made out that this matter has been under investigation for over ten years and that no conclusion has been reached. That, I submit, is not a fair criticism of the actual position. As was pointed out by the Honourable the Mover of this motion prices have shown a tendency to fluctuate acutely during the period to which Honourable Members have made reference. Take the last ten years. Prices were rising before 1931, they began to fall in 1932. They continued to fall till August, 1934. From August, 1934, they began to rise again and, in 1937, the cultivator was again getting at least the minimum economic return upon his labour and his outlay. Therefore, as I have said, it is not fair to say that this condition of distress has continued for ten years and Government have done nothing about it.

Prof. N. G. Ranga (*Guntur cum Nellore: Non-Muhammadan Rural*): Especially this is so during the past two years.

The Honourable Sir Muhammad Zafrullah Khan: I am not minimising even that; I am not saying that because there has been distress only during this period of two years, therefore, no attention should be paid to it, but it is true to a much larger extent than Honourable Members have been disposed to concede that this matter is governed by world conditions. Mr. Santhanam, who moved this cut, said that if he were convinced that that was so, he would be disposed to blame the Government much less than he has done. But to a very large extent I am afraid that that is so. Since 1937, there has been an unfortunate recession in the prices of all primary commodities. Jute prices have gone down since 1937 by twenty-five per cent., wheat prices have gone down by thirty-five per cent., raw cotton prices have also gone down by thirty-five per cent.

An Honourable Member: Fifty per cent.

The Honourable Sir Muhammad Zafrullah Khan: And ground-nut prices have gone down by forty per cent. It is true that the decline in the prices of coconut has been even more serious than in the case of the commodities that I have mentioned. But it is not true to say that this commodity has suffered in isolation and that the condition in which it finds itself is due entirely to factors other than the world prices that are ruling. There may also be other factors in the situation but one cannot get away from the position that real and effective relief could only be hoped for if there were a rise in world prices. I am not saying that nothing else is possible to help the industry. It is really with that object that inquiries were undertaken last summer, after prices had again declined, *viz.*, to find out what relief, if any, was possible in the circumstances. One indication that was given by the deputation that came up from Travancore and discussed this matter with me and other officers of Government was that there was considerable dumping from Ceylon. That allegation has been repeated by several Honourable Members this afternoon. Though I am afraid the factors that have been mentioned by those very Honourable Members themselves make one doubt whether the conditions that prevail in Ceylon and

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the prices at which Ceylon copra is being sold to India can really be described as "dumping". I am not ruling out that consideration. I hold no brief on behalf of either the coconut growers of Ceylon or of the Ceylon Government. As a matter of fact, I do not want to say anything on this question which might *vis-a-vis* Ceylon in any way weaken the case of the coconut grower in India. But there are one or two considerations which one must keep in mind. It is possible that those considerations might be refutable and there might be an adequate reply. So far as dumping is concerned, let us look at it in this way. If it is a fact that Ceylon has lost its markets outside and, therefore, accepts whatever it can get for its copra, I do not know that these conditions could fairly be described as dumping. What I had understood dumping to mean was that Ceylon, after selling in its best markets at economic or more than economic prices, disposed of the rest of its produce in the Indian market at much lower prices, or that Ceylon was selling to India at prices lower than the prices at which it sold in its own markets.

Prof. N. G. Ranga: What about the cost of production? It is less than its own cost of production.

The Honourable Sir Muhammad Zafrullah Khan: Certain figures have been cited and, as I have said, we, on our side, are investigating that matter. We have not yet come to any conclusion inasmuch as our investigation is not yet complete. But when Honourable Members, on one side, say that Ceylon having lost its markets is selling its produce at whatever price it can get, the situation is, so far as Ceylon is concerned, the same as it is in the Malabar country and the other coconut areas in India.

After all, Ceylon is no more able than India to convert its coconut areas into rice areas or put them under some other crop. The main difficulty with regard to this commodity is that once land has been brought under coconut, it is almost next to impossible to re-convert it into ordinary cultivable land because it is not possible to take away coconut trees and lose all the capital and put the land to some other use. But with regard to the point on which I was, at any rate, with regard to the two aspects of dumping, there is not much evidence. I might supplement that by what has been represented to me on behalf of Ceylon during the course of this investigation. It is said:

"All copra is sold every day in Colombo at an open auction held under the aegis of the Ceylon Coconut Board which is a statutory body and the daily average price realised has to be published in the local press It is worth noting that for Ceylon copra there is only a daily selling price and that there is no market price so called. A miller from Bombay is thus unable to purchase his requirements at the previous day's price and is forced to bid in open auction on the following day, for the exportation of all copra not sold at the auctions is now legally prohibited. The price on a given day may thus be quite different from the previous day's quotations."

That may not altogether exclude dumping but it does show that when copra is sold in Ceylon, the prices ruling on any particular day are the same for Ceylon as they are for India. I am not seeking to argue from that that there is not considerable pressure from Ceylon as has been pointed out by Honourable Members. I was merely placing this consideration before them with regard to dumping. Then, it has been alleged that the Government of India have a soft corner in their hearts for Ceylon for some political reasons. I am not aware of any consideration whatsoever of a political

nature which would affect Government in a matter of this kind. The considerations that affect Government with regard to this matter are purely economic considerations. One Honourable Member has alluded to the question of the balance of trade between Ceylon and India. That certainly has to be taken into account and, I am afraid, it is not entirely disposed of by the observations that that Honourable Member made. There are other commodities which Ceylon takes in large quantities. For instance, there are cotton textiles in which there is a considerable trade with Ceylon. But as I said in the beginning, the whole of this matter is under investigation. It is not a continuation of the investigation which was made by Dr. Patel six or seven years ago; it is an investigation which was started as the result of representations made by the Madras Government, representations made by this deputation from Travancore and other representations that have been received from the areas affected, such as, Travancore, Cochin and Malabar. As a matter of fact, I found Mr. Changanacherry Paramesvaran Pillai—I do not know if I have been able to pronounce his name correctly—a very persistent advocate, an advocate who was familiar with the conditions and was able to explain the coconut growers' case with great clarity and reason to the Government of India. But the case was not complete. It was perhaps natural that the deputation were looking only on their own side of the picture. I explained to the deputation that if they could establish dumping and could substantiate some of the considerations that they had put forward by figures, they might be able to make out a case for relief. As Honourable Members are aware, the Government of India are committed, once the question of the Indo-British trade agreement is out of the way one way or the other, to take up certain questions with the Government of Ceylon. Those discussions will not be confined only to economic matters but will certainly be principally concerned with economic matters pending between the two countries and I know of no question out of those which have to be discussed on the economic and commercial side with Ceylon which is of more importance than this question of what is to be done about coconuts and copra. I realise not only the importance attached to it by Honourable Members but the very great importance which it has for the people of Malabar, Cochin and Travancore, whose main livelihood is derived from coconuts and copra. But it is not a matter merely of arithmetical calculations, that if the economic price is so much and Ceylon is selling at so much, then the duty should be the difference between the two prices, as was sought to be argued by the deputation that came up to see me last summer. One very essential consideration, for instance, which would require considerable investigation would be at what level of prices would there be serious danger of substitution from other oil seeds and oils in case the price of coconut and copra and coconut oil was artificially raised. There are a variety of oil seeds and oils from which there is risk of substitution, and all these questions are being looked into. One Honourable Member said that whenever we put a question to the Commerce Member, he says that he is still awaiting replies from Provincial Governments. With regard to that, the position is that the Provincial Governments concerned as well as certain State Governments were addressed and certain information was asked for from them. We have now received information from three out of the four Governments concerned and are awaiting information from the fourth Government. We have already sent them two reminders and I am anxious that the Government of India should not only complete their case before they take up conversations with Ceylon but that

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the interests concerned should also have their case complete. In the meantime, the interests concerned should complete their figures on certain points and send them up to the Government of India because, as the House is aware, we are hoping that the Indo-British matter will soon be settled and it will then be possible to begin our conversations with Ceylon which might secure relief to those large areas and large populations which depend so largely upon coconuts.

Prof. N. G. Ranga: Are we to understand that until these negotiations between the Ceylon Government and the Government of India are over, it is not contemplated by the Government of India to afford any relief to the coconut growers?

The Honourable Sir Muhammad Zafrullah Khan: A time limit has been fixed within which every effort must be made to bring the conversations between the Ceylon Government and the Government of India to a conclusion and it is a very short one. Therefore, there is no danger that the conversations between the two countries will be continued for an indefinite time. If any relief is to be secured as a result of these negotiations, the Honourable Member need have no apprehension that the time taken over that will be prolonged.

Mr. Chairman (Mr. S. Satyamurti): The question is:

"That the demand under the head 'Commerce Department' be reduced by Rs. 100." The motion was adopted.

DEMAND No. 15.—HOME DEPARTMENT.

The Honourable Sir James Grigg (Finance Member): Sir, I beg to move:

"That a sum not exceeding Rs. 8,37,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of the 'Home Department'."

Mr. Chairman (Mr. S. Satyamurti): Motion moved:

"That a sum not exceeding Rs. 8,37,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of the 'Home Department'."

State Prisoners detained without Trial.

Mr. Mohan Lal Saksena (Lucknow Division: Non-Muhammadan Rural): Sir, I beg to move:

"That the demand under the head 'Home Department' be reduced by Rs. 100." —(To discuss the question of State Prisoners detained without trial).

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

Sir, I have very little time for discussing this motion at length, and so I shall briefly give the facts relating to the three State Prisoners about whom you have read in the papers. Their names are Jwala Prasad

Sharma, Bhawani Sahai Sharma and Vaishampayana. As a matter of fact, there are other State Prisoners who have been detained under Regulation III of 1818, but I do not want to refer to their cases. These three prisoners are young men. One of them was born in 1909, the second in 1910 and the third in 1911. One of them has been detained since August 1933, the other one since April 1932, and the third since August 1935. So the periods for which they have been under detention vary from nearly four years to six or seven years. Two of them were placed before a Court and they were discharged for want of sufficient evidence. They have been under detention in spite of acquittal since then. Now, as Honourable Members are aware, they were offered conditional release in November last and the conditions were:

"That he will not directly or indirectly associate himself with any violent method in politics or with any organisation which has violence as its object;"

"That Bhawani Sahai will not enter the Punjab or Delhi province without the written permission of Provincial Government or the Chief Commissioner respectively;"

"That Vaishampayana will not enter the Punjab, Bombay Presidency or Delhi province without the written permission of Provincial Governments or the Chief Commissioner concerned;"

"That Jwala Prasad will not enter the Delhi province without the permission of the Chief Commissioner."

Bhawani Sahai belongs to the Alwar State and he was receiving his education in Delhi. Vaishampayana belongs to Jhansi in U. P., and he was arrested in Delhi, and Jwala Prasad was reading at Ajmer when he was arrested while he was yet a student in the college.

Mr. President (The Honourable Sir Abdur Rahim): When were these imprisoned?

Mr. Mohan Lal Saksena: In 1932, 1933 and 1935.

Mr. President (The Honourable Sir Abdur Rahim): Can he then bring up the cases of these individual prisoners on a cut motion relating to the present budget?

Mr. Mohan Lal Saksena: They are still in prison without trial. I am discussing the policy of the Government in detaining these prisoners without trial. There was an offer of conditional release as I have said just now in November last. I am citing their case as illustration for condemning the policy in regard to State Prisoners in general.

Mr. President (The Honourable Sir Abdur Rahim): Is the Honourable Member now discussing the general policy or only the individual cases of these three State Prisoners?

Mr. Mohan Lal Saksena: I am discussing the general policy of the Government, and I want the House to condemn the Government for that, and, by way of illustration, I am taking up the case of these three prisoners, because there is no time for me to take up the case of other prisoners.

The Honourable Sir Reginald Maxwell (Home Member): On a point of order, Sir. These are the only three prisoners detained under the orders of the Home Department. The cut motion relates to the demand

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under the 'Home Department'. He cannot take into account the case of prisoners who are detained under any other authority except that of the Home Department. If these are the only three prisoners in question, then the Honourable Member cannot raise it as a matter of general policy.

Mr. President (The Honourable Sir Abdur Rahim): The Chair should say that he is entitled to discuss the question of policy of a general nature and illustrate his points by referring to individual cases.

Mr. Mohan Lal Saksena: Even the Honourable Sir Henry Craik, when he was the Home Member, admitted that this policy of detention without trial was very odious. At that time, he only said that by releasing these detenus all at once, the terrorist movement may get impetus. But since then conditions have changed greatly. Every single prisoner who was detained in Bengal without trial has been released and even in the case of these three prisoners, the Government are prepared to release them on their giving certain undertaking. The point is where is the necessity of obtaining any undertaking. It was said that the prisoners in other provinces had given assurance to that effect to the Congress Governments. In the case of political prisoners duly convicted there is some force in asking them to give an undertaking that they will not participate in particular forms of activities, because they have had a trial before Courts of law and, after conviction, there is a sentence which they have to serve, and if the Government let them off, after securing an undertaking, they can be sent back to jail if they committed a breach of it. In the case of prisoners who have been detained without trial, who have not been acquainted even with the nature of the charge notwithstanding their repeated requests, I do not think there is any point in obtaining any assurance from them. Even if the object of the Government were to find out whether their views have changed, I think the mere fact that they refuse to give the undertaking and obtain their release by giving such an undertaking shows that they are not revolutionaries. Because, any revolutionary would jump at the opportunity and would like to come out of jail by giving an undertaking in as much even if they committed a breach Government could not send them back to jail. So I want to know what is the reason why Government insists on obtaining this particular undertaking from these people. Then, the second point is that they want an undertaking that they will not enter particular provinces. Even free persons like our friend Prof. Ranga are served with notices like that and it is open to any Provincial Government to serve a notice on these persons when they have come out of jail and I am sure they will not defy that order. So far as these persons are concerned, in their letter to Mahatma Gandhi they have given an indication of their views. They have definitely said that they are averse to giving any undertaking while they are in jail.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can discuss the Government policy; the plea for release of any individual does not arise. The Honourable Member can say that the policy is bad.

Mr. Mohan Lal Saksena: So my submission is that at this stage there is no justification for Government to detain these persons in jail without trial. There might have been a time when there was a fear that the

witnesses might not be willing to come forward and give evidence because their lives would be in danger. But times have changed now, and I think the time has now come when Government should either release them or bring them to trial before an open Court. In any case, I want the House to censure the policy of Government in keeping these persons and others in jail without trial for such a long period.

Mr. President (The Honourable Sir Abdur Rahim): Strictly speaking, the Honourable Member's object seems to be to censure Government with respect to the detention of these State Prisoners. On a motion like this, he can only discuss the general policy of the Government of India as regards prisoners who are detained without trial. The Chair is putting the motion, but that must be taken to be the sense of the motion.

Cut motion moved:

"That the demand under the head 'Home Department' be reduced by Rs. 100."

Several Honourable Members: The question may now be put.

The Honourable Sir Reginald Maxwell: Sir, as there is no support for this cut motion on the other side of the House there is little perhaps that I need say. I should have expected that had this motion appealed generally to Honourable Members opposite there would have been many Honourable Members coming forward to champion the question of policy which is under discussion in this cut motion,—that of detaining persons without trial; but it appears that on an important question like this, which agitates the breast of Honourable Members like Mr. Saksena, and has long prompted him to put questions in this House, it has not inspired a single Member opposite to argue the question whether persons should be detained without trial or not. Therefore, I suppose, I must take it that the House, generally, does not particularly object to any general policy which may be represented in the detention of the three persons under discussion. That, Sir, compels me to allude to the cases of the three persons in question. As I have already explained, there are no other illustrations in existence of this reprehensible policy of Government in detaining persons without trial, at any rate so far as the reasons connected with the Home Department are concerned. The Honourable Member has correctly mentioned the names of the three persons who are at present under detention under Regulation III of 1818. I might mention for the information of the House that only one of these hails from any British district. One of them hails from the Alwar State; another was originally a resident of the Gwalior State. So these persons came originally from the States in which they were domiciled, in order to prosecute their ends in a province under British administration; and, as a matter of fact, their activities ranged through several provinces of Northern India. I am not going to be diverted into giving details of the reasons for which it was necessary for Government to make these persons State Prisoners, because, in the first place, it is impossible that this House on a motion of this kind should constitute itself into a tribunal for the review of all the evidence which we possess against them. I myself have seen that evidence collected together; it is enough to daunt the bravest, both in volume and character. But the only point which I am concerned with or need be concerned with, in replying to this motion, is

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that that evidence was in all these cases, as usual, placed before two independent judges for review, and in each case those judges after going through this voluminous evidence came to the conclusion that a case was made out in which it was necessary that these persons should be deprived of their liberty.

An Honourable Member: Bring them to trial then.

The Honourable Sir Reginald Maxwell: They could not be tried in open Court, because, in cases where persons suspected of complicity in terrorist conspiracies are involved, it is not usual to try them in open Court.

Mr. Mohan Lal Saksena: Two of them were tried and discharged.

The Honourable Sir Reginald Maxwell: Not for the particular reasons for which they are detained.

Mr. Mohan Lal Saksena: They were arrested immediately afterwards.

The Honourable Sir Reginald Maxwell: These persons cannot be tried in open court. There are various reasons of which the House is probably aware, why it is not always easy to obtain witnesses and to place their evidence before the open Court in circumstances in which their identity would be disclosed. Persons suspected of sympathy with terrorists, as we all know, have an unpleasant habit sometimes of dealing with persons who give evidence against them in open Court. And for that reason this system has grown up in which, when it is considered that for reasons of that kind a person should be deprived of his liberty, the evidence against him is collected together and placed before two judges who review the case in the same way and from the same standards that they would review it if it were brought before them in court. Therefore, as a matter of general policy, I submit, that there is nothing calling for censure in the action which Government have taken in these three cases. And so far as these cases themselves are concerned, if it is the object of Honourable Members opposite to represent that these persons ought not to be detained further without trial, all I can say is that for several months past Government themselves have been doing their best to release them and the prisoners have not so far proved amenable to release.

(It being Five of the Clock.)

DEMAND No. 1—CUSTOMS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 79,07,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Customs'."

The motion was adopted.

THE GENERAL BUDGET—LIST OF DEMANDS.

DEMAND No. 2—CENTRAL EXCISE DUTIES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 3,17,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Central Excise Duties'."

The motion was adopted.

DEMAND No. 3—TAXES OF INCOME INCLUDING CORPORATION TAX.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 76,34,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Taxes on Income including Corporation Tax'."

The motion was adopted.

DEMAND No. 4—SALT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 58,42,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940 in respect of 'Salt'."

The motion was adopted.

DEMAND No. 5—OPIUM.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 24,21,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Opium'."

The motion was adopted.

DEMAND No. 6—PROVINCIAL EXCISE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 4,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Provincial Excise'."

The motion was adopted.

DEMAND No. 7—STAMPS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 15,56,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Stamps'."

The motion was adopted.

DEMAND No. 8—FOREST.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 5,77,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Forest'."

The motion was adopted.

DEMAND No. 9—IRRIGATION (INCLUDING WORKING EXPENSES), NAVIGATION, EMBANKMENT AND DRAINAGE WORKS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,96,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works'."

The motion was adopted.

DEMAND No. 10—INDIAN POSTS AND TELEGRAPHS DEPARTMENT (INCLUDING WORKING EXPENSES).

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a reduced sum not exceeding Rs. 10,73,72,900 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Indian Posts and Telegraphs Department (including Working Expenses)'."

The motion was adopted.

DEMAND No. 11—INTEREST ON DEBT AND OTHER OBLIGATIONS AND REDUCTION OR AVOIDANCE OF DEBT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 93,92,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Interest on Debt and Other Obligations and Reduction or Avoidance of Debt'."

The motion was adopted.

DEMAND No. 12—EXECUTIVE COUNCIL.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a reduced sum not exceeding Rs. 1,18,800 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Executive Council'."

The motion was adopted.

DEMAND No. 13—COUNCIL OF STATE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Council of State'."

The motion was adopted.

DEMAND No. 14—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 8,21,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Legislative Assembly and Legislative Assembly Department'."

The motion was adopted.

DEMAND No. 15—HOME DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 8,37,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Home Department'."

The motion was adopted.

DEMAND No. 16—LEGISLATIVE DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 3,92,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Legislative Department'."

The motion was adopted.

DEMAND No. 17—DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a reduced sum not exceeding Rs. 6,11,900 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Department of Education, Health and Lands'."

The motion was adopted.

DEMAND No. 18—FINANCE DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 5,83,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Finance Department'."

The motion was adopted.

DEMAND No. 19—COMMERCE DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a reduced sum not exceeding Rs. 4,39,900 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Commerce Department'."

The motion was adopted.

DEMAND No. 20—DEPARTMENT OF LABOUR.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 4,64,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Department of Labour'."

The motion was adopted.

DEMAND No. 21—DEPARTMENT OF COMMUNICATIONS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 2,04,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Department of Communications'."

The motion was adopted.

DEMAND No. 22—CENTRAL BOARD OF REVENUE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 4,72,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Central Board of Revenue'."

The motion was adopted.

DEMAND No. 23—INDIA OFFICE AND HIGH COMMISSIONER'S ESTABLISHMENT CHARGES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 16,24,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'India Office and High Commissioner's Establishment Charges'."

The motion was adopted.

DEMAND No. 24—PAYMENTS TO OTHER GOVERNMENTS, DEPARTMENTS, ETC., ON ACCOUNT OF SERVICES RENDERED.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Payments to Other Governments, Departments, etc., on account of Services rendered'."

The motion was adopted.

DEMAND No. 25—AUDIT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 90,12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Audit'."

The motion was adopted.

DEMAND No. 26—ADMINISTRATION OF JUSTICE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 88,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Administration of Justice'."

The motion was adopted.

DEMAND No. 27—POLICE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Police'."

The motion was adopted.

DEMAND No. 28—PORTS AND PILOTAGE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 13,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Ports and Pilotage'."

The motion was adopted.

DEMAND No. 29—LIGHTHOUSES AND LIGHTSHIPS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 9,13,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Lighthouses and Lightships'."

The motion was adopted.

DEMAND No. 30—SURVEY OF INDIA.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 16,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Survey of India'."

The motion was adopted.

DEMAND No. 31—METEOROLOGY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 19,93,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Meteorology'."

The motion was adopted.

DEMAND No. 32—GEOLOGICAL SURVEY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 2,63,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Geological Survey'."

The motion was adopted.

DEMAND No. 33—BOTANICAL SURVEY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Botanical Survey'."

The motion was adopted.

DEMAND No. 34—ZOOLOGICAL SURVEY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,66,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Zoological Survey'."

The motion was adopted.

DEMAND No. 35—ARCHAEOLOGY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 10,16,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Archaeology'."

The motion was adopted.

DEMAND NO. 36—MINES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,47,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Mines'."

The motion was adopted.

DEMAND NO. 37—OTHER SCIENTIFIC DEPARTMENTS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 2,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Other Scientific Departments'."

The motion was adopted.

DEMAND NO. 38—EDUCATION.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 6,53,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Education'."

The motion was adopted.

DEMAND NO. 39—MEDICAL SERVICES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 6,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Medical Services'."

The motion was adopted.

DEMAND NO. 40—PUBLIC HEALTH.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 8,41,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Public Health'."

The motion was adopted.

DEMAND NO. 41—AGRICULTURE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 28,91,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Agriculture'."

The motion was adopted.

DEMAND NO. 42—IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 7,01,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Imperial Council of Agricultural Research'."

The motion was adopted.

DEMAND NO. 43—SCHEME FOR THE IMPROVEMENT OF AGRICULTURAL MARKETING IN INDIA.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 4,49,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Scheme for the Improvement of Agricultural Marketing in India'."

The motion was adopted.

DEMAND NO. 44—IMPERIAL INSTITUTE OF SUGAR TECHNOLOGY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Imperial Institute of Sugar Technology'."

The motion was adopted.

DEMAND NO. 45—CIVIL VETERINARY SERVICES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 7,29,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Civil Veterinary Services'."

The motion was adopted.

DEMAND NO. 46—INDUSTRIES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 8,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Industries'."

The motion was adopted.

DEMAND NO. 47—AVIATION.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 39,54,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Aviation'."

The motion was adopted.

DEMAND NO. 48—CAPITAL OUTLAY ON CIVIL AVIATION CHARGED TO REVENUE

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Capital Outlay on Civil Aviation charged to Revenue'."

The motion was adopted.

DEMAND NO. 49—BROADCASTING.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 25,96,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Broadcasting'."

The motion was adopted.

DEMAND NO. 50—CAPITAL OUTLAY ON BROADCASTING.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Capital Outlay on Broadcasting'."

The motion was adopted.

DEMAND NO. 51—INDIAN STORES DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 21,16,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Indian Stores Department'."

The motion was adopted.

DEMAND NO. 52—COMMERCIAL INTELLIGENCE AND STATISTICS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 7,38,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Commercial Intelligence and Statistics'."

The motion was adopted.

DEMAND NO. 53—CENSUS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 42,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Census'."

The motion was adopted.

DEMAND NO. 54—EMIGRATION—INTERNAL.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 12,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Emigration—Internal'."

The motion was adopted.

DEMAND NO. 55—EMIGRATION—EXTERNAL.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,35,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Emigration—External'."

The motion was adopted.

DEMAND NO. 56—JOINT STOCK COMPANIES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Joint Stock Companies'."

The motion was adopted.

DEMAND NO. 57—MISCELLANEOUS DEPARTMENTS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 4,76,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Miscellaneous Departments'."

The motion was adopted.

DEMAND NO. 58—CURRENCY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 11,59,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Currency'."

The motion was adopted.

DEMAND NO. 59—MINT.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 21,02,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Mint'."

The motion was adopted.

DEMAND NO. 60—CIVIL WORKS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 71,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Civil Works'."

The motion was adopted.

DEMAND NO. 61—CENTRAL ROAD FUND.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,61,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Central Road Fund'."

The motion was adopted.

DEMAND NO. 62—SUPERANNUATION ALLOWANCES AND PENSIONS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,10,13,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Superannuation Allowances and Pensions'."

The motion was adopted.

DEMAND NO. 63—STATIONERY AND PRINTING.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 47,74,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Stationery and Printing'."

The motion was adopted.

DEMAND NO. 64—MISCELLANEOUS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 12,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Miscellaneous'."

The motion was adopted.

DEMAND NO. 65—GRANTS-IN-AID TO PROVINCIAL GOVERNMENTS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,16,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Grants-in-aid to Provincial Governments'."

The motion was adopted.

DEMAND NO. 66—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,62,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Miscellaneous Adjustments between the Central and Provincial Governments'."

The motion was adopted.

DEMAND NO. 67—EXPENDITURE ON RETRENCHED PERSONNEL CHARGED TO REVENUE.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 5,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Expenditure on Retrenched Personnel charged to Revenue'."

The motion was adopted.

DEMAND NO. 68—DELHI.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 48,08,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Delhi'."

The motion was adopted.

DEMAND NO. 69—AJMER-MERWARA.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 16,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Ajmer-Merwara'."

The motion was adopted.

DEMAND NO. 70—PANTH PIPLODA.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 13,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Panth Piploda'."

The motion was adopted.

DEMAND NO. 71—ANDAMAN AND NICOBAR ISLANDS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 35,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Andamans and Nicobar Islands'."

The motion was adopted.

DEMAND NO. 72—INDIAN POSTS AND TELEGRAPHS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 18,34,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Indian Posts and Telegraphs'."

The motion was adopted.

DEMAND NO. 73—INDIAN POSTS AND TELEGRAPHS—STORES SUSPENSE (NOT CHARGED TO REVENUE).

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Indian Posts and Telegraphs—Stores Suspense (not charged to Revenue)'."

The motion was adopted.

DEMAND NO. 74—INDIAN POSTS AND TELEGRAPHS—CAPITAL OUTLAY ON TELEPHONE PROJECTS (NOT CHARGED TO REVENUE).

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Indian Posts and Telegraphs—Capital Outlay on Telephone Projects (not charged to Revenue)'."

The motion was adopted.

DEMAND NO. 75—CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 9,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Capital Outlay on Vizagapatam Harbour'."

The motion was adopted.

DEMAND No. 76—DELHI CAPITAL OUTLAY.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 7,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Delhi Capital Outlay'."

The motion was adopted.

DEMAND No. 77—COMMUTED VALUE OF PENSIONS.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Commuted Value of Pensions'."

The motion was adopted.

DEMAND No. 78—INTEREST-FREE ADVANCES.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 36,67,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Interest-free Advances'."

The motion was adopted.

DEMAND No. 79—LOANS AND ADVANCES BEARING INTEREST.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a sum not exceeding Rs. 59,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1940, in respect of 'Loans and Advances bearing Interest'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 17th March, 1939.

LEGISLATIVE ASSEMBLY.

Friday, 17th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

CONCLUSION OF A TRADE AGREEMENT WITH AFGHANISTAN.

1120. ***Mr. S. Satyamurti**: Will the Honourable the Commerce Member please state:

- whether Government have received a letter from the Honorary Secretary of the Indian Chamber of Commerce, Lahore, in respect of the trade agreement between India and Afghanistan;
- what is the exact position of the Commerce Department in negotiating this treaty with Afghanistan *vis-a-vis* the External Affairs Department;
- whether it is a fact that representatives of the Frontier Chamber of Commerce were asked by the Government of the Frontier Province to discuss the matter with the Secretary for the External Affairs Department;
- whether the Commerce Department are in full possession of the facts;
- whether the Commerce Department are pursuing this matter further; and
- whether the Commerce Department propose to do everything in their power to conclude early a trade agreement between India and Afghanistan in the interests of both?

The Honourable Sir Muhammad Zafrullah Khan: (a), (c) and (d). Yes.

(b) There is no proposal to negotiate any treaty, but if any such question should arise, it would be a matter for the Government of India, and not for any particular department of the Government of India.

(e) and (f). The Honourable Member is referred to the reply given by Sir Aubrey Metcalfe to Mr. Abdul Qaiyum's starred question No. 292 on the 10th February, 1939.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, may I know whether the position of the Commerce Department in respect of this trade agreement with Afghanistan is the same, as for example with regard to the Indo-British, or Indo-Ceylon or Indo-Burma trade agreements, or is there any difference?

The Honourable Sir Muhammad Zafrullah Khan: It is very difficult to give an answer to an academic question like that. All Departments that are concerned in any conversations or negotiations have to come into it.

Mr. S. Satyamurti: May I know whether the External Affairs Department comes in in the case of the Indo-Afghan trade treaty alone, or whether it has the same position with regard to the Indo-British trade agreement or the Indo-Burma trade agreement or Indo-Ceylon trade agreement?

The Honourable Sir Muhammad Zafrullah Khan: I really do not know whether the Honourable Member is entitled to know to what extent any particular Department of Government takes part in these conversations.

Mr. S. Satyamurti: I am anxious to know whether the Commerce Department's hands are or are not tied, in respect of negotiations for an Indo-Afghan trade treaty, and that it has got the same status and the same initiative there as in respect of any other trade agreement.

The Honourable Sir Muhammad Zafrullah Khan: The Commerce Department's hands are not at all tied in any manner whatsoever with regard to commercial negotiations.

Mr. S. Satyamurti: May I know at what stage this matter just now stands, and is there a possibility of an agreement being reached so far as an Indo-Afghan trade agreement is concerned as early as possible?

The Honourable Sir Muhammad Zafrullah Khan: At the same stage as was described by Sir Aubrey Metcalfe in reply to the question to which I have referred in my answer.

Mr. Manu Subedar: Is it a fact that in all negotiations with foreign countries, that is, countries outside the British Empire, negotiations have to be done through His Majesty's Government?

The Honourable Sir Muhammad Zafrullah Khan: That does not arise out of this question.

Mr. Abdul Qaiyum: Has a memorandum from the Peshawar Chamber of Commerce been received by Government and have they considered it?

The Honourable Sir Muhammad Zafrullah Khan: That question is obviously one which I could not answer without notice.

Mr. T. S. Avinashilingam Chettiar: May I know if it is not the case that the reason for this matter being gone through through the Foreign Department is that the matters involved in Afghanistan are more political than commercial?

The Honourable Sir Muhammad Zafrullah Khan: Which matters?

Mr. T. S. Avinashilingam Chettiar: Matters of negotiation with Afghanistan.

The Honourable Sir Muhammad Zafrullah Khan: I really am unable to follow the Honourable Member. This question is confined to any commercial matters that may have to be discussed.

Mr. T. S. Avinashilingam Chettiar: May I know if it is not the case that the negotiations going on with Afghanistan on matters commercial and otherwise are being conducted by the Foreign Department because the matters in negotiation are more political than commercial?

The Honourable Sir Muhammad Zafrullah Khan: There are no negotiations going on between Afghanistan and this country.

REPORT OF MR. J. D. TYSON ON THE ECONOMIC CONDITION OF INDIANS IN THE BRITISH WEST INDIES.

1121. *Mr. S. Satyamurti: Will the Secretary for Education, Health and Lands please state:

- (a) whether the Government of India have now received reports from Mr. Tyson;
- (b) whether Mr. Tyson received an address from the East Indian National Union, asking for free homeward passages for all destitute and disabled Indians, grant of lands to immigrants who fulfilled indenture obligations and who continued residence without claiming a proportion of their return to India and money grant in lieu of land;
- (c) whether these demands will be pressed on the Government of the West Indies by the Government of India;
- (d) whether the address also requested the appointment of an officer with powers of the defunct office of the Protector of Immigrants;
- (e) whether Government propose to agree to that; if so, when; and
- (f) what is the policy of Government with regard to the repatriation of Indians from Jamaica?

Sir Girja Shankar Bajpai: (a) Some communications have been received from Mr. Tyson.

(b) and (d). Yes, on the assumption that the Honourable Member is referring to Jamaica.

(c) and (e). Mr. Tyson will give evidence before the Royal Commission on the condition of Indians in Jamaica also. Further action must await receipt and consideration of the Commission's Report.

(f) I would invite the attention of the Honourable Member to the reply given by me on the 7th of this month to part (e) of starred question No. 828 by Shrimati K. Radha Bai Subbarayan.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, may I know whether the Government of India have now addressed the Government of Jamaica with regard to their obligation to grant lands to immigrants who have fulfilled the indenture obligations and who continued residence without claiming a proportion of their return to India and money grant in lieu of land?

Sir Girja Shankar Bajpai: The position with regard to that is this—I am speaking from memory—that actually the great majority of these people have already forfeited their right to come back to this country at the expense of the Government of Jamaica, but that does not dispose of the

equity of the question that these people should be given facilities for settling down on land, and that is the point which Mr. Tyson has been asked to press.

Mr. S. Satyamurti: With reference to the answer to clause (d) of the question, may I know whether the question of the appointment of an officer, as suggested in the question, is also to await the receipt of Mr. Tyson's report by the Government and the consideration by the Government of that report?

Sir Girja Shankar Bajpai: No, Sir, I think myself that the first step will be for Mr. Tyson to press this upon the colonial authorities themselves.

Mr. S. Satyamurti: So far as the Government of India are concerned, do they realise the necessity and desirability of having an officer of this type?

Sir Girja Shankar Bajpai: Yes.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, may I know if Government have any information or any machinery for collecting information as to the economic status and prospects of Indians repatriated from Jamaica and other countries to this country?

Sir Girja Shankar Bajpai: Well, Sir, it is not necessary to get any information from the other side; we have sufficient experience in this country of the lot of these men, to know that on the whole it is not desirable that unless they have resources to support themselves or friends in this country who will support them, these people should come back.

Shrimati K. Radha Bai Subbarayan: May I know if Government have seen the report of the proceedings of a meeting held in Calcutta recently at which the Mayor of Calcutta presided, and noted the remarks of the Lord Bishop of Calcutta and others with regard to repatriation, and may I know what Government are going to do about it?

Sir Girja Shankar Bajpai: I may inform the Honourable lady that that particular report has not escaped my notice; and, in so far as this particular question of repatriates that have collected in Calcutta is concerned, I would invite her attention to the full statement that I made on that question some time ago in this House.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

OWNERSHIP OF LAND BY INDIANS IN TRANSVAAL.

1122. ***Mr. S. Satyamurti:** Will the Secretary for Education, Health and Lands please state:

(a) whether his attention has been drawn to the memorandum presented by the Agent General for India in South Africa to the Enquiry Commission on the ownership of land by Indians in Transvaal;

(b) at what stage the matters stand; and

(c) whether Government have taken any steps to secure greater rights for Indians for securing landed property in Transvaal; if so, with what results?

Sir Girja Shankar Bajpai: (a) Yes.

(b) Government understand that the Commission has completed its report.

(c) The present position in regard to the rights of Indians to acquire immovable property in the Transvaal is summarised in the statement laid on the table of the House on 8th August, 1938, in reply to Mr. Deshmukh's unstarred question No. 50 asked on the 7th September, 1937. Further representations in regard to the ownership of land by Indians in the Transvaal, as the Honourable Member will appreciate, must await the report of the Transvaal Land Commission.

Mr. S. Satyamurti: May I know whether Government have received a copy of this report of this Commission which has been sent to the Transvaal Government?

Sir Girja Shankar Bajpai: Not yet, Sir.

Mr. S. Satyamurti: May I know if Government have made arrangements for securing the report and making their representations thereon to the Government concerned before that Government takes any step by way of implementing the recommendations of this Commission?

Sir Girja Shankar Bajpai: Our Agent-General in South Africa is alive to the desirability and necessity of having this report before any action is taken thereon.

Mr. S. Satyamurti: Have the Government of South Africa been told this, and have they agreed to stay their hands till this Government has had a reasonable opportunity of making their own remarks and their own representations with regard to the right of Indians to secure and own land?

Sir Girja Shankar Bajpai: I cannot remember any specific instruction to this effect to the Agent-General, but from past precedent I have no doubt whatsoever that he has already requested the Government of the Union to let us have this report and not to take any action thereon until we have had an opportunity of examining it.

Mr. S. Satyamurti: Will the Honourable Member be good enough to press on the Agent-General to approach the Government of Transvaal and get a guarantee that they will not implement the recommendations until this Government, which is vitally interested, has had an opportunity of making its representations?

Sir Girja Shankar Bajpai: I certainly shall have the Honourable Member's suggestion examined.

OWNERSHIP OF LAND BY INDIANS IN TRANSVAAL.

1123. *Mr. S. Satyamurti: Will the Secretary for Education, Health and Lands please state:

- (a) whether his attention has been drawn to the leading article in the *Johannesburg Star*, reproduced in the columns of the *Hindustan Times*;
- (b) what is the latest position as regards Indians' right to hold land in Transvaal; and
- (c) whether Government are pursuing the matter; if so, with what results?

Sir Girja Shankar Bajpai: (a) Yes.

(b) and (c). The attention of the Honourable Member is invited to the reply given by me just now to part (c) of his preceding question.

UTILISATION OF MOLASSES FOR MANUFACTURE OF POWER ALCOHOL.

1124. *Mr. C. N. Muthuranga Mudaliar: Will the Education Secretary please state:

- (a) the figures for the export of molasses from India during the years 1936, 1937 and 1938; and
- (b) whether Government propose to consider the advisability of taking steps for the utilisation of molasses in the manufacture of power alcohol?

Sir Girja Shankar Bajpai: (a) and (b). The attention of the Honourable Member is invited to the replies given to parts (c) and (d) of Seth Haji Sir Abdoola Haroon's starred question No. 582 on the 21st February, 1939.

Mr. Manu Subedar: Have Government had any communications on the subject of molasses between themselves and the companies producing oil in India or in Burma?

Sir Girja Shankar Bajpai: I could not answer that question without notice.

Mr. T. S. Avinashilingam Chettiar: May I know whether they have considered the reports from the United Provinces and Bihar regarding the use of molasses in this matter?

Sir Girja Shankar Bajpai: Sir, as my Honourable friend is aware, the report was submitted to the Governments of the United Provinces and of Bihar and in the first instance those two Governments have to consider the report.

Mr. S. Satyamurti: In view of the fact that the question of import duty on sugar is a matter for the Government of India and the use of molasses is a matter of vital concern to the future of the sugar industry in this country, may I know whether the Government of India are taking any steps by themselves with regard to the increasing use of molasses in this direction?

Sir Girja Shankar Bajpai: Inasmuch as the question of the utilisation of molasses was comprehensively reviewed, I understand, by the Committee appointed by the Governments of the United Provinces and Bihar, the question of independent action by the Government of India has not arisen.

Prof. N. G. Ranga: May I ask whether the Government of Mysore have embarked on a scheme for the manufacture of molasses?

Sir Girja Shankar Bajpai: I will require notice of that.

Prof. N. G. Ranga: Are we to understand that it is the policy of the Government of India not to do anything and leave it to the Provincial Governments to see whether they can do anything or not?

Sir Girja Shankar Bajpai: I did not say that.

Mr. S. Satyamurti: May I ask whether the Government of India will take steps by way of co-ordinating the knowledge available with regard to the use of molasses, in view of the fact that it is a matter of vital importance to a protected industry, the protection being given by this House, and by the Government of India?

Sir Girja Shankar Bajpai: On previous occasions I have informed the House what action the Government of India have taken through the Imperial Council of Agricultural Research to investigate the possibilities of the utilisation of molasses in this country. I am merely pointing out that this particular form of utilisation has been the subject of a separate inquiry by the two provinces which between them, I presume, produce something like 80 per cent. of sugar in this country.

RECONSTITUTION OF THE INDIAN ACCOUNTANCY BOARD.

1125. *Mr. C. N. Muthuranga Mudaliar: Will the Honourable the Commerce Member state:

- (a) if the reconstitution or reconstruction of the Indian Accountancy Board promised by the Honourable the Law Member during the discussions on the Insurance Act Amendment Bill in 1937 is now complete, and if not, when it is expected to be complete;
- (b) whether chartered accountants and incorporated accountants from abroad are given the right to practise in India as registered accountants as a matter of course, and if not, what restrictions are imposed upon them in the matter of practising in this country;
- (c) whether registered accountants in India, who have become registered accountants under the new rules are allowed similar liberty, if they wish to practise in England, Scotland or other parts of the Empire; and
- (d) if the answer to part (c) be in the negative, whether Government propose to take steps to enforce reciprocity of treatment?

The Honourable Sir Muhammad Zafrullah Khan: (a) No such promise was given by the Honourable the Law Member, in fact there was no Insurance Act Amendment Bill in 1937. The reconstitution of the Indian Accountancy Board, however, by the introduction of elective principle is expected to be complete by July, 1939.

(b) Chartered and Incorporated Accountants have to enrol themselves on the Register of Accountants maintained by the Central Government and obtain an Auditor's Certificate before they can practise in British India as Auditors of companies other than private companies.

(c) No.

(d) No.

Mr. S. Satyamurti: What does the answer "No" mean to part (c)? Does it mean that the registered accountants of India are not allowed to practise in England or other parts of the Empire?

The Honourable Sir Muhammad Zafrullah Khan: Not as such.

Mr. S. Satyamurti: Why do the Government of India not take some steps to restrict them in this matter and see that the accountants from other countries are not allowed except under restrictions which are placed on our accountants to practise in this country?

The Honourable Sir Muhammad Zafrullah Khan: The question is really not an easy one. I am afraid there would be at least two sorts of difficulties. First, reciprocity *vis-a-vis* certain countries may involve us in difficulties with regard to other countries where standards may not be the same as ours. Secondly, even with regard to countries mentioned in part (c), unless we had the same examination which they have, it would be difficult to try for reciprocity at the present moment.

Mr. S. Satyamurti: May I ask whether the Government of India will examine the question with regard to the second point mentioned by the Honourable Member and, if it can be done, enforce some of the restrictions, because it is a matter of self-respect of this country?

The Honourable Sir Muhammad Zafrullah Khan: I am prepared to examine the question of the qualifications and examinations.

Mr. Manu Subedar: Have Government considered and found that the standards of examination imposed on by the Accountancy Board in India are lower than those which are in the United Kingdom?

The Honourable Sir Muhammad Zafrullah Khan: That is a matter of opinion.

Mr. K. Santhanam: May I ask whether the chartered accountants coming from other countries have to register themselves under the Accountancy Board or not?

The Honourable Sir Muhammad Zafrullah Khan: I have said so in answer to part (b) of the question.

OVER-PRODUCTION OF SUGAR.

1126. *Mr. C. N. Muthuranga Mudaliar: Will the Honourable Member for Commerce please state:

(a) whether any over-production has resulted in the matter of production of sugar during 1937 and 1938; and

(b) if the answer to part (a) be in the affirmative, whether Government propose to consider the advisability of establishing sugar markets in Afghanistan, Kashmir, Nepal, etc.?

Sir Girja Shankar Bajpai: (a) and (b). The Honourable Member's attention is invited to the reply given to parts (c) and (a) of Seth Haji Sir Abdoola Haroon's starred question No. 582 on the 21st February, 1939.

Mr. S. Satyamurti: May I ask if any sugar is exported from India to Kashmir, Afghanistan and Nepal?

Sir Girja Shankar Bajpai: I could not say off-hand. I do not think there is much of an export.

Mr. S. Satyamurti: May I ask if the Government of India will examine the possibility of such an export in view of the alleged over-production of sugar in this country with a view to establishing markets in these neighbouring countries?

Sir Girja Shankar Bajpai: If my Honourable friend will read the answer to which I have referred he will find that the phenomenon of over-production was limited to one year.

Mr. Abdul Qaiyum: If it is a fact that Afghanistan purchases Java sugar, could not the Indian sugar be substituted for it if suitable steps are taken?

Sir Girja Shankar Bajpai: I should hardly expect that, considering the disparities of prices.

ELECTION OF A NON-OFFICIAL CHAIRMAN TO THE BEAWAR MUNICIPAL COMMITTEE.

1127. *Mr. Sri Prakasa: Will the Secretary for Education, Health and Lands state:

(a) if it is a fact that by a notification of the Chief Commissioner of Ajmer-Merwara, the Beawar Municipality was deprived of its right to elect a non-official Chairman;

(b) the reasons for and the circumstances in which this notification was made;

(c) if an official was nominated to be the Chairman of the Municipal Committee; and if so, who and why;

(d) if the Beawar Municipal Committee and other bodies and individuals have made a representation to the Government desiring that the right to elect their non-official chairman should be given back to the Beawar Municipal Committee; and

(e) if Government have considered these representations; and if so, what decisions they have taken in this behalf?

Sir Girja Shankar Bajpai: (a), (c) and (e). The attention of the Honourable Member is invited to the reply given by me on the 13th February, 1939, to question No. 348 asked by Prof. N. G. Ranga.

(b) The Chief Commissioner took action on a representation from the majority of the members of the Beawar Municipal Committee that, in view of the unsatisfactory state of Municipal finances and the mishandling of Municipal affairs, an experienced official should be appointed Chairman of the Committee.

(d) The reply is in the affirmative so far as the Beawar Municipal Committee is concerned. Public opinion is not unanimous in this matter; one section has asked that the notification should be cancelled while others demand continuance of the official Chairman.

Prof. N. G. Ranga: How long is this notification to be continued?

Sir Girja Shankar Bajpai: It depends on how long these divisions of opinion continue.

Mr. Abdul Qaiyum: May I ask if the demand for an official Chairman was made by the majority of nominated or the elected members?

Sir Girja Shankar Bajpai: I think that on the occasion when the representation was made, the demand was made by a majority which included elected members.

Mr. Abdul Qaiyum: May I ask what is the proportion of elected to nominated members in this Municipality?

Sir Girja Shankar Bajpai: I could not say that without notice.

Prof. N. G. Ranga: Do Government propose to hold an election on this particular issue and have a referendum?

Sir Girja Shankar Bajpai: I do not think that the elaborate machinery of a referendum is necessary to ascertain the views of the community in such a small Municipality.

Mr. S. Satyamurti: May I ask whether Government have any information as to the extent and the representative character of public opinion which wants the continuation of an official Chairman?

Sir Girja Shankar Bajpai: The position, as far as I can make out, is that there is a very strong cleavage of opinion on communal lines on this matter.

Prof. N. G. Ranga: Is it not a fact that the only elected member who had at that time disagreed with the other elected members had later on recanted his opinion and has expressed his willingness to have an elected Chairman in preference to the official Chairman?

Sir Girja Shankar Bajpai: I have no definite information about the recantation or re-affirmation of his views by an individual member. I have referred to the main factor of the situation which has influenced the Local Administration in maintaining the existing order.

Prof. N. G. Ranga: What is the term of office for this appointment of Chairman?

Sir Girja Shankar Bajpai: There is no question of a term of office. He continues in his appointment until he is replaced by another Chairman.

SCHOOL FOR THE CHILDREN OF THE GOVERNMENT OF INDIA PRESS EMPLOYEES, NEW DELHI.

1128. *Mr. Sham Lal: Will the Honourable the Labour Member please state:

- whether there is any school for girls and boys in the vicinity of Press area for the children of the employees of the Government of India Press, New Delhi; if not, why not;
- whether the Honourable Member is aware that according to the recommendations of the Royal Commission on Labour each and every factory should be supplied with schools in the vicinity of the factory; and
- whether the Honourable Member proposes to take necessary steps in the matter?

The Honourable Sir Muhammad Zafrullah Khan: (a) Municipal and private Primary Schools for boys and girls already exist within a radius of half a mile from the Government of India Press, New Delhi.

(b) I would invite the attention of the Honourable Member to recommendations Nos. 6 and 7 of the Royal Commission on Labour and their discussion on the "Assignment of Responsibility" on page 28 of their Report.

(c) Does not arise.

DISPENSARY FOR THE GOVERNMENT OF INDIA PRESS EMPLOYEES, NEW DELHI.

1129. *Mr. Sham Lal: Will the Honourable the Labour Member please state:

- whether it is a fact that the working hours of the Government of India Press, New Delhi are 8 A.M. to 4.30 P.M. and in busy season up to 8 P.M.;
- whether it is a fact that the working hours of the Irwin Hospital, New Delhi, are from 8 A.M. to 12 in the morning and 4 P.M. to 5 P.M. in the evening;
- how it is possible for the Press employees to enjoy the medical facilities of the Irwin Hospital in view of the working hours being the same;
- whether it is a fact that a dispensary and a medical officer with staff is attached to the Government of India Press, Calcutta; and

- (e) if the answer to part (d) be in the affirmative, whether Government propose to take similar steps in respect of the Delhi Press; if not, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes so far as the industrial staff is concerned. The office hours of the clerical staff are from 10 A.M. to 5 P.M.

- (b) These are the hours of attendance for out-door patients.
 (c) Permission is granted freely to employees requiring medical attention at the Irwin Hospital to leave the Press during working hours.
 (d) Yes.
 (e) A doctor visits the New Delhi Press every alternate day to attend to the medical needs of the employees and his prescriptions are dispensed at the Irwin Hospital. A labourer is employed at Government expense to obtain medicines from the hospital. Government consider these arrangements adequate.

PENSION AND LEAVE, ETC., OF PIECE-WORKERS IN THE GOVERNMENT OF INDIA PRESSES.

1130. ***Mr. Sham Lal:** Will the Honourable the Labour Member please state:

- (a) whether the piece-workers in the Government of India Presses are permanent employees of the Government;
 (b) whether piece-workers are entitled to pension, gratuity, leave on average pay and medical leave, like the salaried employees; and
 (c) why the piece-workers of the Government of India Presses are not allowed Sunday and other holidays with payment at their class rates?

The Honourable Sir Muhammad Zafrullah Khan: (a) Mostly yes.

(b) Yes, but the leave rules applicable to salaried employees and piece-workers are different.

(c) The general principle underlying the piece system is that remuneration depends on outturn. Piece-workers in the Government of India Presses are, however, allowed to set off the leave on average pay admissible to them against gazetted holidays actually enjoyed and the days so set off are paid for.

Mr. K. Santhanam: May I ask whether a minimum amount of work is given to the piece-workers every week.

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I could not say that without notice.

PAY OF LABOURERS IN THE GOVERNMENT OF INDIA PRESSES.

1131. ***Mr. Sham Lal:** Will the Honourable the Labour Member please state:

- (a) what is the minimum pay of the labourers employed in the Government of India Presses; whether it is not a fact that the labourers who are paid from the Contingent Grant are engaged on Rs. 12 a month;

- (b) whether it is also a fact that they are not entitled to any single day's leave and if they fall sick or remain away on domestic affairs even for a day their pay is deducted; and
 (c) whether Government propose to increase their pay and bring them on the same footing as the inferior servants of other offices?

The Honourable Sir Muhammad Zafrullah Khan: (a) Rs. 12 per month. Yes.

(b) Yes.

(c) Government will consider the question so far as it concerns leave.

Mr. S. Satyamurti: In fixing Rs. 12 a month, have Government considered the question whether it is a living wage for these people?

The Honourable Sir Muhammad Zafrullah Khan: It is very difficult to express an opinion.

Mr. S. Satyamurti: May I know whether Government have considered the point raised in clause (b) of the question that they are not entitled to any single day's leave, and if they fall sick or remain away on domestic affairs even for a day their pay is deducted?

The Honourable Sir Muhammad Zafrullah Khan: I have said Government will consider this question so far as it concerns leave.

Mr. S. Satyamurti: With reference to part (c), may I know whether Government will consider the question of increasing their pay and bringing them on the same footing as that of the inferior servants of other offices of the Government of India?

The Honourable Sir Muhammad Zafrullah Khan: I shall look into that also.

Mr. K. Santhanam: May I know whether the wages of piece-workers are calculated on Rs. 12 monthly basis?

The Honourable Sir Muhammad Zafrullah Khan: This question relates to labourers.

Mr. K. Santhanam: The wages for one class of labourers depends on that of the other classes of labourers. I want to know whether the rate fixed for piece-workers is governed by the rate of these labourers?

The Honourable Sir Muhammad Zafrullah Khan: This question has nothing to do with piece-workers.

Mr. S. Satyamurti: It includes all labourers. Piece-workers are employed in the Government of India Press also. We want to know what is the minimum pay per day or per hour whichever is the unit of calculation for piece-workers as compared with labourers?

The Honourable Sir Muhammad Zafrullah Khan: I would require notice.

PROPAGANDA WORK FOR INDIAN COFFEE.

1132. *Mr. Lalchand Navalrai (on behalf of Dr. F. X. DeSouza): (a) Will the Honourable the Commerce Member place on the table of the House a statement showing the income of the Coffee Cess Committee during the last three years and the expenditure on propaganda work in (i) the United Kingdom and (ii) India?

(b) Will the Honourable Member please state what are the results of the propaganda in the shape of increased consumption in (i) the United Kingdom, (ii) foreign countries and (iii) India?

(c) Is it a fact that the Committee has recently decided, at the instance of manufacturers of Coffee powder, to withdraw the subsidy hitherto granted to the United Coffee Planters Association, Critmagalur, for propaganda purposes? If so, why?

(d) When is it proposed to start propaganda for popularising the use of coffee in Northern India?

The Honourable Sir Muhammad Zafrullah Khan: (a) I place on the table of the House a statement giving the information required.

(b) I would invite the attention of the Honourable Member to the annual report of the Indian Coffee Cess Committee for 1937-38, a copy of which is available in the Library of the House.

(c) Yes, as contrary to the policy laid down by the Committee the Association's own proprietary brand was being pushed to the exclusion of others.

(d) Certain propaganda work has already been or is being done in Northern India and the question of more permanent arrangements is under the consideration of the Committee.

Statement showing the total income and expenditure of the Indian Coffee Cess Committee and the money spent on propaganda work in the United Kingdom and in India during 1935-36 to 1937-38.

	Income.	Total.	Expenditure on propa-	
		Expenditure.	ganda.	
	Rs.	Rs.	U. K.	India.
			Rs.	Rs.
1935-36 (1st December, 1935 to 31st March, 1936)	37,900	9,263		2,461
1936-37	*1,53,697	71,195	17,908	35,044
1937-38	*1,47,093	90,424	25,890	45,452

*Including carryover of balance.

INDUSTRIAL RESEARCH FOR THE UTILISATION OF ECONOMIC RESOURCES OF INDIA.

†1133. *Mr. Akhil Chandra Datta: Will the Honourable the Commerce Member please state:

(a) whether Government's attention has been drawn to the following resolution passed by the Federation of Indian Chambers of Commerce and Industry at their annual meeting held in April 1938:

†Answer to this question laid on the table, the questioner being absent.

"This Federation draws the attention of Government to the need of proper industrial research for the utilisation of the economic resources of the country and suggests that such research should be directed to practical objects and should be related to the industrial needs of the country and that its results should be given as wide publicity as possible.

This Federation also recommends that the Industrial Research Bureau should have a larger element of non-official representation of commercial and industrial interests so as to make it a more useful body and that its activities should be mainly directed towards the achievement of the object"; and

(b) whether Government have applied their mind to the recommendation contained in the said resolution; if so, what action Government have taken, or propose to take, to give effect to the recommendations in the two parts of the resolution?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) Yes. In view of the constitution and functions of the Industrial Research Bureau and the Industrial Research Council, Government came to the conclusion that no action was called for. I would, in this connection, invite the attention of the Honourable Member to the answers given to starred question No. 615, part (c) of starred question No. 444, and parts (c) and (d) of starred question No. 1769 by Mr. Mohan Lal Saxena on the 3rd March, 1938, 24th August, 1938, and the 5th December, 1938, respectively. The question of widening the publicity arrangements of the Bureau was discussed at the Fourth Session of the Industrial Research Council, copies of the proceedings of which are available in the Library of the House. Steps have already been taken to carry out the recommendations of the Council arising out of this discussion.

DEVELOPMENT OF INDIGENOUS INDUSTRIES.

†1134. *Mr. Akhil Chandra Datta: Will the Honourable the Commerce Member please state:

(a) whether Government's attention has been drawn to the following resolution passed by the Federation of Indian Chamber of Commerce and Industry at their annual meeting held in April 1938:

"This Federation is of opinion that with a view to conserve and utilise to best advantage the meagre financial resources of the country and having regard to haphazard development of some of the indigenous industries, such as, jute, flour and sugar, the Government of India should, in the greater interest of the country, take the initiative, in collaboration with the Provincial administrations, to devise suitable machinery for reviewing the development of indigenous industries and for evolving a well laid-out plan for their systematic expansion";

(b) whether the recommendation made in the aforementioned resolution has been examined by Government;

†Answer to this question laid on the table, the questioner being absent.

- (c) whether Government propose to implement the said recommendation; if not, why not; and
- (d) whether Government have taken, or propose to take, any action to achieve the object which the Federation has in view?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). Yes.

(c) and (d). No. The Honourable Member's attention is invited in this connection to the replies given to parts (a) and (b) of his starred question No. 51 on the 4th February, 1939.

ENQUIRY INTO THE CONDITION OF MINOR INDUSTRIES.

+1135. *Mr. Akhil Chandra Datta: Will the Honourable the Commerce Member please state:

- (a) whether his attention has been drawn to the resolution passed by the Federation of Indian Chambers of Commerce and Industry in April 1938 protesting against suspension by Government of the Departmental enquiry instituted by them with regard to the condition of small industries as affected by Japanese competition;
- (b) whether Government are aware that the said competition still persists in certain industries;
- (c) whether Government are prepared to consider the desirability of taking steps for the resumption and completion of the enquiry at an early date; and
- (d) whether Government are prepared to consider the advisability of setting up a Permanent Board to carry on a regular enquiry into the condition of small and middle size industries with a view to finding out ways and means of stabilising them and affording protection to them from foreign competition?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes, Sir.

(b) and (c). I would refer the Honourable Member to the answers given during the current Session to Mr. Manu Subedar's question No. 472 and its supplementaries, and also to the supplementaries arising from Mr. Satyamurti's question No. 1025.

(d) No, Sir.

1133. *Mr. Abdul Qaiyum: This question (No. 1136) has been answered already and I, therefore, do not propose to ask it again.

SUBJECTION OF INTERESTS ON STERLING LOANS TO INCOME-TAX.

1137. *Mr. C. N. Muthuranga Mudaliar: Will the Honourable the Leader of the House please state:

- (a) whether sterling loans of the Government of India earn interest in this country;

+Answer to this question laid on the table, the questioner being absent.

- (b) whether they are not charged income-tax in India; and
- (c) whether the Government of India propose to recommend to His Majesty's Government to so amend the Government of India Act as to enable the Government of India to subject the interests on sterling loans to Indian Income-tax?

The Honourable Sir Nripendra Sircar: The question should have been addressed to the Honourable the Finance Member.

PROPOSAL TO ACQUIRE LAND NEAR OKHLA IN DELHI.

1138. *Mr. Badri Dutt Pande: (a) Will the Honourable Member for Labour be pleased to state if he has seen a report under the caption "Acquisition of land" published in the *Hindustan Times* of the 21st February, 1939, stating that some land near about Okhla is being acquired by Government for road purposes against the will of the people?

- (b) How much land is being acquired and for what purposes?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) I would invite the attention of the Honourable Member to my reply to Mr. Brojendra Narayan Chaudhury's starred question No. 972, dated the 10th March, 1939.

Mr. Badri Dutt Pande: Is it a fact that Government propose to acquire 600 feet broad piece of land along both sides of the metalled road at Okhla?

The Honourable Sir Muhammad Zafrullah Khan: I have no information.

Mr. Badri Dutt Pande: How much land is being acquired?

The Honourable Sir Muhammad Zafrullah Khan: I have answered that. I am not aware that any land is being acquired.

Mr. Brojendra Narayan Chaudhury: Is it a fact that as stated in a later statement Government have some intention of acquiring lands on the road sides in the vicinity of Delhi for the future expansion of New Delhi?

The Honourable Sir Muhammad Zafrullah Khan: I cannot answer for anybody's intentions. There has been no decision.

EXPORT OF INDIAN TOBACCO TO THE UNITED KINGDOM.

1139. *Mr. Manu Subedar: (a) Will the Honourable the Commerce Member please state how much Indian tobacco has been exported to the United Kingdom during the last three years for which figures are available, and how much to other parts of the world during the same period?

- (b) What is the mode of sale? Is it the same as in the case of rubber and tea, viz., by consignment to London and a sale in the open market or through brokers?

(c) Have any complaints been heard with regard to the quality of Indian tobacco reaching the United Kingdom?

(d) Have any recommendations been made on this subject by the Agricultural Marketing Adviser to the Government of India, and what steps are being taken by Government to enforce such recommendations with regard to tobacco shipments leaving this country?

Sir Girja Shankar Bajpai: (a) A statement is laid on the table.

(b) A considerable quantity of tobacco is purchased in India by manufacturers for shipment on their own account. But some tobacco for sale in the United Kingdom is usually exported on consignment basis, to be sold through London or Liverpool brokers and leaf merchants. All sales are privately made and not through auctions or such other means.

(c) Until recently the bulk of Indian tobaccos shipped to the United Kingdom was considered unsuitable in flavour for the manufacture of cigarettes but there is now a growing volume of evidence that Indian light flue-cured virginia tobacco, being neutral in flavour, is definitely suitable for blending with other grades. Another factor which affected the prices fetched by Indian tobaccos in the United Kingdom was its uncertain quality due to lack of standard grades.

(d) The Honourable Member's attention is invited to the relevant portion of the reply given to Mr. C. N. Muthuranga Mudaliar's starred question No. 569 on the 21st February, 1939.

Statement showing the quantity of unmanufactured Indian tobacco exported to the United Kingdom and other parts of the world during the years 1934-35, 1935-36, 1936-37 and 1937-38 (provisional).

Place of Export.	Year.			
	1934-35.	1935-36.	1936-37.	1937-38. (Provisional)
United Kingdom	lbs. 9,260,053	lbs. 11,702,386	lbs. 13,298,043	lbs. 21,127,700
Other parts of the world	15,089,234	17,040,242	15,227,761	21,332,100

Mr. Manu Subedar: With reference to part (d) of the question "what steps are being taken by Government to enforce such recommendations with regard to tobacco shipments leaving this country", may I ask what powers do the Government of India possess in order to enforce this recommendation on the shippers?

Sir Girja Shankar Bajpai: It depends upon what recommendation my Honourable friend has in mind. The only legislation that I am aware of was the one which this House passed two years ago with regard to grading. The Government have set up certain grading extensions, but grading is not obligatory.

Prof. N. G. Ranga: What steps do Government propose to take in regard to the grading of tobacco and thus eliminate the most unsuitable kinds of tobacco from being exported?

Sir Girja Shankar Bajpai: As my Honourable friend will find if he refers to the answer which I gave to Mr. Muthuranga Mudaliar last month, two grading stations have been established by Government.

Prof. N. G. Ranga: Is the Honourable Member aware of the fact that this Agricultural Marketing Adviser when he visited Guntur did not announce the meeting that he was holding with the merchants there with the result that the tobacco-growers who are really interested in the matter did not have proper notice and therefore could not meet him.

Sir Girja Shankar Bajpai: I am not aware of that particular fact.

USE OF REFRIGERATING VANS.

1140. *Mr. Brojendra Narayan Chaudhury: Will the Secretary for Education, Health and Lands please state:

- what efforts have been made by the Imperial Council of Agricultural Research to develop refrigerated rail transport, and for how long and with what results;
- where the refrigerating vans are in use and for what articles; and
- where and to what extent refrigerating vans are in use in (i) East Bengal, (ii) North Bengal and (iii) Assam, for (1) fish, (2) oranges and (3) pine-apples; if not, why not?

Sir Girja Shankar Bajpai: (a) A statement is laid on the table.

(b) and (c). These questions should have been addressed to the Honourable Member for Railways and Communications.

Statement.

In co-operation with Defence Department and the Railway Board a refrigerated van working on the eutectic tank principle was designed and constructed during 1937-38. Tests of the insulation and temperature range inside the van were carried out during the summer of 1938 with the controls set for low temperature such as are required for meat and fish. The van was then modified for fruit and vegetable transport. Running tests were carried out with vegetables viz., cabbages, peas, beans, and tomatoes between Rawalpindi and Landikotal. A van load of fruit mainly peaches but including some packages of grapes was then sent from Peshawar to Bombay and the fruit sold in Bombay. A return load of potatoes was sent to Peshawar. A further stationery trial was carried out at the condition of the commodities. The experiments were all technically successful so far as the condition of the commodities transported was concerned and the fruit sold at good prices. The commercial results were not so satisfactory and there is some doubt whether this type of van is suitable except when running between a chain of refrigerated stores with pre-cooling equipment at the point of loading. A further commercial experiment is under consideration. A different type of van to use 'dry ice' was to be constructed but completion was held up owing to difficulties in making arrangement for dry ice supplies. The Imperial Council of Agricultural Research experiments are designed to secure the basic data which any commercial undertaking would require. To the same end cold storage and gas storage experiments are in progress at Poona and Lyallpur as described in the Annual Reports of the Council. The first set of experiments at Poona has been completed and a bulletin is now in press.

Mr. Brojendra Narayan Chaudhury: Are Government satisfied that in these areas there are plenty of these articles, oranges and pine apples seeking refrigerated transport which besides giving increased price to the grower would at the same time cheapen the price in Calcutta and other outside markets?

Sir Girja Shankar Bajpai: I dare say in the producing areas when there are sufficient supplies of oranges, pine apples, etc., for transport, these vans will be supplied.

Dr. Sir Ziauddin Ahmad: Do Government make any attempt to see that copras are transported from Malabar to Delhi because there is a large demand for copra in Delhi?

Sir Girja Shankar Bajpai: I cannot answer the question with regard to copra.

Dr. Sir Ziauddin Ahmad: Whether Government have made any attempt, yes or no?

Sir Girja Shankar Bajpai: If my Honourable friend is referring to the provision of transport facilities for moving copra, I suggest that he should address the question to the Honourable Member for Communications.

Dr. Sir Ziauddin Ahmad: Did the Agricultural Marketing Board move in the matter?

Sir Girja Shankar Bajpai: I want notice.

Prof. N. G. Ranga: Is it the policy of Government to see that increased numbers of refrigerated carriages are placed at the disposal of people in different parts of the country so that they may transport perishable food-stuffs, like fish, etc.?

Sir Girja Shankar Bajpai: I should like my Honourable friend to appreciate the distinction between the policy of the Railway Department and the policy of the Department for which I speak. We are merely concerned with experiments of a certain kind and I have given the information with regard to these experiments. To what extent the Department of Communications can assist and to what extent the Provincial Governments responsibility is involved, these are questions which I cannot answer.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member's Department responsible for marketing?

Sir Girja Shankar Bajpai: My Honourable friend is quite wrong in thinking that the Government of India are responsible for marketing; within the provinces, the provinces are.

Mr. S. Satyamurti: May I know whether the experiments are purely academic experiments to satisfy scientific curiosity, or whether they are experiments intended to be carried into effect and proper results of these experiments are to be made available for marketing these produce by means of refrigerated vans and so forth?

Sir Girja Shankar Bajpai: If my Honourable friend will do me the honour of reading the statement which I have laid on the table, he will find that the experiment which was financed by the Imperial Council of Agricultural Research was designed definitely to ascertain the possibilities of commercial transport by refrigerated vans. It was not an academic investigation.

Mr. S. Satyamurti: If that is so, what are the steps taken by his Department in co-operation with other Departments for translating the results of these experiments in terms of commercial transport actually?

Sir Girja Shankar Bajpai: It so happens that this particular experiment did not prove commercially successful.

GOVERNMENT SERVANTS LENT TO INDIAN STATES.

1140A. *Mr. Manu Subedar: (a) Will the Honourable the Leader of the House please state in how many Indian States the services of Government servants on active list have been lent?

(b) From which Departments of Government are these services given?

(c) Is it necessary for an Indian State employing a retired Government servant on pension to ask for permission of the Paramount Power to give him employment?

(d) How many of these Government servants lent to Indian States are working as Dewans?

The Honourable Sir Nripendra Sircar: (a), (b) and (d). The information is being collected and will be supplied in due course.

(c) The consent of the Crown Representative is necessary for the employment in Indian States of—

- (i) European British subjects on a salary exceeding Rs. 700 per mensem;
- (ii) Retired members of the Indian Civil Service;
- (iii) Retired officers of the Indian Political Service; and
- (iv) Retired military officers, whether European British subjects or Indians, who have held the King's Commission in the regular forces, whose services are required in a military capacity;

Provided that in the last three cases enumerated above the officer to be employed is not a subject of the employing State.

Mr. Manu Subedar: Is it a fact that during the last five years a very much larger number of Government servants have been requisitioned than during the previous five years?

The Honourable Sir Nripendra Sircar: Without notice I cannot say whether it is a fact or fiction.

Mr. S. Satyamurti: Are there any conventions or conditions under which persons on the active list of Government service in the Government of India are lent to Indian States, or are they lent whenever the Indian States ask for such services?

The Honourable Sir Nripendra Sircar: I am not aware of any conventions.

Mr. S. Satyamurti: Are there any conditions or rules by which Indian States are entitled to the services of persons in the active list of Government service here, whenever they ask for them?

The Honourable Sir Nripendra Sircar: Of course, they are not entitled as a matter of right to get anybody from anywhere.

Mr. S. Satyamurti: Do the Government of India automatically lend the services of these people whenever they are asked for it, or do they consider the requirements of these services and the requirements of the State and then decide?

The Honourable Sir Nripendra Sircar: No. The Government of India does not act as an automaton; but it applies its mind to the particular question which arises.

Mr. K. Santhanam: May I know whether, when a retired Government servant takes service under a State, he is entitled to the full pension from the Government of India?

The Honourable Sir Nripendra Sircar: That my friend will give me notice of.

POSTPONED QUESTION AND ANSWER.

SENDING OF TROOPS TO INDIAN STATES.

[Postponed
from 7th
March 1939.]

816. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Law Member state:

- (a) under what treaties or conventions the Government of India are obliged to send troops to Indian States; and
- (b) in cases in which troops are sent, how the expenses are met, i.e., by the Government of India or by the States?

The Honourable Sir Nripendra Sircar: (a) The treaties and conventions are between the States and the Crown as the Paramount Power. So far as the Government of India is concerned, under section 286 (1) of the Government of India Act, 1935, the supply of armed assistance by them to the States becomes a duty when the Crown Representative requests the assistance of such forces for the due discharge of the functions of the Crown in its relations with Indian States.

(b) On this point, I invite the Honourable Member's attention to the reply given to question No. 974 by Mr. Mohan Lal Saksena on 10th March, 1939.

Mr. T. S. Avinashilingam Chettiar: If I remember aright, the answer to that question was that the allocation of expenditure was under consideration by the Government of India.

The Honourable Sir Nripendra Sircar: There was no such general answer. As regards the particular matter about which I was asked, the answer is perfectly correct: it was under consideration.

Mr. T. S. Avinashilingam Chettiar: On the general question, I want to know whenever troops are sent to Indian States, how are the expenses met?

The Honourable Sir Nripendra Sircar: I have answered that question fully.

+Vide page 1618 of these debates.

Prof. N. G. Ranga: Generally speaking, under what circumstances are these troops to be supplied by the Paramount Power to the Indian States? Does it entirely depend on the recommendation made by the Crown Representative or are there any conditions stipulated which must be satisfied before these troops can be supplied?

The Honourable Sir Nripendra Sircar: If my Honourable friend had listened to my answer to part (a), he would have seen that it is a matter for the Crown Representative to consider.

Mr. S. Satyamurti: With reference to the answer to clause (a), apart from the Crown Representative's requiring the Government of India to send troops, may I know if the Government can throw any light as to the existence of treaties or treaty obligations, under which the Crown Representative or the Government of India is obliged to send troops to Indian States?

The Honourable Sir Nripendra Sircar: So far as I recollect, there are treaty obligations only with reference to some States and not with all; but I am sorry I cannot tell you the names because I do not remember them as to which are the States with which there are such obligations.

Mr. S. Satyamurti: Are there any States in respect of which there are treaties which cast on the Paramount Power or the Crown Representative an unconditional obligation to send Indian troops for the protection of the Indian States?

The Honourable Sir Nripendra Sircar: There cannot be any unconditional obligation. The word "unconditional" is not right. The treaties provide on what conditions, that is to say, whether for preventing outside attack and so on, the troops have got to be sent. So far as I recollect, speaking from memory, there is no treaty where unconditionally troops have got to be sent simply because the Rulers ask for them.

Mr. S. Satyamurti: Apart from treaties, may I know whether the Government of India have any information and can share the information with this House, as to any other obligations which are cast on the Crown Representative or the Government of India with respect to which troops have to be sent?

The Honourable Sir Nripendra Sircar: I have nothing to add to the answer I have given. Our obligations are under section 286 (1).

Mr. T. S. Avinashilingam Chettiar: With reference to the answer to part (b), the answer was given on the 10th March when we were not here: may I request you to read that answer again?

The Honourable Sir Nripendra Sircar: I have not got it here.

Mr. Abdul Qaiyum: May I know if there is any instance where troops have been sent to a State with which the Government of India were not under any treaty obligation to do so?

The Honourable Sir Nripendra Sircar: I want notice of that question.

THE INDIAN FINANCE BILL.

The Honourable Sir James Grigg (Finance Member): Sir, I move:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax be taken into consideration."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax be taken into consideration."

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muham-madan Rural): Sir, I rise to commence the debate on the consideration of the Bill which has been formally moved by my Honourable friend, the Finance Member, more or less on an invitation which he extended *in absentia*, to take his own description, when the souls of many of us were away and the bodies of others were in fact away. I only hope and trust that, during the time when our souls were away, they did not hover over his own soul, such as there exists or can exist in a Finance Member of this type, and did not create a nightmare of a worse character. But, in any case, I am glad that my Honourable friend recognised that it is possible sometimes to love the presence of those whom you otherwise hate. I can only understand one reason that a vital person rather likes a good fight than the kind of fight that he thinks he has had during the course of the smooth debate, when he gave his budget estimates and presented them before the House. Anyway, I hope and trust that when he replies to this debate as he has promised in his last part to do, he would be a little nearer to what he calls the factual realities than he allowed himself to do by masquerading as a supporter of many interests which would cease to be his care and protection in a very few days from now on.

The Finance Bill which has now been brought in with a view to give effect to the replenishing of the treasury, which my Honourable friend is going to leave to his successor in a few days, is one which I think, if he himself examined it, he would find it difficult to support. And I say that not merely as a matter of what my friend would probably attempt to get off with by saying that we were talking with our tongue in our cheek, but really if he applied his mind to the considerations which I hope to place before the House this morning, he cannot excuse himself by saying that these are considerations which a particular body of men otherwise called "Masters" have put forward before. I can tell him that he certainly has much more inexorable and involuntary masters whose results he has produced before this House, and that he cannot merely content himself by saying that if a body of merchants have considered certain points of view arising out of this budget, in as much as this body of merchants have put forward the proposals, if we find that some or many of them are right, therefore, the answer is adequate that

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they come from, what he thinks is, a contaminated source. Let me assure him that whatever contamination his socialistic tendency may see in them they have gone through the filter of patriotic men's minds; and, therefore, so far as we present them it would be no answer on his part to say that they originally originated from a turbid source.

So far as the main points in the budget are concerned, I propose to take them, not as a trained financier which I am not but at least as one trained in presenting the results of other financiers before many tribunals times without number. For the first time my Honourable friend has presented, what he calls a necessitous but a deficit budget; and it behoves this House to examine whether in doing so he has done justice to this country and done justice to the interests involved in the manner in which he proposes to pilot the taxation at one end and create what he calls conservative, imaginative estimates of income for the following year. And I shall take them under three principal heads, so that I may be able to present them, at all events to the House, and for an answer to him before this debate concludes. It will also serve as an indication, so far as we are concerned, of what we expect him to do by way of such amendments as might be carried in the Bill that he has now presented.

I am aware of his inexorable denial in the matter of accepting anything that we do in this House, but nonetheless we do our duty still not without hope, if that expression may be permitted. He first talked about the anticipated receipts from the biggest source of income, namely, the Customs duties. In that hope it is right to point out that he may easily be excused for considering that the general trend of trade in the following year might be such that he should be careful, that he should even be cautious. It is rather curious to observe that a man can combine not merely a dual but a triple personality, not only Dr. Jekyll and Mr. Hyde, but Mr. Hyde No. 2 in the consideration and presentation of the two aspects of the budget. He is conservative when he comes to estimating income, he is socialistic when it comes to putting his hands into other peoples' pockets, and he becomes worse than a prodigal's son when it comes to expenditure. It really astounds me how a person can, withstanding the flexibility of mind, let alone the heart which does not exist in this issue,—that with that flexibility of mind he can combine such three strange personalities. Look at the first one, namely, his estimates of income. He says, "Oh, the trade is in a bad way and I am not expecting very much out of it. Therefore, so far as the actuals of the last year are concerned, I will try and abate a little but very little, and hope that events will turn out right." But in one particular matter where I will presently read the answer which he purported to give, I submit to the House that it does not require the necessity of being a prophet in order to show that he is wrong, for I believe I can easily return the compliment inasmuch as every man who looks into the future, for the purposes of estimating either expenditure or income, is to that extent a prophet, and if I may return the compliment to him, it is no use arguing with a prophet except that he should be disbelieved, and that is what I ask the House to do. He says, for example, to take only one instance, namely, his estimates of sugar duty. He has presented to the House an estimate which, I think, on his own showing, cannot possibly be right. It falls short of the reasonable expectation by at least 150 lakhs, for it is not controverted as an item in the argument, namely, that this year by reason of shortage of cane crop in the country the estimates of the outturn are not expected to exceed 7½ lakhs to talk in commoner language, rather

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LEGISLATIVE ASSEMBLY.

[17TH MARCH 1939.]

[Mr. Bhulabhai J. Desai.]

than seven hundred and fifty thousand. He has not controverted the fact that the consumption in this country of sugar has exceeded ten lakhs, and taking again a conservative estimate, I will only take it as nine, possibly on the ground that there is a certain amount of increase in the price and the trend that we see today. But taking it even at that, I am quite certain that he must be aware what $7\frac{1}{2}$ lakhs can produce in the shape of excise duties and what $1\frac{1}{2}$ lakhs can produce at 145 per ton. It is arithmetic in which he is a great adept, but it does not require much knowledge, much mathematical knowledge in order to understand the total. In the attempted answer that he made, he says, "Oh, I am not quite sure as to whether there will be any foreign imports at all." And when he was told on good authority, and since then I have seen a better authority, that already there have been contracts entered into for the import of Java sugar, nearly exceeding the amount of one lakh of tons, he said "Oh, but the contracts can be cancelled." I dare say that answer can be given under any conditions, under any circumstances. But he has not shown, could not possibly show that those contracts were purely speculative with a view to gamble in futures, for the very simple reason that the deficit in the outturn here necessitates those contracts and necessitates the implementing of those contracts. If that is true, as each one of these premises is almost beyond dispute, it is obvious that instead of showing a deficit of 50 lakhs as he estimates, if he had more correctly estimated the income under this head, he would have had not merely not a deficit but a surplus to the extent of a 100 lakhs or so. But he would listen to no argument, prophet that he is. All that we can do is to disbelieve his figures, not merely on the ground that in this case there is nothing that requires either a prophecy or a judgment that is likely to be faulty or a ground that can be controverted. We have the figures of ten years' consumption. We have a yield for this year which is not in dispute, and it can only be made good by import of sugar, and if that is so, what excuse is there in order that he may be able to present this budget and saddle us with a form of duty in order to make it good, to which I shall come later. Confining myself, therefore, merely to this one item, it is obvious that the budget figures which have been presented and the items included in the Finance Bill, cannot possibly acquire the support of this House.

For example, though it is a very small item indeed, I must remind the House of the fact that he hopes to get a paltry sum of what he calls $5\frac{1}{2}$ lakhs of taxation of *khandsari* sugar. I quite agree that if there was a deficit budget, a genuinely deficit one,—I can understand his licking probably the last drop out of the plate. But when that is not the fact I cannot understand why there was any occasion now to hit all the small factories, some of them in urban areas no doubt, but many of them in rural areas indeed. It is a type of sugar which is consumed by the poorer man and there is no reason for my Honourable friend to impose this burden. But in order only—I do not say that he is arguing backwards, I do not impute any dishonesty of mind, namely, I do not suggest that he first said, "Let me have a deficit budget, and to meet it, I will lay a burden that would not be right"; I would not suggest it. But in what mood or manner he approached the issue in order to produce something for which he had to find a remedy is a point and a process, which I submit respectfully, I cannot understand. I hope and trust that he will answer

all the three premises which alone can lead him to the conclusion that his estimate of income from sugar duty cannot possibly stand the strain of a genuine examination by what he would call dry reason, dry, that is to say, without any sympathy, and reason, which in this case, I am afraid, he would not be able to persuade. But the fact remains that under this head alone we are in a position to point out that there is, at all events, a hundred lakhs more in it and not a deficit of 50 lakhs which he makes out. It also makes it necessary for me to emphasise this fact, because when we come to other aspects of the Finance Bill, in particular the salt and the postcard, my Honourable friend will naturally ask me, where am I to find the money from? This time fortunately his estimates being in question, he has not spent all that he would otherwise have got. We are at least fortunate in this year, having caught him, if he will allow me to say so, on the hip, because if we can show him the sources which he has genuinely and actually under-estimated, then he cannot get away with the fact, "I cannot balance my budget" and, therefore, I cannot accept your amendments". I think, therefore, that he must be aware, unless he can satisfactorily answer this, he would have to accept many of the amendments which in previous years he said he was unable to accept because in those years we had no occasion and could not rightly question his estimates of income. This year we are on that extremely strong ground that we are in a position to question the income that he expects, and, therefore, I am in a position to point to those sources of income in order that he may be able to implement the amendments which may be and I trust would be carried by this House. So far about the biggest source of income namely, the customs duty. I come now to income-tax.

My Honourable friend cannot possibly deny that we have not grudged him any assistance in reviving if you like, rejuvenating if you like, or revitalising if you like, this particular source of income over which he was very solicitous when he was serving in England and he became more solicitous after coming here, and before he has departed he has the satisfaction that he has placed or assisted in placing on the Statute-book an Act to his own liking. But when he has got it he does not seem to think that he is going to produce what he promised the House he was going to produce and what, I, at all events, honestly believed he was going to produce.

Now, as regards income-tax, there are three items. I think I can easily understand the sketchy speech which he delivered, 12 NOON. seeing that he had to skate over thin ice and he could not put his foot firmly on any spot whatsoever. When it comes to income-tax he estimates the income as if nothing had occurred except what he calls a possible depression in the trade and, therefore, he says: "I cannot do very much better than last year, perhaps a little better." Now, let us examine very closely what has happened as the result of this Income-tax Act. First, as to the new sources of income. He taxes Trusts in a manner in which, as the House is now aware, it has become practically impossible to escape tax for most persons who used to divide their properties in order that either a lesser scale might be employed or that they might escape taxation altogether. I am betraying no confidence when I say that he has stated in this House that taxing those Trusts which are largely intended for the purpose of a device in order to escape income-tax would be a very substantial source of income. I will not tell you how much he estimated because that might be regarded as a matter of . . .

The Honourable Sir James Grigg: That provision was massacred.

Mr. Bhulabhai J. Desai: My Honourable friend is entirely wrong in saying so. I know he has got many excuses and can find many excuses and he would be driven to it. What is the massacre? The clause which my friend wanted was that every Trust, revocable or irrevocable, genuine or otherwise, should be taxed as though it was the income of the settlor. The House has certainly the right to say that a Trust is a Trust and that it is a device to escape income-tax is a proposition which even my friend would not be able to assert before this House. The only qualification that this House made was merely this

The Honourable Sir James Grigg: That was quite a lot.

Mr. Bhulabhai J. Desai: If my friend is always displeased, I cannot help him, and after the speeches that we have made, there will be no opportunities to displease him. In so far as the qualifications are concerned, they still leave out the Trusts which can be reasonably regarded as Trusts and not intended to be a device for escaping. But that is not all. My Honourable friend nearly cried and went out of this House. He wanted us to tax all foreign income, irrespective of the question whether they are brought into the country or not. He had his way and the picture of the spoilt child has still, I believe, not disappeared from the appearance of this House. Anyway, he got all the foreign incomes taxed. In addition to all that, he got what he called a tightening of the machinery. He got other advantages which he cannot forget—the right to treat unregistered firms as registered and *vice versa*, as it suited him for the purpose of taking more money out of trade profits. Having got all that and having promised that: 'if you pass this measure it is going to produce a lot more money' he comes to this House as if nothing had occurred. And not only that. He went further and said: 'Oh, the specimen rates in the report of the inquiry committee are not merely specimens. They are actuals.' If they are actuals, I do not mind so far as he is concerned but let us examine these results. Before I go on to examine these results, I wish to point out that there is one matter at least in which he would admit his error. He bases his estimates of income-tax on a conservative calculation as he calls it, for the reason that he imagines that trade might be or would be in a bad way and that there is a tendency to that effect. My Honourable friend is aware, even better than myself, that so far as the income of this year from income-tax is concerned, it would be based on the probabilities of last year and last year was a good year, as he himself has admitted in his speech.

The Honourable Sir James Grigg: I did nothing of the sort.

Mr. Bhulabhai J. Desai: He might re-read his speech and, after all is said and done, I need not rely on his admission each time. I am here to stand before this House and say that his complaint that a descending scale cannot produce the results he wants would have no meaning or substance, unless it implied and necessarily implied an admission that the previous year was certainly better than this year and so long as the previous year was better, he had no right to say that the estimates that he has given before this House are the estimates which can be regarded as correct. My friend certainly knows what are the reasonable expecta-

tions from this source of income-tax. Most of the companies and most of the tradesmen would have run the previous year out by the 31st March and there again lies concealed an error. It is an error. If it is done with knowledge it is worse. There lies concealed an under-estimate which he cannot possibly defend. Therefore, the first point is that there is a clear under-estimate on a proved ground so far as income-tax is concerned. It is equally an under-estimate on the further three grounds, namely, additional sources of income which have been created as the result of the Income-tax Act. If my friend is satisfied with no-thing, as I said, being a prophet, we can only disbelieve him. We have put our faith in him involuntarily and I hope he would not betray it. There is still time for him to retrace his steps, because, as and when amendments are carried, he would not be able to say and need not say: 'I have not got the money in order to provide for the needs'. Further, during the course of the income-tax debate—it may or may not have amounted to an engagement—he often said: 'I have now presented to this country a great present, a parting gift—the slab system. I am going to provide that the poorer people pay less and the richer people pay more'. He always appeals, whenever an appeal is needed, in a tone not merely of great bravery but of great commiseration and he said: 'Here are 93 lakhs who are going to be saved by the lowering of the tax for the poor and by taxing the richer more. He has filled his pocket further by berries which I believe he has not counted. I am quite sure he knows that he has taken a much larger percentage by way of income-tax by following the schedules and I believe that adding what should be added and deducting what should be deducted, the amount is something like 56 lakhs of rupees. So that, to summarise the income-tax position, it stands this way. First his basis of estimate is wrong, in that the basis of taxation of the previous year is certainly a better year than the new one is expected to be. It is, secondly, wrong in that it has not taken into account the foreign income, the Trusts, the right to treat black as white and white as black, according as it suits the authorities in the case of firms' profits, and he has tightened up the machinery in order that more money may come in, and on the top of all that, he has not merely made up the lost income by being the protector of the poor and taxing the rich but he has taxed the rich to an extent for which the only plea he can put forward is—'all of it I am not going to get, a part of it is going to the provinces'

The Honourable Sir James Grigg: All of it.

Mr. Bhulabhai J. Desai: Except the Corporation-tax, and I shall come to it presently,—but I quite agree that, except the corporation-tax all of it will go to the provinces, but whether he did it as a friend of the provinces or whether he did it in order that the industries of the country might well bear the strain a little more, he had a choice of two arguments. I do not deny that the provinces want money, but you must also remember that while on the one hand the provinces want money, you may not so tax a source of income as that while in one year you may get money you might begin to put pressure on those industries which are just on the margin of success in order that they may strangle. Again here I wish to say this that that may not have been the intended result, but it is one thing to say you are malicious in a particular point, while it is a different thing to say that if you have missed the point of the results,

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they require to be reconsidered as well. You cannot put a tax and get away with the argument that while on the one hand I recognise the consequence I do not cry the provinces are getting. That is hardly an argument which will satisfy the House, but the fact remains that my friend has taken 56 lakhs more than the 93 lakhs that was required for the purpose of providing the deficit which would arise as the result of lighter taxation on smaller incomes.

This brings me, Sir, to the replenishment of his own source, of his own pocket, in the shape of exemption from super-tax on corporations which he has taken away. Look at the way in which he puts it in his speech in a single sentence—"It is also proposed to abolish the Rs. 50,000 exemption limit for the companies super-tax". That single sentence requires a good deal of consideration and contains in it a great deal more than what the few words composed of it. Imagine a Finance Minister coming before this House and saying 'for the purposes of gaining 21 lakhs as income, I wish to run wild in this particular matter, for this very good reason that the companies which had an income of Rs. 50,000 and less were exempt from this one anna super-tax'. The better industries can bear it, but it is just smaller industries whose income is less than Rs. 50,000 which are in fact hit, so far as this particular removal of exemption is concerned. Has my friend considered that apart from the 3, 4 or 5 major industries of this country, all the other industries are struggling in order to grow and rise, and is he really solicitous of the progress of this country in the matter of numerous smaller industries, or is it just enough for him to say: "My word is law, and if this House won't pass it, there will be somebody else who will endorse my views"? That, I say, is not the spirit in which he should consider the whole matter. This method of taxing by way of super-tax the smaller industries with an income of less than Rs. 50,000 is a very disastrous step to take, which is going to produce Rs. 21 lakhs for him. All that, according to him, would be necessary in view of the deficit Budget . . .

The Honourable Sir James Grigg: May I correct a misapprehension? The Rs. 50,000 exemption applies to the big companies as well. I cannot give him the figures, but the greater part of 21 lakhs comes from the removal of the exemption, and, therefore, his argument that I am taking 21 lakhs extra from small companies is quite wrong.

Mr. Bhulabhai J. Desai: My friend can easily misunderstand me if he wants to. I suggested 21 lakhs to come from the source. The point is I quite agree that the Rs. 50,000, which actually escaped, will be taxed. I do not deny that the larger industries will be taxed, not merely the excess, but the whole including the Rs. 50,000. I am sufficiently intelligent to understand it even though a single sentence was used, and that sentence was: 'It is also proposed to abolish the Rs. 50,000 exemption limit for companies super-tax'. I think those words are quite plain, and, therefore, I am under no misapprehension as to the true meaning and effect of the removal of this exemption. But the point is not to be measured, as my friend would have it measured, by the fact that 21 lakhs are going away. That is not the point. My friend is entirely mistaken in that. The point of the argument is that, while the larger companies may pay,—that is to say, supposing the income is 20 lakhs, they

will pay on all the 20 lakhs, and not on 19½ lakhs, I quite appreciate it—the point of the argument is that while the larger companies may pay, companies whose income is Rs. 50,000 or less, have got to pay an anna as income-tax, which means six per cent. of the profit. Now, how many industries are there in this country whose profits, if they are reduced by six per cent. can continue to flourish or to grow? My friend, therefore, must remember that an anna in the rupee is six per cent., and very few industries in the world can exist on a six per cent margin of profit. My friend, therefore, cannot get away with a supposed confusion, which at all events did not exist in my mind, and which, I believe, the House fully appreciates. In fact, I rather welcome this in order that I may be able to explain to the House much better the fullest implication of the additional one anna which you find in the Schedule of the companies—under exemptions, "rate of tax one anna in the rupee of the whole income"—that is the short laconic way in which it is expressed, but it involves this,—and, here also, I appeal to his sense of dry reason again, whether he can possibly be right in taking away a margin of six per cent. profit from smaller industries which cannot possibly bear that strain? I think the House will agree with me that in so far as the second source of income is concerned, my friend is as much in error as to the people and the classes from whom he gets it as the one to which I referred. Taking the rest of the expected income of my friend, he can deal with the larger capitalists as well as he likes, but I should like to point out to him, for his satisfaction, that on the scale which he has now adopted and which is a part of the Finance Bill, the balance of the income over Rs. 15,000 is going to be taxed at Rs. 0-2-6 in the rupee, but the balance of the income beyond four lakhs is going to be taxed at seven annas in the rupee. So he has the satisfaction of knowing, before he leaves the shores of this country, that the richer people, people like my friend, Sir Cowasji Jehangir, for example, will fortunately pay him at the rate of Rs. 0-9-6 out of 16 annas in the rupee. There is your schedule, and it is this

The Honourable Sir James Grigg: I am afraid the Honourable Member has not really studied the slab system sufficiently carefully.

Mr. Bhulabhai J. Desai: My friend gets away with the fact that with each of those items there is a separate . . . I am not unmindful of that, but the income above your last slab will bear the tax of Rs. 0-9-6

The Honourable Sir James Grigg: I agree.

Mr. Bhulabhai J. Desai: Every time my friend misunderstands me what can I do? In the hope that once at all events he will be able to get up and say: 'I am the Finance Minister, I alone understand these matters, these amateurs don't understand anything.' This time at all events I hope he will not get away with it. I have understood the slab system. I am not one of those unintelligent persons who are prepared to support a measure without understanding its fullest implications, but the fact remains that the last slab, if I may call it the last straw.

An Honourable Member: The last slap.

Mr. Bhulabhai J. Desai: I quite agree that the last slap is a good one and a strong one,—that, so far as the last slab is concerned, the two annas six pies and the seven annas would mean an average of nine annas six pies out of sixteen annas—a rate of taxation which he cannot possibly call light. I leave it at that. So far as I am concerned, I have made the points which I wish to make. I am not grudging him the income from these rates; the criticism is only this that at all events I understood, when the Income-tax Act was passed, that he would take from them just enough to make up the loss to the extent to which he would relieve the poor, but he has taken more, and to that extent I have made the point and it is for the House to consider whether the rich man ought to continue to pay that more. In so far as the smaller companies are concerned, the complaint I make is serious and intended for the purpose of enabling this House to appreciate the disastrous consequences of that loss of margin of profit and which those smaller companies would probably be entirely unable to bear. Therefore, it appears to me—and I hope and trust that the House is now in possession of the facts—that if you take these two sources of income alone, my Honourable friend would have had, at all events, three to four hundred lakhs in his hand but he would and he must necessarily under-estimate, either as I said in a conservative spirit for fear lest his successor might say, “I have got a legacy of—I won’t give a description of that—from this man who preceded me”,—but that is not the way in which to treat this House and this country.

There is another matter to which I wish to come in so far as the estimates are concerned. This House carried the Resolution a short time ago for a cut in the salaries of those beyond Rs. 200 and my Honourable friend at that time, I think, made a speech which I recollect very well and to which I attempted to reply that even from the point of view of his Indian colleagues who are remunerated just as highly as himself, this was so, but the fact remains that if this country has got to get on, there is an immediate source of income in the sense that it is really a depletion from the expenditure side. You may say that it is almost paradoxical to call it a source of income but still it would be on the plus side as and when it can be done and the ten per cent. cut which we then brought before this House would have produced at all events another two hundred lakhs or so. My Honourable friend says next that it may require a voluntary sacrifice on the part of some of them who may plead a contract. I do not deny that for a moment but the issue is not today as to whether they will do it or not. The issue is whether you are or you are not going to allow this circumvention of your sacred contracts or you are going to yield to the needs of the country whom you pretend to have served and which would then not be your land of regrets. If you continue to sponge on it and go out as rich and as fat as you are, you cannot very well say that you have served the country well. Sir, this is an appeal which I can certainly honestly make to all my Honourable friends on the other side to make a self-denying ordinance, and it is not so self-denying. If you are going to take away a six per cent. profit from companies by way of taxation from small, growing and struggling companies, then you can take this away from those whose salaries are in the neighbourhood of £6,000, talking in English money,—and I may remind my Honourable friend that when he goes back home to his new job, I believe his salary would be about one-third of his present one. I am informed his salary is about £2,200.

An Honourable Member: More, £3,000.

Mr. Bhulabhai J. Desai: If he gets more, I wish him joy, and if he is going to get £3,000.

The Honourable Sir James Grigg: And a higher income-tax.

Mr. Bhulabhai J. Desai: may I appeal to these friends of ours that in the land of their birth which is one hundred times as rich as this country they can afford to serve on one-half the salaries here, and if we only now ask them to serve on 9/10ths of their salary, is it really too much of a demand on their generosity? Therefore, it is perfectly obvious, that here is a Resolution which they might well have carried. To my Indian friends I appeal that it is no emulation for them to say that “unless our salaries are equal to those of our European colleagues, our prestige would suffer”. Let me tell them that their prestige will go up one hundred per cent. if by way of a spirit of sacrifice they showed the example and I have not the smallest doubt that this country would not then be a land of regrets to them. Of course, they have sponged on it enough and will continue to do so even in their dim happy retirement in their own motherland, but I have not the smallest doubt that if this particular Resolution had been given effect to, a sum of two hundred lakhs would have been saved out of the expenditure of the Government of India. Therefore, all we do in this House is to make this appeal and I hope and trust it will not merely not fall on deaf ears but it will not fall on minds entirely impervious to all sense of generosity, sense of propriety and sense of service and sacrifice.

When we come to the expenditure side, I have no desire to go over the ground of the army expenditure. A cut was moved and other discussions took place, but I am one of those who do not feel that he is called upon to give any explanation as to why I refer to a subject, debated though it might have been numerous times in this House before. Some of my friends on the other side, whenever a cut is moved or an argument is advanced, say, “oh, it is our old friend of twenty years”. They hardly realize, when they say that, that they are really accusing themselves, that for twenty years they have recurrently committed the same grievous error and that throws a heavy responsibility upon us. You cannot get away with the idea and have our friend the Commerce Member or anybody else sitting here complacently and saying, “here is our old friend of the previous year”. I would then turn to him and say, if he were present here, “you are trying to get as much as you can out of the poor people of this country. If there is a recurring sin, there must be a recurring protest, and a recurring atonement.” My friend will probably say that “I am merely saying that it is a repetition of the previous year”. By that, as I said, he is not improving his position but actually excusing himself. Let my friends search their own hearts and reconsider what they say so complacently when we say and complain of the same things year after year, which means that they have remained un-reformed over a period of twenty years, as, otherwise, matters would not have to be repeated. We, therefore, do plead that notwithstanding the percentages given by my Honourable friend in his reply that where-as India pays four per cent. of her national income for the purpose of army expenditure, England pays 12½ per cent. But does he know that

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four per cent to a man on Rs. 6 a month represents something which is much more vital than $12\frac{1}{2}$ per cent. to a man whose income is 12 times the income of the poor of this land? $12\frac{1}{2}$ per cent. on Rs. 75 a month represents a very different thing in human life and in human necessities than four per cent. of Rs. 6 a month. Therefore, my Honourable friend cannot get away with all these figures of percentages. It has been the sin of the statistician, ever since he was born, that he thinks that he can get away with ideas of this kind. It is said that a statistician can prove anything, but he cannot prove anything he likes to those whose minds are weary and whose hearts are lacerated by the poverty of this land. Therefore, four per cent. on Rs. 75 a year is not the same thing as $12\frac{1}{2}$ per cent. on Rs. 900 a year and that is our grievous complaint, in so far as this head is concerned. In so far, therefore, as the services are concerned, I have appealed to them to the extent to which it is possible for a man to do. I am appealing not merely to their emotion but to their sense of justice, to their sense of propriety and to the sense of the widest possible gulf between the lives which they now lead and the lives of the poorest of their land. Here are two sources from which we can cut down our expenditure according to the needs and also according to our capacity. Do not merely plead a need but also consider the capacity that we possess before you plead this matter any further.

That brings me to the manner in which the supposed deficit, which I have pointed out to the House does not exist, is tried to be made up by my Honourable friend. My Honourable friend has imposed an additional cotton duty and hopes to produce 50 lakhs out of it. I am one of those who certainly believe that if by a gradual process we can reduce and even eliminate foreign cotton being spun and woven into cloth in this country in order that we may to that extent reduce our foreign obligations, I should be very glad. If we are seeking also to encourage an immediate change of the growth of the staple, I should like my Honourable friend to tell me the chemistry or whatever else the science may be which is peculiar to this business by which the 50 lakhs that he proposes to take away will lengthen the staple of the cotton either in the south or in the north or in the centre. I do not know of any such chemistry. I know that it is a gradual process and I have myself pleaded for it. I am one of those who believe that in course of time it is the one means that must be adopted. But I must also ask my Honourable friend whether it is wise to bring it up on the 17th of March when the Indo-British agreement is going to expire on the 31st of March? Is it wise for him to have anticipated that agreement and actually load the dice against this expenditure? Undoubtedly, it is a very unwise thing to have done. He cannot possibly deny that the estimates vary. People whom he calls the masters estimate it at eight per cent. I do not. He estimates it at three per cent.

The Honourable Sir James Grigg: Their estimate is eight per cent on cotton, and I agree with that.

Mr. Bhulabhai J. Desai: I am going to deal with it in a moment. There is no misunderstanding about it. I estimate it at four per cent. as against three of my Honourable friend. There is not time enough

to weary the House with figures but it is undoubtedly four per cent. on finished cloth and seven per cent. on yarn. My Honourable friend can, in his study, take the figures and verify if I am not nearer right. Probably when he replies at the end of four days he will tell me if I was right. Whether it is a wise measure for him to have given a benefit or advantage of four per cent. not merely to Lancashire but to Japan as well, is a matter for the House to consider when the clauses of the Finance Bill are considered and amendments moved as to what extent and in what manner this matter is to be dealt with. I am not denying that there was a plausibility about this particular source of taxation, but my plea before the House is that there being no deficit, no taxation of this sort or the creation of a new tax was needed. The argument is two-fold. If I am right in saying that you could have had six crores by the proper handling of sugar, a better estimate of the income-tax and by foregoing a little of your emoluments, where was the need for you to produce 50 lakhs by this source of taxation? I want to emphasise it over and over again, and I shall have to say more about it when the amendments come to be considered by the House, that there is more than enough money in this budget to provide for all the amendments that were carried in previous years. This year the money has only been concealed in order to frighten us and we do not propose to be frightened.

There is one other consideration of a financial and economic character which I wish this House to bear in mind. Every year our balance of trade is declining against us and is it a wise thing, so far as we are concerned, that he should heap on burdens at a time when he ought to be more careful about it. After all, the credit of a Government is one thing because they can squeeze the last ounce of the tax in order to meet their obligations. But, very often, in this country, though not in England, the credit of the Government is not the same as the credit of the people themselves, and in order to raise or maintain one, you cannot trifle with the other. It is a consideration of grave importance. It is only because the Government happens to be a Government alien in spirit that such a thing becomes possible at all, that, while the credit of the Government rises the credit of the country begins to become lower and lower. That can happen by a false taxation to the limit of the last endurance and that is what I want as the last consideration for my Honourable friend to bear in mind when he answers if he, at all events, cares to answer. I dare say he will probably get up and say as he said just now 'I move the consideration of this Bill'. At the end of the debate he will say 'I take away the Bill because you will not give me all that I want'. If he does that, I dare say it would be an easy way of doing his job. But I think he owes it to us that in so far as we have helped him this time and in so far as we have been as concrete as any man can be, he will see the justice of being able to say: "Yes, I was wrong in calling it a deficit budget. There is lot of money in it and the amendments might be allowed." That is the hope that I have.

Before I conclude, Sir, there is one other matter that I wish to allude to. I cannot possibly conclude in a debate on the Finance Bill without referring or reviewing what I may call the achievements of my friends opposite in the year under review, for, after all, it is by what they have done or pretended to do in the right direction that they would be measured. Thinking of that, it is a sorry tale of a lamentable failure. It is not

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merely a phrase but it is a feeling that we strongly and honestly entertain. And it is out of the mouths of my own friends that I propose to show how the last year has been a lamentable failure. I do not propose to call attention to the foreign policies in which we are tacked on as a pawn. That is a matter much too serious which will require a long debate in order to be able to appreciate it. The last two days events have altered conditions in the world and I do not know in what form and in what manner they are going to affect us as a pawn in the game of the British Imperialism. But I will leave that aside though we are unwilling sharers in all these burdens and obligations and miseries which may arise out of that situation. My Honourable friends last year congratulated themselves on the Munich pact and asked me to applaud it. I was a disbeliever, not merely an unbeliever in the utility of that measure. Now, we have had Mr. Chamberlain himself saying that the Munich pact is a dead thing. I wish he had realised it six months earlier. Coming nearer home, at all events, Sir Aubrey Metcalfe told the House that in so far as the situation on the Frontier is concerned, notwithstanding the recurring additional expenditure of nearly two crores, things have not gone on happily at all. In other words he stated there are no results. If that is all what the Foreign Secretary has been able to achieve with the aid of the strong arm of the military for which we pay, my Honourable friends cannot congratulate themselves on the achievements under this head. Neither can my Honourable friend, the Member for Communications, in the light of the disasters which are the subject matter of investigations—with the one more which is going to be investigated in a short time—nor my Honourable friend, the Finance Member, with the last kick of the last slab or the last sorry tale with which he is going to depart, can congratulate himself.

So far as my Honourable friend, the Home Member, is concerned, with the Provincial Governments functioning, he can have the sleep of the just. There is one other matter which I should like to refer and that is the matter which the House has debated often. My Honourable friend, the Secretary for the Department of Education, Health and Lands, will say that he is tired of the subject being brought often and often. I am afraid they are paid to be tired, at least that is the least part of it. As regards Indians overseas, the situation is deteriorating every day, and I submit I can justly join, even as a matter of amusement or diversion, on an issue of this character. I feel deeply that the Government of India have not done the least bit. I do not say and I do not charge that they have not made any effort. I take every word of my Honourable friends opposite that they have made every effort, but, after all is said and done, it is but a poor consolation to those who pay crores of rupees a year to maintain this structure of Government to be able merely to account: while the thing is coming, you are told, 'well I am sure it is coming, I will investigate and I will enquire into this'. One fine morning it has come. When it has come, we say, how did it come. The Government say "we made an effort and it came and now what can we do?" That is the sorry tale of the deteriorating position of Indians abroad. It is to the credit of the patriotism of our countrymen that in one place while the Government will not do anything, our countrymen there achieved all that was necessary or possible to achieve. It is the Zanzibar issue on which the Government of India stood almost on the fence, at least so

far as one can judge from outside declarations and steps taken. Ultimately, the merchants of Zanzibar who made Zanzibar what it is, before even the Britisher put his foot there, but when the Britisher went there as their protector and has remained there as their destroyer, it is only the patriotic sacrifice of the Indians, both in Zanzibar and in the City of Bombay and in other important centres of India, that enabled the merchants in Zanzibar to achieve any measure of relief which I cannot say is enough or full. But you go further south into that country which has been parcelled out into red, green, blue and many other colours including Tunis about which I read an incursion of forces according to the statement of the Foreign Minister in England which is by no means very friendly—undoubtedly, these things are very forbidding. Therefore, it appears to me that in so far as the situation overseas is concerned, Indians have not only been treated worse and worse every year, but Government, at all events, notwithstanding their repeated efforts, have achieved next to nothing so far as I am concerned.

Lastly, I come to the League of Nations and our withdrawal from which, at all events, would have saved the *khandsari* his expenditure. We are contributing to the League of Nations in the neighbourhood of ten to eleven lakhs of rupees and the poor *khandsari* would not have had to be taxed to the tune of 5½ lakhs if only we had retired from this joke which is really tragic. I, therefore, tell my Honourable friend that the Government of last year, however complacent they may be in their achievements, have, in the eyes of India, been a thorough and lamentable failure, and I ask them in conclusion to beware and conclude with the words "The Ides of March have come and not passed."

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

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. S. Satyamurti (one of the Panel of Chairmen) in the Chair.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, there are some features of the Finance Bill and the Budget for which I think our thanks are due to the Finance Member, and there are other features about which he will hear a considerable amount of criticism and condemnation. The five features which I desire to speak about today are, the defence budget, retrenchment of 118 lakhs in the civil budget, the big drop in the Customs duty, the phenomenal rise in the income-tax and the duty on raw material to make up the so-called deficit.

First, coming to defence, you will all remember, Sir, that there is a rise of 100 lakhs in the present year. The real rise is 216 lakhs but there is so-called retrenchment of 116 lakhs. We are thankful for small mercies but we realise that it is due in part to abandonment and in part to postponement of mechanisation of the army. In the coming year the Finance Member budgets for the same figure as the original Government. A present year. But he gets £2,650,000 from the Imperial establishment certain number of troops are transferred to the Imperial establishment and he draws on the military sinking fund to the extent of 49 lakhs. Now, Sir, with regard to the £2,650,000, £500,000 is the recurring grant, for

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the rest he expects to get a similar amount next year. The transfer of some part of the troops is a permanent retrenchment, but I am rather surprised that the Finance Member should have gone in for such unorthodox finance as drawing upon sinking funds for ordinary expenditure. The sinking fund is never meant for ordinary expenditure and I think the Finance Member would have held up his hands in horror if any non-official Member had suggested such a measure to fill up the gap. I will remember his strong opposition to financing the construction of a whole city, which generations are going to use, out of loans. He insisted upon doing it out of revenue. And now I find him laying hands on the sinking fund for ordinary expenditure. Sir, it is difficult to understand the working of the Finance Member's mind. When he is in difficulties he will lay his hands upon anything; but if the Opposition, in order to spend money on some nation-building department, desires him to spend a little more and points out to him that he ought to spend out of capital when he is spending out of revenue, he will not give in. He will then put up a strong fight and he will go as far as certification. Now, I can point out to him that orthodox financier as he is he draws upon sinking funds. But the real point about this defence budget is that unless there is some disarmament programme in Europe or we sail into smoother waters, it appears to be quite clear that our defence budget will go up in a year or two, and unfortunately for us the Finance Member will not be here then but will be thousands of miles away and we shall have to face the extra expenditure. This is the moral I draw from the defence budget, although I will again repeat that we have to thank him for having kept the figure this year to that of last year.

Then coming to the retrenchment of 118 lakhs in the civil budget I am quite prepared to give the Finance Member his due. He foresaw what was coming with the customs duty. He took the matter in hand in time and he forced a retrenchment for two years,—the past year and the present year,—to the extent of 118 lakhs. That retrenchment again is not real retrenchment but to a great extent it is a postponement of civil works. But if such civil works can be postponed for two years there is nothing to prevent the next Finance Member from insisting upon a further postponement until better times come.

Now, with regard to the big drop in Customs of 367 lakhs in the present year, we have got to condole with the Finance Member and condole with ourselves. We have got to meet it; but my complaint is that although that downward grade began in January of 1938 and continued up to three months ago, for the coming year, the Finance Member takes the figures of the revised estimate for the present year minus 35 lakhs; that is to say, he expects an improvement of only 35 lakhs in the coming year as compared with the present year. I think he has got something up his sleeve there. Rupees 35 lakhs is not sufficient and, I believe, he can well look forward to getting a crore back out of the 367 lakhs that he lost in the present year. He did not foresee this loss. It was a very sudden and unforeseen decline. But the tide has turned,—he admits it; anybody can see that from the figures that are presented to us, if he chooses to study them. And if the tide continues to go in our favour, surely he can make an allowance for 100 lakhs instead of this 35 lakhs that he has done.

The Honourable Sir James Grigg: After what is happening in Europe?

Sir Cowasji Jehangir: Yes

Mr. Chairman (Mr. S. Satyamurti): Order, order, the Chair does not like these conversations. The Honourable Member should address the Chair and the House, through the Chair.

Sir Cowasji Jehangir: Yes, I am trying my best to address the Chair but my Honourable friend

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member should not listen to all that. Unless anything is uttered on the floor of the House, the Honourable Member should address the Chair.

Sir Cowasji Jehangir: We are accustomed not to take any notice of what the Finance Member says but, sometimes, when he says something which is parliamentary I do notice it, and if it is not parliamentary, I take no notice of it. This time he said something which was quite parliamentary and, therefore, I took notice of it.

Considering all the circumstances I will say that he ought to have made an allowance for about a crore. Now, I am afraid, my congratulations and compliments must end and I must come to parts of the budget which I have strongly to criticise and which I am glad to find my Honourable friend, the Leader of the Opposition, spoke about in very clear and explicit terms.

Let us now come to the phenomenal rise in income-tax. Few Members of this House could have forgotten by now the Income-tax Amendment Act. It provided for an increase of income through the accrual principle. It provided for income-tax on leave salaries. It tightened up the whole machinery to the satisfaction, I repeat, of the Finance Member, and it did grant a concession with regard to carry forward of losses. Now, all the work we did during those months are to yield, according to his estimate, Rs. 50 lakhs. Rs. 16 lakhs out of that will come from leave salaries alone, leaving Rs. 34 lakhs from the amendment of the Act proper. Levying of income-tax on leave salaries is really an executive action, and, therefore, the yield is going to be Rs. 34 lakhs. I am not going to quarrel with the Finance Member on that figure. I have maintained throughout that all the work we were doing then will yield comparatively very little, and I am glad to see that the Finance Member now agrees that it is as low as Rs. 34 lakhs. But to cover up that very low estimate he holds out hopes that in the future this amount will rise. You will remember, Mr. Chairman, that during the discussions on the Income-tax Amendment Bill, one of the reasons that the Finance Member gave to this House, for the accrual principle, was that he was more patriotic than most Indians; that he desired that Indian money should not be invested in foreign countries and he hoped that the Amendment Act would see to it that no further investments were made in foreign countries with Indian money and that Indian money would flow homewards. Now he holds out hopes that this very amendment is going to bring in further revenues. How is that consistent? One argument cancels out the other, in his own language. I cannot see how both arguments can be correct. I believe that he relies upon the tightening up of the Act. If there is going to be increased revenues in the future, it can only be by the tightening up of the Act; it cannot be from the accrual principle because he himself has said:

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that he hopes that the revenues he will receive by that amendment will go down as the years go by and not go up. As to the results of the tightening up of the Act that is on the laps of the Gods . . .

Mr. Bhulabhai J. Desai: You tighten up your belt!

Sir Cowasji Jehangir: . . . and I am not so confident as to believe that we are going to have very greatly increased revenues due to all the measures he has taken in that amending Bill. Then again, the amending Bill made possible the slab system, which my Honourable friend, the Leader of the Opposition, has already criticised. I, along with him, was under the impression throughout—if I may allude to the discussions in the Select Committee and in this House—that the slab system was intended for the purpose of making the income-tax more equitable, of lifting the burden from the shoulders of the poor to the broad backs of the rich, but that in the end Government was not going to get any further revenues out of it. All the extra revenues that he wanted to get were embodied in the other clauses of the Bill. We can agree with him that the old scale of income-tax was inequitable in certain respects, and, therefore, we all agreed that the slab system should be introduced and we were also ready to shift the burden from the lower assesses, if I may so use the word, to the higher assesses and make the whole Act more equitable. But the results are very different to what we were given to understand . . .

The Honourable Sir James Grigg: I shall be obliged if the Honourable Member will quote any single remark of mine which gave him to understand anything of the sort.

Sir Cowasji Jehangir: I can only call upon the memories of my Honourable friends round about here . . .

The Honourable Sir James Grigg: Let the Honourable Member show me a single quotation and then I will listen to his argument.

Sir Cowasji Jehangir: I will place the whole matter before the House. The Honourable Member explained the whole increase in five and a half lines in his budget speech, and he said that the slab system need not be explained by him because it was present to the minds of Honourable Members throughout the discussions on the Amendment Bill. Sample slab scales were given in the Enquiry Committee's Report of 1936, and see, what the Enquiry Committee say themselves, when dealing with this slab system. They say exactly what I have said, and they explain the reasons for moving from the step system to the slab system, exactly as I have explained—to make it more equitable, to shift the burden from the poor to the rich; and it was never intended by the Enquiry Committee to make it a source of extra revenue to Government; and where was it said in this Honourable House that the slab system was for any other purpose than that explained in the Enquiry Committee's Report? I have a very clear recollection that on more than one occasion we have been told that this was the only subject . . .

The Honourable Sir James Grigg: If the Honourable Member is purporting to quote me, I absolutely deny that his recollection is accurate.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): If you did not say it, you meant it anyway.

Sir Cowasji Jehangir: At any rate we stand upon the Enquiry Committee's report in which these slab scales are given. The fact remains that it was explained in five and a half lines in the Finance Member's speech. I will give you another argument. When a very big increase is made in the income-tax for the purpose of meeting deficits or for any other good purpose, it is explained by the Finance Member in his speech, not in five and a half lines, but by giving substantial arguments why the tax should be raised. He shows where the tax is coming from and he makes it a feature of his budget speech. Did the Finance Member make this a feature of his budget speech? He said it was the slab system and here is the result. I am going to give you the result. The result is this in a very few words. For shifting the burden from the poor to the rich in income-tax paid by individuals, the Finance Member or the Treasury loses Rs. 93 lakhs. It was 93 lakhs that we agreed to make up by a rise in other directions and, so far as my recollection goes, it was going to be a rise in the income-tax itself. The facts are these. These 93 lakhs is made up as follows: He gets 31 lakhs from a rise in the income-tax on companies, 21 lakhs rise in the super-tax on companies and 117 lakhs from the super-tax from individuals. If you total up these figures and deduct 93 lakhs from it, which is the loss on individuals paying income-tax, you will find that he puts into his pocket an extra 76 lakhs. Now, I ask, in this poor country whether any Finance Member who has raised the income-tax rates to yield 76 lakhs extra expenditure has explained this away in five and half lines? . . .

Mr. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural): Read between the lines.

Sir Cowasji Jehangir: Therefore, I say that under the guise of introducing the slab system, my Honourable friend has put up the income-tax revenues by 76 lakhs. I do not deny he has a right to suggest a rise in the income-tax, but let it not be done under the guise of a system, which is going to make income-tax more equitable. Tell us frankly that we have got to pay 76 lakhs over and above the 93 lakhs which we have undertaken to pay to make the income-tax more equitable, and then we could have understood the position.

Now, Sir, I have told you that the super-tax has been increased by 117 lakhs. There is no table in the report to show the effects of this increase. He has first reduced the exemption limit to Rs. 25,000 from Rs. 30,000 which was the original limit. Therefore, people with incomes of Rs. 30,000 a year—who paid nothing by way of super-tax in the past, will have to pay a small amount of Rs. 312. I do not grumble. Now, people with incomes of Rs. 50,000 a year by the old rates paid 2.03 per cent. of their income, and they will now pay 4.99 per cent., more than a hundred per cent., that is to say, in figures they pay Rs. 1,015 by the old rates, and now they will pay Rs. 2,499—practically a rise from say Rs. 1,000 to Rs. 2,500,—that is a fairly steep rise. Take a lakh of rupees income, the rise is from 5.24 per cent. to 11.56 per cent.,—a fairly steepish rise to be explained in five and half lines of the Finance Member's speech. For a lakh of rupees a person used to pay Rs. 5,247, but he will now pay Rs. 11,562. Therefore, the rise in some cases is well over a hundred per cent. or 130 per cent. In other cases it is 80 per cent., and the lowest rise upto seven lakhs that I have been

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able to detect is 40 per cent. Therefore, the total rise in different incomes comes to 40 to 120 per cent. Now, Sir, I believe this rise to be unprecedented in the history of income-tax in India. I cannot remember any year in which the rise of super-tax has been to this extent throughout the history of income-tax in India, and this was done in five and a half lines of the budget speech of the Honourable the Finance Member, and he still says that he never undertook to do anything else in the slab system than what he did. My own view is that the Finance Member is entitled to raise the super-tax by only 41 lakhs total instead of 117 lakhs. That is to say, if we keep the increase of super-tax and income-tax on companies, we get 52 lakhs. To make up his loss of 93 lakhs, he wants another 41 lakhs. He is entitled to find it somewhere, and we are bound to give it to him, and I would suggest that instead of increasing the super-tax to the extent of 117 lakhs, he should so change the rate as to yield him 41 lakhs thereby getting his 93 lakhs which he has lost on incomes from individuals. Now, Sir, for the past year the Honourable the Finance Member got 83 lakhs more than he expected in income-tax. For the present year he gets 79 lakhs more than he expected on the old rates. Perhaps companies did better or individuals paid more, or there was more vigilance on the part of the department, but the fact remains that he got 79 lakhs more in the present year than he expected; but when it comes to the coming year, he says—these are bad times, there is depression, the sea is very rough in Europe, and he adds that it is not safe to count on the revised figures of the present year, and he cuts it down by 81 lakhs straightaway and takes the figure that he had taken two years before the rise of 83 lakhs or 79 lakhs. Now, Sir, I admit that we are going through depression in business today, that the incomes from companies, when the balance sheets come out next year, will show a considerable decrease in profits. That also means that next year when, all of us, who are in business see what we have got in our pockets, we will find practically nothing

The Honourable Sir James Grigg: In the current year?

Sir Cowasji Jehangir: Just now.

The Honourable Sir James Grigg: That is the year

Mr. Chairman (Mr. S. Satyamurti): Order, order, the Chair would protest against this sort of conversation carried on across the floor of the House. Honourable Members addressing the House should not take any notice of remarks made by any Honourable Member sitting in his place.

Sir Cowasji Jehangir: I shall thank you to put a gag on my Honourable friend's mouth. I cannot help taking notice of his remarks. If you were in my place, Mr. Chairman, you would take as much notice of such remarks as I do. I cannot help taking notice of his remarks, because I must answer him

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member must not.

Sir Cowasji Jehangir: All right, put a gag on his mouth.

Mr. N. V. Gadgil: Ever widening mouth.

Sir Cowasji Jehangir: At the present moment I say we are undoubtedly passing through very bad times, but the income-tax that will be paid in 1939-40, that is, in the coming year, will be based on profits or gains of individuals and companies of the calendar year 1938 or the year 1938-39, April to March;—there may be few companies or a few individuals, who keep their accounts on different dates, but they are the exception. Now, I contend, according to the Finance Member himself, the calendar year 1938 was a good one and in the year 1938-39, three or four months have been bad ones. If that is not so, what did he tell this House on the 8th of this month about the mill industry? He said that the mill industry just now was making very big profits. It is an absolutely incorrect statement of facts as I am going to show in a minute. I contend that at this present moment industries are not flourishing in India except one or two. I contend that next year, when income-tax will have to be paid, the Finance Member will be justified in putting down a lower figure. I contend that in this year he is not justified in estimating 83 lakhs less as he has done. I finally contend that the super-tax ought to be reduced to an increase of 41 lakhs instead of 117 lakhs, and this estimate of 83 lakhs loss is an exaggerated one. My Honourable friend, throughout the years that he has been in this House, has had one slogan, "tax the rich", and he is very proud of that slogan.

Mr. N. M. Joshi (Nominated Non-Official): When did he do it?

Sir Cowasji Jehangir: I noticed from reading his speech that he was very offended when my Honourable friend, Mr. Joshi, believed that he was a friend of the rich. Therefore, I contend that it was the Finance Member who started this slogan, "tax the rich."

Mr. N. M. Joshi: When did he do it?

Sir Cowasji Jehangir: What is he doing now?

Mr. N. M. Joshi (sitting): He removed the surcharges on income-tax.

Mr. Chairman (Mr. S. Satyamurti): Order, order. The Honourable Member cannot interrupt sitting. The Chair does not mind an interruption of one or two words, but the interruption of a long sentence or sentences is wholly unparliamentary. Sir Cowasji Jehangir will go on.

Sir Cowasji Jehangir: I am much obliged to you because his interruption is so absurd and incorrect. Well, Sir, I contend that that slogan is overdone, specially in India. Just to take a few figures from the report from the Finance Member's own department, Central Board of Revenue's All-India Income-tax Report and Returns for the year 1936-37, that was the latest I was able to find, I believe it is the latest one in existence so far as I know. I find a table with incomes above Rs. 25,000 a year, that is, people who will pay this extra super-tax of 117 lakhs number 6,396 in the whole of British India out of a population of something like 270 millions. I find from this same report that persons with incomes of a lakh and over are the astounding figure of 356 persons. Now, Sir, I ask the Finance Member whether he can point to any country in the world which has such few well-to-do people compared to its population as India? When these figures are repeated, I believe, that they are not believed. These are the figures given by his own department. The

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people of British India having an income of 10,000 and more number 33,847, or say, roughly, 34,000. These are most astounding figures to contemplate and show the great paucity of the better classes in India. (Laughter.) You may laugh, but it is a fact. I will ask my Honourable friend to repeat these figures in England to anybody and I guarantee, I undertake to say that it will not be believed. Nobody will believe him in England, if these figures are given by anybody. You will go to England and repeat these figures before any audience.

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member had better address the Chair.

Sir Cowasji Jehangir: Let the Finance Member go to England and address a socialist meeting with a red flag in his hand and tell them that there are 356 people in India with an income of £7,000 a year out of a population of 280 millions. They will tell him, "Well done, Sir James Grigg. You have done your duty by India. Tax them out of existence. Don't let them remain at all." Now, Sir, let me tell you what will then happen. Foreign countries will send their manufactured goods to this country having nobody here to compete with them. There will be nobody left to encourage trade and industries. Industries will go to the dogs, while there will be nobody here to encourage them and the foreigner, the Japanese in particular, will bless the name of the Finance Member of the Government of India, when there is nobody here to run mills or other factories. These are some of the facts with regard to this enormously wide range of people who can afford to pay income-tax and super-tax. I would suggest to the Honourable Member that, when he goes back to his own country, with hundreds of millionaires, with 2½ millions of people out of a population of 45 millions paying income-tax, he might use his great ability, his admittedly great ability and ingenuity to tax them a little more to see that they pay a little more than they are paying now. He has done it before, he will do it again if he gets a chance. But as long as he is in the War Office he won't get a chance. It is all very well to say that income-tax and super-tax is not as great in India as in England. You compare the richest country in Europe, perhaps in the world, with the poorest country in the world, and you say that the super-tax and income-tax is not as high as in England and your ambition is to put it as high as in England. Income-tax and super-tax is on broad shoulders there. 2½ millions having to pay, and, therefore, there are large numbers left to encourage trade and industry. I need not place any more emphasis on this aspect of the case.

Now, I will come to a very important part of his speech, that is, his proposal to tax the import of a raw material. He has explained to us that he chose this raw material for three main reasons. Firstly, he found that it was the only item in the customs tariff which showed an expanding yield. Secondly, he hoped to encourage the growth of long staple cotton, and thirdly, he had got to meet a deficit of 50 lakhs and that this was the easiest method of balancing the budget, but, Mr. Chairman, he was in such a hurry to tax raw material coming into this country that he did not stop to inquire what the condition of the industry that uses this raw material is at the present moment. He found it easiest to take the item that was giving larger yields and he placed the tax upon

it. Now, Sir, for the many years that I have been a Member of this Honourable House I have heard from all sections of the House that the mill industry should so expand and improve its machinery and order out new plant so as to be able to manufacture textile goods that are being imported into this country. This has been the opinion of all sections of the House, in short, that India is well placed to be self-sufficient with regard to the textile industry and that there is no reason why we should import into this country any cotton goods of any quality required by any class of people. Let me give you just a few lines from the Tariff Board's Report of 1927 on the Cotton Textile industry. The Committee say this: "that the Committee were of opinion that the mill industry should follow the example of Japan by making more extensive use of African and American cotton in order to enable it to place on the market qualities of cloth superior to those that it is at present manufacturing". That is the textile committee's report of 1927. It ought to be gratifying to all Members of this House, especially to the non-official Members, to find that the industry has taken that advice right seriously, that there are many mills in India with brand new machinery, capable of turning out cloth of a higher quality required by our people, cloth which was being imported into this country before this textile committee report was drafted and brought before the public. It is a fact that more cotton is being imported into this country. I will just give you a few figures. In 1928-29, when this report came out, India imported 161 thousand bales of cotton. In 1937-38 we imported 752 thousand bales of cotton—about 4½ times more and that shows that the industry did take the advice of the Textile Committee's report. Nobody denies that fact, that India cannot grow all the cotton that is required to make goods in order to stop those imports. Many of our friends were absent on the 8th March. I happened to be away for other reasons but on the 8th March of this year, the Finance Member made a very striking speech before this House in answer to certain criticisms about this duty and these are the statements which he made. I shall read them out for the benefit of Honourable Members who were not present on that occasion. This is what he said: "As far as I can see, it is not in the least true that all of the cotton which is now imported is such that it cannot be grown in India". That is one statement. Another statement is: "I am credibly informed that in some parts of the Punjab, American cotton is getting lower prices than ordinary *deshi* cotton because the mill owners are so busy importing American cotton that they have got no time to buy it in India". The third statement is: "Between 21's and 40's the mills can perfectly well use Indian cotton if they want to". Then the fourth statement is:

"Incidentally, the cost of cotton cloth has, I understand, suffered only a very small reduction if any, since the peak of prices which occurred in the early months of 1937, whereas the price of raw cotton has gone down by 30 per cent. so that there is a further uncovenanted or unexpected benefit to the mill industry."

Now, Sir, our friend, the Honourable the Finance Member, is very fond of characterising some of the statements made by non-official Members as rubbish. It is a very favourite expression of his. Now, believe me when I say that I have never heard more rubbish said in this House either by official or non-official Members and I am out to prove it. He has made another very interesting statement in his budget speech in the very beginning. He said that he knew a very famous Chancellor of the Exchequer in England who always drafted his budget speech so cleverly that whenever he was challenged he would say "look

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at my budget speech"; and there would be some safeguard or other which would meet any criticism likely to be raised. Well, he has used his ingenuity in the first of these statements, because he says that cotton can be grown in India—no, it is grown. Well, Mr. Chairman, strawberries can be grown in any part of India at any time of the year. Our science is such today that if you wish to spend the money and in small quantities you can get straw berries at any time of the year in any part of the country. One would really believe from this statement that cotton was so widely available throughout India, that we did not require any imports at all. How can one make a statement like that? Of course, cotton can be grown in India.

The Honourable Sir James Grigg: Like millionaires?

Sir Cowasji Jehangir: They are much fewer than in your country, because we get socialist Finance Members who will not allow India to have millionaires, even if there is a chance.

Now, Sir, let us see what is the cotton grown in India which can be used for manufacturing cloth to displace the imported cloth. I have got a report before me of the Central Cotton Committee, dated September, 1938. It is a fairly late report. It divided cotton into three classes—short staple, medium staple and long staple. Now, we are only concerned with the long staple. There is Punjab American cotton 289 F, 20 thousand bales were grown in 1935-36. There is another cotton in the same category Sind American Cotton, also 289 F, 65 thousand bales were grown of this variety, total 85 thousand bales in 1935-36. In 1936-37, the American cotton rose to 47 thousand bales from 20 thousand and in that column there is nothing said about Sind American.

The Honourable Sir James Grigg: What about 41F.

Sir Cowasji Jehangir: It is a very small quantity.

The Honourable Sir James Grigg: It is a million bales.

Mr. Chairman (Mr. S. Satyamurti): The Chair would remind the Honourable Member that conversations between Honourable Members are wholly out of order. The Chair can only deal with Honourable Members in possession of the House, and the Chair would ask the Honourable Member, Sir Cowasji Jehangir, not to take note of these *sub rosa* talks in the House.

Sir Cowasji Jehangir: Well, Sir, the extraordinary thing is that in the year 1936-37 the Sind American crop was moved from the column of "long staple" to "medium staple"—and, therefore, all the crop which might be used for a certain proportion of high counts was forty-seven thousand bales. Now, let me tell you, Sir, that you must divide the production of cloth into two grades—the 30's, 40's and above. The contention is that the 30's and 40's can be manufactured out of Indian cotton. There are only forty-seven thousand bales of it. I have got here another report which is also from the Indian Central Cotton Committee of May,

1938, which gives a test of these cottons. Punjab-American, 289 F—the same cotton, forty-seven thousand bales, that was mentioned—can spin 30's warp and 40's weft. I think another cotton was mentioned which is grown. It is on a very small scale and it can spin only 35's warp and 40's weft. But, Mr. Chairman, these facts turned out to be wrong. This test was contested long before the Honourable Member moved this increase in the duty, and it turns out that the cotton tested by the Technological Laboratory was Government farm cotton and not commercial cotton. When this was found out, protests were made and it was admitted that the tests reported were practically, in every instance, those carried out on samples received from Government farms and that the same were quite misleading inasmuch as the Government farm cotton could not be taken as representative of the cotton grown in the districts concerned. But, when the matter was referred to the Technological Laboratory to ascertain the exact position, it was admitted that the tests reported in the technological reports, on the standard Indian cotton, were made from samples grown in Government farms. The quantities of standard cotton grown in Government farms are small—microscopic I might say. When the laboratory carried out the tests on commercial samples it was found that there were wide variations in the results of the tests conducted on standard cotton and trade samples. When the matter was referred further to the Technological Laboratory a statement of the comparative results of standard and tried varieties was prepared which definitely indicated that none of the samples, as used by the trade, could produce the 40's count. Will the Honourable the Finance Member just listen to this? The results have revealed that farm cotton and commercial cotton with laboratory tests cannot produce the same results, especially in regard to strength. Now, out of these forty-seven thousand bales grown, which the laboratory first contended could spin 30's and 40's, we find that they have on other tests found that it was not possible, that they had been testing farm cotton, which is a superior kind of sample cotton, and when they turned to commercial cotton they could not even spin 40's, and they have admitted it and this is authoritative. Now, Sir, I have got here another authoritative opinion that out of these forty-seven thousand bales not more than seven thousand bales can spin 30's and 40's count. I have got this very authoritative from a large number of experts. In their opinion, out of the forty-seven thousand bales of Punjab-American—289 F. grown in India in the year 1936-37—not more than seven thousand bales were put on the market in a condition in which it might be possible to spin 30's warp or 40's weft. The remainder was inferior or mixed or both. Therefore, with regard to the Finance Member's statements, on the very best authority we find that there were only seven thousand bales of cotton in India which could spin the lowest of the higher counts, the 30's and 40's and it is a standard line which is now being made in India and supplied all over India for *dhotis*. Even that cotton the Industry cannot get.

Now, Sir, a large number of complaints were lodged by millowners using cotton. It is not as if they did not want to use Indian cotton. The Indian mills are extraordinarily anxious to use Indian cotton, because it is cheaper, and a large number of complaints were lodged, and I have got here copies of these complaints. They were lodged in December last.

Now, Sir, we come to the present trade depression and the assertion that the Honourable the Finance Member made before this House that

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the mill industry was making great profits, that the price of cloth had not been reduced from the peak time, and that cotton had gone down thirty per cent. Well, I characterize that as rubbish and I am sure, my Honourable friend, who I know, if he is anything, is certainly honest, will himself admit that he has not got the proper facts. I am certain of it. Knowing him as I do, I have not the slightest doubt about his being convinced on the points I am making to him. Here is a statement I have got of present day prices. I am taking these 30's warp and the 40's weft standard lines which are the *dhotis* that go all over India and which are the so-called lowest of the higher count *dhotis*. In June of last year, 1938, the price of this cloth was fifteen and three-quarter annas. In September the price of the cloth dropped to fourteen and three-quarter annas. And business has been put through in December at 12½ annas.

The Honourable Sir James Grigg: I am to address the Chair in my interruption this time, and I would be grateful if you could allow me to ask the Honourable Member to give me the peak prices at the beginning of 1937 with which my comparison was made?

Sir Cowasji Jehangir: May I tell the Honourable Member that this is the peak price that this cloth has ever reached in this country in 1938?

The Honourable Sir James Grigg: Do I understand the Honourable Member to say that at the beginning of 1937, when the prices of raw cotton began to fall, up till the middle of 1938, the price of this particular kind of cloth rose? May I ask if that is the position? If it is so, my case is amply established and more than established.

Sir Cowasji Jehangir: It is correct to say that the prices of this cloth began to rise and the prices of cotton began to drop two years ago, and the result of that was that the profits were made in the calendar year 1938 which my Honourable friend contests and some of those profits were carried into the year 1938-39, April to April. It is quite correct and that is why I am claiming that the 83 lakhs should not have been knocked off. But we are now talking of the present times and the Honourable the Finance Member said that the Industry is still making a profit. Now, let me read out the prices of cotton during those three periods of 1938.

The Honourable Sir James Grigg: I again repeat that the comparison that I was making was with the beginning of 1937 and the end of 1938 and I do not accept any responsibility for arguments based on something I did not say.

Mr. Chairman (Mr. S. Satyamurti): The Chair wants the Honourable Member to remember that he has taken more than one hour. Of course, there is no time-limit, and the Chair has no control, but the Chair would like to point out to the Honourable Member that there are several other Honourable Members who wish to take part in the debate. The Chair suggests for his consideration that he may now conclude his speech.

Sir Cowasji Jehangir: Sir, I will take it into my serious consideration.

Now, Sir, I am finishing my statement. I have shown that the price of this cloth from June, 1938, to December, 1938, dropped from 15½ annas to 12½ annas. The prices of cotton during these three months of June, September and December of the same year were Rs. 161, Rs. 152 and Rs. 163.

so that there was an enormous drop in the selling price of cloth and there was practically no drop in the value of cotton. And I can say with confidence and it will be corroborated by the representative of the Millowners' Association that the mills all over India are making a very small profit if at all. In fact, they are making a loss. I can also say that on this last sale of *dhotis*, there can be no profit. In fact, in some cases there is a loss to keep the looms going and it is at this time that the Honourable Member comes and puts a duty of half an anna on the raw material.

Now, Sir, I have explained the effects that this duty will have on the industry at the present moment. If this duty had come during the time my Honourable friend is talking about, when cotton prices were dropping and cloth prices were stationary, perhaps there would have been some justification for it. But what is the use of quoting figures which existed two years ago and putting on the duty just now? The results of the working of today will be shown in next year's balance sheets and I venture to suggest that the balance sheets of the majority of the mills, throughout India, will be extremely poor as compared to the balance sheets of the calendar year 1938-39. Now, the result is that the imported stuff immediately gets a benefit of half an anna in a lb. But let me point out one other factor which is of great importance. For this class of stuff, the cotton imported was from East Africa. East Africa produces about 300,000 bales of this cotton. India took 250,000 bales of that production to spin mostly these counts. The result of the announcement of this duty has been that the price of this cotton has gone up in India, and has gone down in East Africa because one of its best customers had a duty put upon this cotton, and the further result has been, I am told, that Japan has stepped in and bought a hundred thousand bales of this cotton. What is the result? Japan buys this cotton at a cheaper rate than it would otherwise have bought it. It imports its manufactured stuff into India, where Indian factories and millowners will have to compete with it with half an anna more duty, while the Japanese have bought it cheaper than even Indians could have bought it due to this duty. To say that Japan will not compete with India due to this duty is merely to show ignorance. And, what about yarn? There is no quota for yarn although it may be said that there is a quota for cloth. If Japan finds it worth its while to import this class of cloth, it will have to import less of some other cloth. Today we are coming to the stage, at least in Bombay, where it may pay to shut down spindles, buy Japanese yarn and weave it into cloth because Japan buys its cotton much cheaper and supplies it here with no duty at a ridiculously low price. It comes to this that we are coming to a time, within a month, when it will pay the mills to buy the yarn and spin it into cloth and large quantities of it will go all over India. Is this what we are coming to? And what is more important is this. Japan will be in a position to buy this cotton cheaper than she has ever been able to do and compete with other countries all over the world. She will be able to compete better even with Lancashire than she has done before. That is the present, the Honourable Member is giving to Lancashire. Sir, these are facts that have been placed before us and I believe them to be correct.

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

Now, Sir, my Honourable friend, Mr. Desai, spoke about this duty in conjunction with what we are going to discuss in a few days, the Indo-

[Sir Cowasji Jehangir.]

British Trade Agreement. I verily believe that my Honourable friend has put one more nail into the coffin of that agreement. It has already got several nails and he has put one more nail into it and I feel convinced about it. If that was his intention, he has fulfilled it. But I am certain it was not his intention. Whatever advice he may have received, the fact remains that he has given preference to both Japan and Lancashire, days before the Indo-British Trade Agreement is going to be discussed by us, and if that is not handicapping that agreement, I would like to know what is. The position was bad or will be as bad as it can be and he has made it considerably worse.

Since you have reminded me, Sir, that I have taken a considerable time, I shall conclude. There is only one way out of it. If the House decides that this duty shall remain, then I trust that the House will insist on having a countervailing duty on imported cloth and yarn to the same extent. That is the only way out. Either take away the duty or insist upon what I suggest. I will now conclude with one final statement and that is that the most popular man today among the Japanese trading with India is Sir James Grigg. He has been a great benefactor to them, and, of all the people in India, Sir James Grigg is their greatest hero.

Dr. Sir Ziauddin Ahmad (United Provinces, Southern Divisions: Muhammadan Rural): Sir, I am glad that I am speaking under circumstances when there is no time-limit either by convention or by Standing Orders. First of all I will take up a few items in the Finance Bill. I begin with postcards first. I am told that by reducing the price of postcards from nine pies to six pies there will be a definite loss to the exchequer amounting to 60 lakhs. I am not quite convinced with the figure, because I believe that there is one item which has been omitted in the calculation of the loss and that is increase in quantum, that if the price of the postcard is reduced from nine pies to six pies the sale will also increase and I should like to see the figures for the last ten years. My Honourable friend, the Finance Member, will also probably verify that the figures had gone down by several millions when the price of postcards went up. I should rather like to reserve my judgment on this particular point till I have the opportunity to scrutinise and examine the figures about the number of postcards used, because, I believe, when you raise the price of card, the number of postcards purchased by people will go down. That is the law of diminishing returns operates in this case.

I have received a number of letters in respect of *khandsari* sugar protesting against the duty. I find the duty is not raised, it is rather lowered in this particular case, but, probably, the change in the definition of factory may affect some of these persons. This is a point which we cannot take up just at present. We can only consider this when the amendments to the Factory Bill comes up for consideration. But in this case, I consider that for the present there is a kind of false alarm.

The next thing which I wish to refer is about the cotton duty. We were given certain figures by my Honourable friend, Sir Cowasji Jehangir. There is one thing which he probably did not mention explicitly, namely, that the price level of cotton has gone down comparatively much lower than the price index of the manufactured articles. This is a fact and,

therefore, we have to take into consideration some methods by means of which we can raise the price level of our cotton. My Honourable friend said that cotton can be grown.

The Honourable Sir James Grigg: Again I want to make the position clear. I do not believe it to be true to say that none of the cotton which is now imported can be grown in India.

Dr. Sir Ziauddin Ahmad: Cotton is not like date trees which take 40 years to grow and bear fruit. Whenever any person grows a date tree, it is not his son, but his grandson that can reap the benefit of that. But in the case of cotton, if you grow cotton this year, you can reap the benefit within a few months,—not even a year is necessary. This particular kind of cotton if it is required, there is market value for it. I am told by my Honourable friend, Sir Abdoola Haroon, and also by my friends in the Punjab that they can easily grow cotton to an extent so as to satisfy the market if the desire to purchase Indian cotton is there. At present, unfortunately, there is no desire to purchase Indian cotton in this particular case. I would go further and say this. If they give very high protection to textile mills as they do at present which is without any parallel in any country and which is without any parallel in the past history of India, it is very reasonable and just that we should demand from them an under-taking that they should use Indian cotton and Indian cotton alone. My Honourable friend may say that Sir James Grigg will be very popular in Manchester, but I say he would be much more popular among the agriculturists in the Punjab and in Sind, and possibly in some other places too. There are two special difficulties, which I pointed out on a previous occasion and which I repeat now, in the theory of protection. That is, we do not consider the needs and the conditions of cottage industries and we forget the consumer altogether. These are the two interests, cottage industry and consumer, which we cannot ignore in any theory that we may establish for protection.

The next theory which I should like to criticise is this. Sir Joseph Bore expounded this theory on the floor of the House and he actually put it into practice. He says, when you give to these industries over-protection, then cut-throat competition will follow and this will also lower prices. This theory is extremely unscientific and unjustifiable, and it is not supported by any economist. Whenever protection is given to an industry, it is really a loan given to the industry by the consumers and they expect that, afterwards, this loan will be paid up. Another thing which I wish to say is that whenever they give protection, they never take care to see whether it is properly utilised. They do not take steps to see by constantly supervising the effect of protection year after year and I submit that an annual report should also be published and laid on the table of the House, each year, so that the House may judge how far protection has actually worked. We should particularly see the following points. We should realise that protection is not for any single class of persons, but it is for the community as a whole. We should see that only one particular class of persons is not benefited by it. We should do this. The second thing is that they ought not to declare fat dividends. The dividend should be normal and any excess profit which may accrue ought to be divided between the workmen who really produce it and those who supply capital. And a part should also go to Government by whose agency this profit has accrued.

An Honourable Member: What percentage to capitalist?

Dr. Sir Ziauddin Ahmad: A little over the bank rate of interest. The next thing is that the prices should be regulated and we should see that they do not charge more than the prices fixed by the Tariff Board; and if they charge more than that price the excess profit must also go to the exchequer and should not be the property of the capitalists alone.

Then, Sir, I shall point out to Mr. Satyamurti and other Members of the Public Accounts Committee about the depreciation fund of railways as it affects our general revenues. They should see that some money is kept for the renewals which should be fixed from our experience of last fifteen years, and the amount so released should be divided equally between the reserve fund of the railways and the general revenues.

Then, Sir, I should like to have a passing review of some of the cut motions that we have carried in the budget demands. The first was the service question and the paucity of Muslims in services. On that I will emphasise two points. One is that there should be an officer in the Home Department to watch the situation and see that the provisions of the resolution of 1934 are properly carried out and specially to see that the posts are not sold. If these posts are sold to the highest bidder the Muslims lose as they have neither the money to pay nor a knowledge of the methods to be employed.

Mr. N. M. Joshi: How are they sold and who sells them?

Dr. Sir Ziauddin Ahmad: I will draw the attention of the Home Member later on to this question and request him to make an inquiry.

Then, Sir, the other point is that when we press the claims of our community we are charged as communalists and they say the post should go to the best man. I think this theory of the best man is not believed by the English people because they never employ a German or Italian or American who may be the best man but they employ the best Englishman. The demand is repeated by the nationalists Congressmen that it should go to the best Indian and not to Englishman. I go one step further and say that if the Englishmen employ the best Englishman and, our nationalists Congressmen want the best Indian even if best Englishman is available, why should we suffer and not demand the same share on the same principle as is adopted by others, and say that some of these posts should go to the best Muslims.

The next question discussed here was that of defence. I said often in this House that there should be a distinction between the army required for internal security and that required for defence. The army required for internal security must be always there and maintained by the Indian exchequer with contribution from Provinces if required. As for the army for defence, there are two ways of looking at it. Either you consider India as an independent unit and provide for the requirements of the Indian Army from the Indian point of view alone, in which case we will require a much greater army and navy and air force. The second thing is, that we can pool together the resources of defence with Britain and other countries forming part of the British Empire. If we pool together it will be more economical than if we provide for ourselves alone. So I strongly believe that as regards internal security we have to depend entirely on

our own resources and as regards the army required for the defence of the country we should pool our resources together with the British Empire and then give our quota for the general defence, and this particular army should be under the general command in which India should also be represented.

Before I come to the question of Federation, I will first take up the Kamran dues. Government have reduced these dues from Rs. 10 to Rs. 8 but even that is more than enough and Rs. 2 should be sufficient. Then the second point is that the money collected from the Haj pilgrims and the money lying with the Government of India should be spent for the benefit of the pilgrims alone. Savings in this fund should be utilised in building a special house at Karachi where the Hajis are handicapped greatly for want of sufficient accommodation. My next point is one which was raised by many Muslim Associations and newspapers and that is that the portfolio of Haj should be under Muslim Member of the Executive Council. I first opposed this suggestion as shifting of portfolios would be impracticable but I changed my mind when I found that this principle is followed in Ecclesiastical Department. Therefore, on the analogy of the Ecclesiastical Department which is always under a European Member, I press that this portfolio to be always under a Muslim Member of the Executive Council.

Sir Muhammad Yamin Khan (Agra Division: Muhannadan Rural): Sir, on a point of order, I will bring to your notice that on the Finance Bill Members are entitled to make observations on all subjects and they do not relate to the Finance Department alone. Is it not the duty of Honourable Members of the Executive Council or their Secretaries to be present here and take notes in order that they may reply to the various points raised?

Mr. President (The Honourable Sir Abdur Rahim): As regards all the Members of the Executive Council being present here, the Chair does not think that is practicable, and it has never been the practice. As regards any arrangements being made by Government for proper notes being taken of the debate, so that the different Members may know what has been said with reference to the working of their Departments, the Chair has no doubt that some arrangements are made.

Dr. Sir Ziauddin Ahmad: May I know what arrangements are made just now?

The Honourable Sir James Grigg: I think my Honourable friend, Sir Muhammad Yamin Khan, has left out of account that the speeches made in this House have a wider circulation than this House and that Members of the Executive Council can supply the gaps in their knowledge by reading the newspapers the next day or the official report.

Dr. Sir Ziauddin Ahmad: If newspapers are the only sources, may God save them. . . .

The Honourable Sir James Grigg: I said they could supplement and make up any gaps in their knowledge by the official reports.

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it, the entire proceedings are taken down by shorthand writers.

Lieut.-Colonel Sir Henry Gidney (Nominated: Non-Official): On the point of order, Sir, which was raised just now: after listening to the Honourable Member's reply, which savoured more of the sarcastic than of anything else, may I suggest for your consideration that when there is general discussion of the budget and Members could talk from measles to murder, it concerns every Member of the Cabinet, and I think it is quite right that most of the Members should be present in this House to listen. What is the use of us talking like children before one Member who will not answer any questions. I do not think it is right, and I ask for your ruling.

Mr. N. M. Joshi: May I also say, Sir, that I remember a time when Members of the Government or belonging to the several Departments replied to the matters which were placed before the Legislature during the course of either the general discussion on the budget or on the Finance Bill. We are entitled to make remarks. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member means all the Members of the Government?

Mr. N. M. Joshi: Yes. They should remain here to hear the debate. Otherwise, there is no meaning in our making remarks on the various departments.

Mr. President (The Honourable Sir Abdur Rahim): The Chair is reminded that there is only one ruling on this subject, and that is of Mr. President, Sir Shanmukham Chetty,—not that all the Members of the Government should be present, but that some arrangements should be made, and that there should be somebody here on behalf of the Government to take notes and watch the proceedings. Barring that, the Chair is not aware of any other ruling and the practice, so far as it is aware, has never been that every Member of the Government is present during these discussions. But, as the Chair has said already, arrangements should be made that some responsible Member or person on behalf of the Government should watch the proceedings and take notes of what is going on.

Sir Cowasji Jehangir: May I point out that all Members of the Government are present here: they are all rolled into one in Sir James Grigg:

Dr. Sir Ziauddin Ahmad: I would only like to add on this that if Members of the Government depend on newspapers, we have to define what that newspaper should be, because the points of view of different newspapers are entirely different and I do not know from what particular newspaper the Members of the Government get their inspirations.

Coming to the Ecclesiastical Department, I was saying that since that department is always under a European Member, and since there is a great demand that the Haj portfolio should always be under a Muslim Member as he alone could understand all the requirements and difficulties of the pilgrims, this demand should be conceded. When this demand was first made, I opposed it but when I noticed about the Ecclesiastical Department I do not see why there should be any difficulty about arranging that the Haj portfolio should be under the Muhammadan Member of the Council.

I gave notice of a cut motion about the Associated Press but could not move it. The object of the Associated Press should be to supply news and not views. . . .

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Whose views do they supply?

Dr. Sir Ziauddin Ahmad: It is not their business to supply views; and if they go on giving distorted versions, time after time, the Associated Press will soon become discredited and people will assume that it carries on one-sided propaganda. I think they should take note that when the public exchequer gives them money—and I pay as a taxpayer of India for their existence—they should remain neutral and publish only news. .

Mr. M. S. Aney (Berar: Non-Muhammadan): And correct news also!

Dr. Sir Ziauddin Ahmad: . . . and, as far as possible, correct news and not one-sided versions and should appoint only persons who supply correct news. . . .

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): What about speeches? Are they news or views?

Dr. Sir Ziauddin Ahmad: Speeches delivered are really news and statements of facts. I now wish to mention a minor point—the wasteful economy in the department of my friend, Sir Zafrullah Khan: they do not supply good slip books on which you can write and the papers do not fly off. I drew the attention of his department to this instance of wasteful economy and I was promised that good slip books would be supplied but no action has been taken and I hope that the Honourable the Finance Member will write to the Honourable the Commerce Member or draw his attention to the matter. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Chair quite realises that the Honourable Member is not hampered by any time limit for his speech. At the same time, he should perhaps realise that there are other Honourable Members who desire to speak on the Finance Bill.

Dr. Sir Ziauddin Ahmad: I admit, Sir, it is a minor point. Coming to the League of Nations to which reference was made, I have always called it a pleasant club; you go in whenever you like and you go out whenever you like and no obligations of any kind on any one. My view is that we should remain a member of this pleasant club: and as we pay for being members of other clubs in private life, so we should pay for being a member of this League of Nations. But, at the same time, I should emphasise that we should get value for the money we pay: there should be a sufficient number of Indians in the Secretariat and India should be well represented on all its Committees and get some benefit from it. I do not think we should pay in order that other nations may get the benefit of our money.

Next, Sir, whenever we have some change in the Government of India Act, we should have some kind of revision in the provinces. And I hope that when that change is made Sir James Grigg, in another capacity, might take note of this fact that we ought to create two more provinces. .

The Honourable Sir James Grigg: If the Honourable Member regards that as a function of the War Office, perhaps he is right.

Dr. Sir Ziauddin Ahmad: From my experience of him in this country I know that his activities will not be confined to the War Office: they will be everywhere in the cabinet. There ought to be two more provinces created: one is the province of Delhi and the other is the province of Baluchistan. I do not think it is correct that the Government of India should administer directly the province of Delhi: it should be separated and become another unit; and we must give some kind of reforms to Baluchistan and make it a separate province, as we have given to other Provinces.

Then, Sir, the next thing that I should like to refer to is about tribal areas. In the case of the tribal areas, we are now trying to bring in Waziris and other tribesmen into British India. I do not know for whose benefit that is being done, as my friend, Sir Muhammad Yamin Khan, asked the other day, we are bringing them to Indian nationality. Sir, the Indian National Congress has definitely opposed such a move, as was repeatedly pointed on the floor of the House. The Provincial Government of the North-West Frontier Province does not want it. Then, for whose benefit, may I know, is this being done? Why are we adding to our territory when we do not want to undertake the responsibilities and the burden? I think it is desirable that we should keep this territory intact without increasing our territorial jurisdiction and, thereby, adding to our responsibilities.

Coming then to the question of Federation, Sir, which will soon be taken up. I really do not understand what really the opinion of the Congress is, and I would very much like that some Member of the Congress Party got up and explained what the idea is with regard to Federation, because, Sir, reading the Resolutions which were passed at the last session of the Indian National Congress, I find that, they expressly said that they are against dictatorship, while in the very next breath they appoint a dictator....

Mr. President (The Honourable Sir Abdur Rahim): The Chair cannot see that this has any relevancy to the Finance Bill. The Congress is not in the picture.

Dr. Sir Ziauddin Ahmad: I refer to the question of Federation, because I don't exactly know what the opinion of my friends over here is. On the floor of the House they express one opinion, while when they go to the Viceregal Lodge they express quite a different opinion, and I really do not know what their real view is.....

Mr. M. S. Aney: On a point of order, Sir. Is there any authority for the Honourable Member to say that the Congress Members express one view here and another view in the Viceregal Lodge?

Mr. President (The Honourable Sir Abdur Rahim): It is not a point of order.

Mr. M. S. Aney: On a point of information, Sir.

Dr. Sir Ziauddin Ahmad: My Honourable friend should address it to the Honourable the Leader of the Opposition.

Then, Sir, speaking on the question of Federation, it is very desirable that they should satisfy the minorities because without the active co-operation of the minorities it will be impossible to work any kind of Federation. Now, Sir, the Egyptian Delegation is now in India; they have been invited by the representatives of the Congress, and I would request my Congress friends that they should consult the Egyptian delegation as to what steps they have taken to satisfy their minorities.

Mr. President (The Honourable Sir Abdur Rahim): The question of Egyptian Delegation is really out of order here. The remarks of the Honourable Member must really have some direct bearing on the Finance Bill.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Egyptian cotton can come in.

Dr. Sir Ziauddin Ahmad: Sir, in order to usher in Federation, it is very necessary to adopt some effective methods so as to satisfy the minorities as the Egyptians have done to satisfy their minorities, and unless Government do this, it is absolutely certain that the minorities will revolt against Federation and demand something else. They may even demand a separate Federation for the Muslims where the Muslims are in a majority; they may also suggest a change of population and there may be various other demands.

The next thing I should like to touch upon is education. For some considerable time now they have been pressing for the introduction of free and compulsory education, and this demand has been repeated from the Congress platform repeatedly and so long as some other Government was in power, they always demanded free and compulsory education, but as soon as the Congress got into power, that demand has ceased.....

An Honourable Member: It has never ceased.

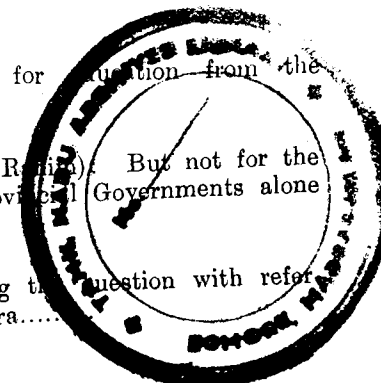
Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): Sir, I rise on a point of order. Education is a provincial subject. The provincial Governments are not represented here, and my friend cannot talk of them in their absence.

Mr. President (The Honourable Sir Abdur Rahim): The point of order is perfectly in order. The Honourable Member ought not to discuss any provincial subject.

Dr. Sir Ziauddin Ahmad: We are paying for education from the Central Revenues.....

Mr. President (The Honourable Sir Abdur Rahim): But not for the education in the provinces, for which the Provincial Governments alone are responsible.

Dr. Sir Ziauddin Ahmad: I am discussing the question with reference to education in Delhi and Ajmer-Merwara.....



Mr. S. Satyamurti: But there is no Congress Government there.

Mr. President (The Honourable Sir Abdur Rahim): The Congress Government, as pointed out, is not responsible for them.

Dr. Sir Ziauddin Ahmad: Ever since the Congress came into power in provinces, there has been no demand for free and compulsory education in Delhi, though they have been making repeated demands for it before they came into power. Another peculiarity is this, that the whole question has been converted into futile discussions on the Wardha scheme of education. Whatever may be the method of instruction, it is highly desirable that early steps should be taken to introduce free and compulsory education and financial assistance should be given.....

Mr. S. Satyamurti: Including Honourable Members of this House.

Dr. Sir Ziauddin Ahmad: Sir, I suggested in the Central Advisory Board of Education and I pressed it some time ago that the Government of India ought to contribute something like 20 crores to the various provinces to introduce compulsory and free primary education, and they should levy a special tax for this purpose. I suggest it should be a special duty on all textiles, an excise duty earmarked for introducing compulsory education.

Then, Sir, I will say a few words with regard to sugar. Last year I was told on the floor of the House that our estimate of income under the head sugar was less than we would get, and it was under-estimated, but the facts proved otherwise. The same prophecy is made this year, we have under-estimated our income from sugar. We discussed this question on the occasion of the general discussion of the Budget, and I pointed out then that there was one factor which they always omitted to take into consideration, and that factor is the diminution in the consumption of sugar. If you take this factor into consideration, you cannot foretell with any degree of accuracy what the income will be, and, therefore, it is always safe to put down in the Budget the income of last year. No doubt, there are certain items in which there will be greater income, but there are also certain items from which the income would be less, and that is the customs, because there are certain items in the customs on which we do not know what the income is going to be, particularly under the heads of wines and spirits. It is quite possible that the income under these heads may be substantially diminished, and, therefore, the income may be over-estimated under one head, and under-estimated under another head. Therefore, we cannot say that the whole Budget is over-estimated as regards the income.

Mr. Sham Lal (Ambala Division: Non-Muhammadan): Sir, the discussion on the Finance Bill has become a routine matter. Some Honourable Members took objection the other day that the Government Members were not present on the floor of the House to take notes of speeches. What I say is this, that even the Members who are present here do not take notes of our speeches, because they don't take our speeches seriously, and they can make their speeches without even listening to what we have to say. Of course, the Finance Member might take notes, I don't

deny that, but there is one interesting feature of this debate. After hearing my friend, Sir Cowasji Jehangir, I am led to the conclusion that certainly the Honourable the Finance Member deserves to be made the Under Secretary of State for War. He should be made a Peer, because he has succeeded in fooling the whole of India by his Income-tax Act. When the motion for circulation of the Income-Tax Bill was passed, he got angry, but my own belief is that he wanted to do at least one good turn to India, by agreeing to circulation in a special Session in November. All Parties gave their support to the Income-tax Act.

Mr. M. S. Aney: Not all.

Mr. Sham Lal: Of course, excluding the Leader of the Congress Nationalist Party, but now I find that the expectations are not fulfilled and they are disillusioned as Mr. Chamberlain is on the Munich Pact, and the only happy person is Sir James Grigg, who, in order to find Rs. 50 lakhs, wants to impose a duty on the import of staple cotton. While imposing that duty, he says, "Yes, I would be accused of injuring the textile industry. But it might be that the growth of cotton may be developed". That is like a thief who is caught stealing your articles in broad daylight and he says, "You, of course, accuse me of stealing, but, after all, I am taking away the old ones and they will be replaced by new ones, and, therefore, I am not actually stealing." My Honourable friend says, I would be accused of injuring the textile industry, therefore, you must say I am not actually doing it. I say this is a direct blow to the textile industry in India. Really Lancashire is jealous of the textile industry in India and by imposing this duty you would be ruining the textile industry of India, and you are actually doing it, by saying that you want to encourage the growth of staple cotton here. You are imposing a revenue duty. You know that raw cotton would still be imported and you would get revenue from it. Your idea is not that there should be growth of the staple cotton in India. If it is a revenue duty, no question of developing the growth of staple cotton can rise. Why not question of developing the growth of staple cotton can rise to Lancashire you plainly say this? This textile industry is an eyesore to Lancashire and Manchester and you want to please those people. In that respect Sir Cowasji Jehangir might say that he is an honest man. In that sense you are an honest man. You are honest to your own country and you want to impose this burden on India. Therefore, I submit that this is a great oppression. While passing the Income-tax Act we thought that there would be relief in some directions, but here we find that the textile industry, the *khandsari* sugar and all those things have been ruined. My submission is that this Finance Bill, so far as the textile industry is concerned, is a great blow.

With regard to postage what is the position? If Members go to their constituencies, the first question that the poor people ask, "Are you a Member of the Central Assembly? What about the postcard?" Every year poor people expect relief in that direction, but nothing happens. The Government are said to have the interests of the poor people at heart, but so far as these latter are concerned, they suffer most at the hands of this Government. In other countries, where the individual income is great you have a penny postage, but in India you must have a three pice postcard which is practically half the average income of a person here! I say, not to grant relief in that direction is a great oppression and this Government do deserve censure for that.

[Mr. Sham Lal.]

Now, Dr. Sir Ziauddin has spoken and there are some points which have got to be noticed. He has spoken in a manner as if the Congress ministry is sitting on the Treasury Benches. He has asked, what about Federation, and whether the minorities would be protected or not. If he reads the Congress resolution, he will find that the Congress does want Federation but not Federation of the type such as is laid down in the Government of India Act.

An Honourable Member: What changes do you want?

Mr. Sham Lal: We want the elected representatives of the State. We want full control over the army; we want full control over our Finances. This is what we want. So far as the minorities are concerned, there is going to be a constituent assembly. (Interruption.) Of course, I do think—you may not have that confidence.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into those hypothetical matters.

Mr. Sham Lal: What I say is this. So far as the Government is concerned, the life of this Central Assembly is prolonged and the Government have not got the courage to introduce the Federation. So far as the princes are concerned, certainly the Viceroy made a speech reminding the princes of their duty, but at the same time what did he say? "After all the constitution is to be decided by you. You are to be the sole judge. . . ."

Dr. Sir Ziauddin Ahmad: On a point of order. Is the Honourable Member in order? I was not allowed to speak on the same.

Mr. President (The Honourable Sir Abdur Rahim): The Chair feels that all this is not really relevant to the Finance Bill. Mr. Sham Lal has really taken advantage of what was said by Dr. Ziauddin about Federation. The Chair does hope that he has said quite enough and that he will not pursue it further.

Mr. Sham Lal: I am not touching on that subject. Questions are being asked in this House about Federation, what about Federation, what about the life of the Assembly, what is the conduct of the Executive Councillors here, what light do they throw? Is it not an important thing for the Assembly? How long is this irresponsible Assembly to continue? Are not Members entitled to know how long this Assembly would last, and if we find that this Government is not able to give a definite reply or to dissolve this Assembly, I think this Government ought to be censured. They are waiting for the replies of the princes, but the princes would never reply and you cannot go on indefinitely. (Interruption.) Sir Abdoolla Haroon wants that we should be life members of the Assembly. I think it would be a fraud upon the people of India if Members, once elected, continue for their lives to be so.

Now, Sir, there is one more point to which I wish to draw attention. Perhaps the Central Government is setting a very good example in this very Capital. When this new Capital was created, it was thought that

it would be under the direct supervision of the Governor General, that there would be purity and the administration would be an ideal one. I would ask the Honourable Member to go from one side to another where the houses are being constructed, and if you ask the owners of the houses, they would reply—I am glad the Honourable Secretary for Education is sitting here—they would say, "We have paid Rs. 1,000, 2,000, for getting permission for constructing houses". There is corruption in New Delhi in the Municipality which is unparalleled in India. Thousands of rupees are taken, and I would ask the Honourable Member to hold an inquiry—whether high officers are taking bribes or not, and whether payments are being made for getting permission for the construction of these houses. There is favouritism going on with regard to contracts in New Delhi, and people are being robbed of their money. That is a point to which I wish to draw the attention.

Then, Sir, when there was a fall in the customs revenue, it was expected by the people that there would be a ten per cent cut in salaries. No cut has been made. This sugar industry might be ruined and the cotton industry may be ruined but so far as the salaries are concerned there is sanctity of contract. Sometimes it is sanctity of treaties. I would ask the Government where is the sanctity of treaty which you made with the Mughul Emperors, where is the treaty of Lord Clive, where is the treaty of Munich and the treaty of Versailles?

Sir Muhammad Yamin Khan: Was there any treaty with the Mughul Emperors?

Mr. Sham Lal: If Sir Muhammad Yamin Khan has not cared to read history, I cannot help him.

Sir Muhammad Yamin Khan: My Honourable friend does not know history at all when he says this.

Mr. Sham Lal: Was there a treaty with Clive or not? These treaties and contracts are observed only when it suits their interests. When the anti-recruiting Bill was discussed, the Defence Secretary said that the British prestige stood very high and that Lord Runciman's services were asked for settling the dispute. A week after there was a complete surrender at Munich. Two days ago Mr. James said that British prestige stood very high and what do we find this morning? A complete surrender. Mr. Chamberlain has himself admitted that. In this connection, I am reminded of a story of a Jat who was being beaten by his wife within closed doors and people outside could not make out whether the husband was beating the wife or the wife was beating the husband. After the husband had got the beating he was clever enough to say to his wife; 'you have been served right. I have punished you sufficiently and I would ask you not to commit the mistake again, and he came out smiling. This is the position about the British prestige. In the war days, there was the following comment in certain papers:

"Qadam German ka barhta hai fateh sarkar ki hoti hai."

The reverse is the case nowadays. They are beaten every day, still every six months some country or other is being taken, and so far as Hitler is concerned, they cannot do anything. You want to pass the Finance Bill and levy more taxes, but a poor and discontented India

[Mr. Sham Lal.]

cannot support you in the measures you are taking. Congress and everybody stand against Hitlerism but what are you doing? You follow a policy of appeasement so far as your enemies are concerned, but so far as your friends are concerned you follow a policy of oppression and suppression. Just imagine the high salaries you are getting. You are getting 6,000 rupees a month, while the educated youth of this country are unemployed. In the face of this, do you think you can go on drawing these high salaries? In a rich country like England you are getting only Rs. 3,000, but in a poor country you are getting Rs. 7,000.

Mr. President (The Honourable Sir Abdur Rahim): It is getting rather personal.

Mr. Sham Lal: What we find is that so far as the present Government is concerned, it is quite irresponsible. It has introduced Provincial Autonomy but its potentialities would go very soon. It has ceased to be attractive because no money is forthcoming and the revenues of India are being exhausted by the Military Department. They are being used to bomb people on the Frontier. You prop up the States and don't take them to task and if you go on talking of treaties, then, certainly, the people of India would become impatient. The crisis has been averted on account of the presence of Mahatma Gandhi. You cannot avert that crisis for a long time. I say that the forces have been released and you cannot suppress them further for any length of time. If you want to serve the people, it is in the interests of England as well as India that you should come to an amicable settlement and agree to a constituent assembly framing a constitution for an independent India, with a treaty just as you have made with other friendly countries.

Dr. P. N. Banerjee: "Finance is not arithmetic, it is a great policy". This was an observation rightly made by an eminent financial expert many years ago. It is up to us to examine the manner in which this great policy has been formulated and carried out.

Sir, a good financial system has two chief characteristics. In the first place, taxation is adjusted to the capacity of the people, and the incidence of taxation is fair and equitable. In the second place, expenditure is so adjusted as to yield the greatest amount of good to the society as a whole. As for the first point, it has often been asked—Has the limit of capacity of the people to pay taxes been passed in India? It has been urged very often by politicians that the limit of taxation has been reached. Personally speaking, I am not quite sure about this fact, but it cannot be denied that already there is a very heavy burden of taxation on the people of the country. As regards incidence, it can be asserted that the tax system is far from equitable. Sir James Grigg admitted, the other day, that the Indian taxation system was "regressive", but he did not proceed further. He took comfort in the observation that in the present condition of the country it must remain so. I do not know what he meant when he observed that in the present condition of India the scope of direct taxation must be limited. Perhaps he meant that India is not yet developed, and that unless the trade and industry of the country is fully developed, the scope of direct taxation in a country must remain extremely limited. Indeed that is the real position in India. Now, what have the Government done to develop

the trade, commerce and industry of the country? In the past, as we all know, the Government placed various impediments in the way of the industrialization of the country. Thanks to the adoption of the policy of discriminating protection however, the industrial situation in the country has, to a considerable extent, improved in recent times. But Sir James Grigg is a free trader, and if he could have had things entirely in his own hands, he would have done his best to set back the hands of the clock so that India might once more become a producer of raw materials and an importer of manufactured goods. Even in this Budget we find indications of his desire to do this.

As for expenditure, what should be the ideal in India? Every advanced country adopts the maximum good of the people as the ideal in the matter of expenditure. But has that ideal been ever accepted in India by the Government? I say, no. It is only sectional interests that have prevailed in this country. If we analyse the items of expenditure in India, what do we find? We find that a considerable proportion of the revenues of the country goes out of the country without any direct return. As for what remains in the country, a great part of this is devoted to the maintenance of a very costly administration; and what remains after that is devoted to the nation-building services. Now, it is known to everybody, and it is known even to foreign observers including British observers, that while India spends very large sums of money on matters like defence and the police, she spends very small sums on the nation-building activities, such as education, sanitation, industrial development, agricultural improvement and other social service programmes. Now, in a Budget which is presented before us, we should expect to find how the present Finance Member deals with these matters. If we consider his Budget from this point of view, does it not appear to us to be a very disappointing Budget? The Finance Member says that he does not believe in imaginative finance. I, personally, do not believe in imaginative finance; but to follow the old is not always the correct policy. Foresight and imagination are essential in budget-making and in properly steering the financial ship of the country. These things have been lamentably lacking in the Budget of the present year.

The Finance Member made a boastful claim to the effect that he had retrenched expenditure to a very large extent. I admit, and I always give credit where credit is due, that some retrenchment has been effected. I feel thankful for what has been done. But I must confess that the policy of economy has not gone far enough. We do not see in the Budget any indication of the Finance Member's desire to abolish posts which are superfluous. We do not see any attempt on his part to accept the motion for the reduction of salaries which was passed by the House some time ago. If he had given any indication of his desire to meet the wishes of the people, we would have welcomed that move as a move in the right direction. As it is, the retrenchment which he has carried out has been carried out with the object of financing the military expenditure of the country.

Our Finance Member told us the other day that India is very fortunate in having been able to escape any addition to her military expenditure. Now, this statement is not wholly correct. What we find is that there is an addition of Rs. 49 lakhs, that is to say, nearly half a crore, to the amount which was budgeted last year. I find in his own speech that forty-nine lakhs of rupees have been proposed to be taken from the military

[Dr. P. N. Banerjea.]

sinking funds, but this is not mentioned in the total amount of net expenditure. Now, is not this an addition? I wait for an answer. The Finance Member further said that some of the other countries were spending very large sums of money; while India was spending three to four per cent. only of her annual national income, some of the other countries were spending as much as twelve and a half to twenty-five per cent. Now all these figures I have to take with a grain of salt.

The Honourable Sir James Grigg: With a little arithmetic—not a grain of salt.

Dr. P. N. Banerjea: Will the Honourable the Finance Member tell me how he has arrived at the figure of Rs. 1,600 crores to Rs. 2,000 crores as the annual national income of India?

The Honourable Sir James Grigg: It is based on the estimates made by previous writers who have attempted to compute the national income, reviewed in the light of modern conditions by the Economic Adviser.

Dr. P. N. Banerjea: Different computations have been made by different persons and these computations do not agree with one another and none of these estimates has been based on actual figures. So, none of these estimates can be regarded as accurate.

The Honourable Sir James Grigg: You should know, being an economist.

Dr. P. N. Banerjea: I know these estimates are not accurate. Then, the statement of the Honourable the Finance Member in referring to the smallness of the military expenditure of India is not convincing. When he referred to the proportion of the income he forgot the fact that as the income of a people rises, its capacity to contribute increases more than proportionately. That is a very important fact which he has ignored.

The Honourable Sir James Grigg: I have mentioned it in connection with military expenditure.

Dr. P. N. Banerjea: I do not know: I will have to look it up later on.

Then, we should also consider the purposes for which the military expenditure is incurred. Different nations have different objects in view in incurring military expenditure. Some people indulge in military expenditure in order to get a direct return. Italy did so; Germany is doing so at the present moment; and so is Britain. But India has no such object in view. Her expenditure, therefore, can be regarded as purely defence expenditure, while the military expenditures of other countries are not really defence expenditures. The Finance Member will not deny that Sir Walter Layton is an eminent financial authority, and what did he say? He said ten years ago that India's military expenditure in proportion to her revenues was greater than that of any other country. I admit that those were normal times, and the times have now changed. But why should in normal times have the proportion of Indian military expenditure to her revenues been greater than the proportion of the expenditure of any other country?

The Honourable Sir James Grigg: Military expenditure has come down by 10 crores

Dr. P. N. Banerjea: Coming to the Finance Bill, we find that there are three measures of taxation proposed in it. Firstly, the export duty on cotton, secondly, the additional amount to be derived from *khandsari* sugar and, thirdly, the additional taxation relating to the taxes on income. Now, as regards the export duty on cotton, I find that the Finance Member hopes to kill two birds with one stone. He hopes to get his revenue and he sets different classes of people to fight amongst themselves. In fact, the other day when there was a general discussion of the budget, some Members of this House expressed divergent opinions on this subject, and the Finance Member was good enough to remark that he was glad that people were knocking their heads. This policy of making people knock their heads one against the other is not a new policy. It is a very old policy. It is as old as the beginning of the British rule in this country. In fact, it was this policy which enabled the British people to obtain a hold on this country. But, the Finance Member has carried out this policy in the cleverest manner possible. To that extent it is a very creditable performance on his part. He said that this new duty would help the growth of long staple cotton in the country. I do not know whether this will happen immediately. Eminent authorities have already expressed their views on this subject. The Leader of the Opposition said that this would not be possible and Sir Cowasji Jehangir, himself an expert on the subject, has also expressed the same view. It seems to me that long staple cotton can be grown, but it cannot be grown in the immediate future. It may take a considerable time and a great deal of experiment before long staple cotton is not only grown in this country but sold at the same price as long staple cotton imported from abroad. That is the most important point. And what will happen in the meantime? Indian cotton mills will be at a disadvantage in competition with the cotton mills in Lancashire and in Japan. The Honourable the Finance Member denied any intention to benefit Lancashire, but he cannot deny that he is a patriot, and as a patriot it is only natural that the interests of his own country should be nearest to his heart. I quote the observations of a predecessor in office of Sir James Grigg, namely, Sir John Strachey, who observed in 1877:

"We are often told that it is the duty of the Government of India to think of Indian interests alone and that if the interests of Manchester suffer, it is no affair of ours. For my part, I utterly repudiate such doctrines."

I believe Sir James Grigg also repudiates such doctrines. He further observed:

"The interests of Manchester at which some foolish people sneer, are the interests not only of the great and intelligent population engaged directly in the trade in cotton but of millions of Englishmen."

I am absolutely certain that the attitude of Sir James Grigg is the same as the attitude of Sir John Strachey; only he is not as frank as his predecessor was.

The Honourable Sir James Grigg: You have no right to say that at all.

Dr. P. N. Banerjea: If the Honourable Member denies that, then I will withdraw. If my Honourable friend says that he is not as good a patriot as Sir John Strachey, I will accept his disclaimer. But I thought he was a good patriot.

[Dr. P. N. Banerjea.]

Now, Sir, the question is,—will Lancashire benefit? The benefit will go not merely to Lancashire, although it is intended to benefit Lancashire in the first instance, it will also go to Japan. But the question is will Lancashire gain more or Japan? It is possible that in the long run Japan will get the better of Lancashire, and the Honourable the Finance Member will then have to regret his action. But in any case the Indian mills will suffer. Some of the Indian mills have, in recent times, not been working on adequate rates of profit. The Bengal mills, I am sure, are not getting that rate of profit which would be desirable and necessary; and being on the margin some of the Bengal mills will have to go out of existence if this duty on raw cotton is insisted upon. It is known to most people present here that Bengal did not take to this cotton industry until long after Bombay and Ahmedabad had entered the field. Bengal did not have enough experience of the business and, naturally, the rate of profit which is earned by Bengal mills is lower than the rates of profit in other provinces. So, I submit that this doubling of the duty on raw cotton will prove a great hardship to Bengal mills.

Coming now to *khandsari* sugar, I find again the same policy of making the people knocking their heads one against another is being followed.

The Honourable Sir James Grigg: But that does not do any good to Lancashire.

Dr. P. N. Banerjea: In this case, it does not. He has made the sugar mill owner, the large producer of *khandsari* sugar and the small producer of *khandsari* sugar all knock their heads one against another. He has shown extraordinary cleverness in amending the present definition of the word "factory". I am not connected with this industry at all, but I am deeply interested in the welfare of cottage industries in the country. I am afraid that the *khandsari* sugar industry will be hard hit by the new definition which is sought to be given to the word "factory".

Coming to the third item of taxation, namely, the income-tax, it cannot be denied that a large amount of revenue is now sought to be derived under this head. So far as the big people are concerned, I am not sorry that a greater burden has been sought to be placed upon them. But when a greater burden is placed on any section of the community it ought to be made clear to them that this is being done. That has not been done in the budget speech of the Finance Member. But I leave the rich people to fight the matter out with the Finance Member. What I am interested in is the removal of the exemption limit regarding super-tax on companies. Now, Sir, companies are small, middle-sized and big. It is not true to say that all companies are big and that all companies are in a position to pay super-tax. Therefore, when this exemption limit of Rs. 50,000 was first placed, it was based on reason and justice. Now, this exemption is being taken away and the result is that even very small companies will have to pay the tax at the same rate as very big companies, namely, at the rate of one anna. Is this the right form of taxation? I hope the Honourable Member believes in graduated taxation. This is not surely a graduated system of taxation. Everybody knows that when the same rate of taxation is levied on small companies, as on big companies, the rate

affects the small companies to a much greater extent than the big companies. Therefore, in the interests of the industrial development of the country, I suggest that the exemption limit should be kept up. If he so wishes, he may lower the exemption limit to Rs. 30,000 or Rs. 25,000, but the exemption limit should not be done away with altogether.

With regard to large incomes Sir Cowasji Jehangir gave certain figures. He showed that in India the number of persons who had fairly large incomes was something like 329. Now, what is the position in England? From the latest report of the Commissioners of Inland Revenue in Great Britain, I find that the number of people liable to surtax, which is the same as super-tax in this country, rose from 91,000 to 95,000 during the year. Those who could be classed as millionaires, that is those with incomes above £40,000, or approximately 5½ lakhs of rupees rose from 529 to 539. In England the number of persons who have an income of over five lakhs is so large, and there has also been increase in this category of persons during the present year. What is the number of such persons in India? I believe there is not a single person who will answer this description. I hope the Finance Member will tell me whether there is a single individual in India who has an annual income of 5½ lakhs of rupees.

Mr. N. M. Joshi: Several.

Dr. P. N. Banerjea: There may be one or two or three, but look at the number in England, where it is 539. And no wonder the total net surtax revenue rose from 53 million pounds to 57 million pounds in the current year. Thus we find that there is a much greater scope for the imposition of income-tax and super-tax in England than in India. Even the number of persons who pay ordinary income-tax in India is very small. I do not want that there should be millionaires; I do not want a single millionaire in this country. But what I do want is that people, as a whole, should be prosperous and there should be millions of people who would be in a position to pay income-tax. But that is not the position now and it is because of that fact that indirect taxation has to be resorted to in this country.

Sir, I now come to the question whether the deficit which has been disclosed is a real one or not. The other day some Honourable Members observed that the revenue had been underestimated. To that the reply of the Finance Member was that they were echoing their "Master's Voice". I ask the House whether it was good taste on the part of the Finance Member to use this language.

The Honourable Sir James Grigg: I am going to repeat it.

Dr. P. N. Banerjea: That shows the bravery and good taste of the Honourable Member. Sir, I really feel that Sir James Grigg thinks that he can insult Members of this House with impunity.

The Honourable Sir James Grigg: Truth can never be insulting.

Dr. P. N. Banerjea: And he does so because he is a Member of the Government of India which is a subordinate branch of the British Government. Otherwise he would not have had the discourtesy to do so.

[Dr. P. N. Banerjea.]

Now, I myself am of the opinion that there has been some underestimating, and the Finance Member himself said, in the course of his budget speech, that for the current year the income-tax was cautiously estimated. The word is not "underestimating" but "cautious estimating".

The Honourable Sir James Grigg: "Over-cautious" is the word I used.

Dr. P. N. Banerjea: I stand corrected. Over-cautious estimating and underestimating appear to me to be one and the same thing. Therefore, I say that in the coming year's budget also he has adopted the same policy. If that be so, I hope and trust that after the views which have been expressed in this House he will withdraw his taxation proposals. But supposing there is a real deficit there are certain alternatives which may be suggested.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member may continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 18th March, 1939.

LEGISLATIVE ASSEMBLY.

Saturday, 18th March, 1939.

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

MEMBER SWORN.

Mr. Tinnevelly Sellamier Sankara Aiyar, C.I.E., M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

TRANSFER OF CERTAIN BRITISH UNITS OF THE INDIAN ARMY TO GREAT BRITAIN.

1141. *Mr. T. S. Avinashilingam Chettiar: Will the Defence Secretary state:

- (a) at what stage the negotiation with the British Government is for the transfer of some more British units of the Indian Army to Britain;
- (b) whether any conclusions have been reached; and
- (c) if so, to what effect?

Mr. C. M. G. Ogilvie: (a), (b) and (c). I am not in a position to make any statement on this subject at present.

Mr. T. S. Avinashilingam Chettiar: May I know when they expect to make a statement on this matter?

Mr. C. M. G. Ogilvie: I am afraid I cannot forecast that.

Mr. S. Satyamurti: May I know whether the provision in the budget this year for the defence estimates contemplates any possibility of the transfer during the financial year of the cost of any British troops in the Indian Army to the British exchequer?

Mr. C. M. G. Ogilvie: Nothing definite has as yet been decided. The budget deals only with things that are definitely known or can be definitely forecasted.

Mr. T. S. Avinashilingam Chettiar: May I know whether this matter has been taken up separately with the British Government or along with the Chatfield Committee's Report?

Mr. C. M. G. Ogilvie: No. All these negotiations are joint.

Mr. Manu Subedar: May I know whether, since the answer was given by Mr. Hore-Belisha in Parliament that there was a possibility of further withdrawing troops from India, any troops have been removed from India?

Mr. C. M. G. Ogilvie: I explained this matter at considerable length in this House only a short time ago and it was to the effect that the establishment of British battalions in the United Kingdom had been reduced consequent upon the introduction of mechanisation, and the Secretary of State for War said that similar reductions might take place in India.

Mr. Manu Subedar: Does that mean that the number of battalions would be reduced?

Mr. C. M. G. Ogilvie: No; by no means. It means that the number of soldiers in a battalion would be reduced.

REPORT OF THE CHATFIELD COMMITTEE.

1142. ***Mr. T. S. Avinashilingam Chettiar:** Will the Defence Secretary state:

- (a) whether the consideration of the Chatfield Committee Report is finished;
- (b) if so, what are the recommendations accepted by Government; and
- (c) what is the financial effect of the acceptance of those recommendations?

Mr. C. M. G. Ogilvie: (a) I refer the Honourable Member to the reply I gave to parts (a) and (b) of starred question No. 740 asked by Mr. Satyamurti on the 27th February, 1939.

(b) and (c). Do not arise.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have had official information of the report of the Committee's recommendations?

Mr. C. M. G. Ogilvie: No. The situation is precisely that already explained by me. There has been no change.

BOMBING RESORTED TO IN BRITISH INDIA IN AID OF CIVIL POWER.

1143. ***Mr. Abdul Qaiyum:** Will the Defence Secretary please state whether air action like bombing has ever been resorted to in British India against British subjects in aid of the civil power?

The Honourable Sir Reginald Maxwell: No.

Mr. Abdul Qaiyum: May I know if the Honourable Member has read this morning's newspapers that air bombing is taking place within the British territory in Kohat District?

The Honourable Sir Reginald Maxwell: No. I have not seen that.

Mr. Abdul Qaiyum: May I know if the term "British India" includes the area which is occupied by the tribes?

Mr. President (The Honourable Sir Abdur Rahim): That is really going too far from the question.

Mr. Abdul Qaiyum: I want to know the policy with regard to that area: the other day the Honourable the Foreign Secretary made a statement that it was part of India. I, therefore, want to pursue the question.

Mr. President (The Honourable Sir Abdur Rahim): It is for the Honourable Member to draw his own inference.

Mr. Abdul Qaiyum: I want a pronouncement from the Government Members on the subject.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has got the answer that there has been no such bombing.

ESTABLISHMENT OF AERODROMES AT JORHAT AND DIBRUGARH FOR CIVIL AVIATION PURPOSES.

1144. ***Mr. Kuladhar Chaliha:** Will the Defence Secretary please state:

- (a) whether Government are aware that there are numerous factories in the upper districts of Assam and are liable to be bombed from across the North-East Frontier; and
- (b) whether suitable aerodromes are proposed to be established at Jorhat and Dibrugarh for civil aviation purposes and whether Government propose to subsidise such enterprise, if undertaken, by private organisations?

The Honourable Sir Reginald Maxwell: (a) I would refer the Honourable Member to the replies which I gave on the 9th February, 1939, to Sardar Mangal Singh's starred question No. 242 and the supplementary questions which arose therefrom. The liability to air attacks of factories in Assam has been considered as part of the general question of the liability of India as a whole to such attacks.

(b) This part of the question should be addressed to the Honourable Member in charge of Communications.

Maulvi Abdur Rasheed Chaudhury: May I know what precautions Government have taken to protect factories in Assam from bombing?

The Honourable Sir Reginald Maxwell: That is a part of the air precautions scheme for which the Provincial Government is responsible.

Mr. Kuladhar Chaliha: May I know what is the nearest aircraft station from Assam?

The Honourable Sir Reginald Maxwell: I should require notice of that.

REDUCTION IN THE NUMBER OF STANDING COMMITTEES IN LAHORE CANTONMENT BOARD.

1145. ***Mr. Abdul Qaiyum:** (a) Will the Defence Secretary please state whether it is a fact that the number of standing committees was reduced from four to two by the official majority in the Lahore Cantonment Board?

(b) Is it also a fact that the representation of the elected members in one of the two standing committees, namely, the General Committee, was reduced from two to one, whereas the number of official nominated members was increased from two to three?

(c) Is it also a fact that the official President moved that out of the three elected members on two standing committees, the opposition party of five elected members should get only one seat and that the other two out of the three elected seats should be given to two independent members who are not in opposition to the nominated bloc?

(d) Is it a fact that on this decision of the official President, supported by the official majority, the elected members walked out of the house?

(e) Is it also a fact that the opposition do not accept any seat on these Committees?

(f) What steps do Government propose to take in the matter?

Mr. C. M. G. Ogilvie: (a) No. The number of the committees excluding the Bazar Committee appointed by the Cantonment Board, Lahore, was reduced from five (not four) to two by a unanimous resolution of the Board including all seven elected members.

(b) Yes, but the number of elected members has since been raised to two.

(c) No.

(d) Government understand that only four out of seven elected members walked out but this had nothing to do with the alleged motion of the President referred to in part (c) of the question.

(e) Four elected members have declined to serve on the committees and the seats have been filled from the remaining three elected members.

(f) Government see no reason to interfere in the discretion of the Board.

Mr. Abdul Qaiyum: What is the number of nominated official members on this Board?

Mr. C. M. G. Ogilvie: I should require notice of that.

Mr. Abdul Qaiyum: What is the number of the independent members?

Mr. C. M. G. Ogilvie: There are seven elected members: I do not know whether they are graded according to independence or not.

Mr. Abdul Qaiyum: Is it not a fact that those five persons have been given one seat while the other two have also been treated in the same way?

Mr. C. M. G. Ogilvie: I do not know what the Honourable Member is referring to. There are seven elected members and they have been considered by the Board as one body, and not two bodies.

Mr. Abdul Qaiyum: May I know what is the number of elected and nominated members on these standing committees?

Mr. C. M. G. Ogilvie: The Finance Committee consists of two nominated and two elected members: the General Committee, of three nominated and two elected members.

BAN ON THE RETURN OF RAJA MAHENDRA PRATAP TO INDIA.

1146. ***Mr. Sri Prakasa:** Will the Honourable the Home Member state:

(a) if it is a fact that Raja Mahendra Pratap has sent a letter to Government from Tokyo, asking for permission to re-enter India and giving the assurance that he would remain strictly within the law of the land; and

(b) if Government have considered the matter and, if so, what decision they have taken on it?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) The matter is under consideration.

Mr. Sri Prakasa: When do Government expect to finish consideration of this question?

The Honourable Sir Reginald Maxwell: Not for a considerable time.

Mr. S. Satyamurti: Why has this been hanging fire for so many years? Ever since I came to this Assembly, I have been hearing that the matter is being considered!

The Honourable Sir Reginald Maxwell: Yes. I have given very careful consideration to the matter recently and my conclusion is that I am not able to arrive at a final decision for some considerable period.

Mr. S. Satyamurti: May I take it it means that Government persist in their decision not to allow this gentleman to come back, and they have come to that conclusion?

The Honourable Sir Reginald Maxwell: That is the position for the present.

Mr. Sri Prakasa: In view of the fact that the United Provinces Government is taking responsibility for this gentleman, what objection have Government to allow this gentleman to come in the country and then transfer him to the United Provinces?

The Honourable Sir Reginald Maxwell: The Government have their own information on the subject and they consider that they should wait for some time before they can arrive at a definite conclusion on the subject.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have consulted the United Provinces Government over this matter?

The Honourable Sir Reginald Maxwell: No; the United Provinces Government have consulted us.

Mr. Sri Prakasa: Have the Government of India replied to the representation of the United Provinces Government in this behalf?

The Honourable Sir Reginald Maxwell: I would require notice of that.

Mr. Abdul Qaiyum: Did the Government of the United Provinces write to the Government of India pressing for the removal of the restrictions?

The Honourable Sir Reginald Maxwell: The contents of the United Provinces Government's letter are confidential, and I am unable to quote them in the House.

Mr. Abdul Qaiyum: Then, how did the Honourable Member say that the Government of the United Provinces and his Government agreed on this point.

The Honourable Sir Reginald Maxwell: I did not say that.

Mr. S. Satyamurti: May I know, Sir, if the attention of the Government of India has been drawn to a statement made by Pandit Govind Ballabh Pant, Premier, in the United Provinces Assembly, that they have approached the Government of India in regard to the question of Raja Mahendra Pratap's return to India?

The Honourable Sir Reginald Maxwell: I have some recollection of a statement of that character, but I don't remember the exact words of it.

FORM ISSUED BY THE INCOME-TAX OFFICER AT BENARES ASKING FOR TOTAL WEALTH OF ASSESSEES.

1147. ***Mr. Sri Prakasa:** With reference to his reply to starred question No. 395 on the 14th February 1939, will the Honourable the Finance Member state:

- (a) if his attention has been drawn to the form issued by the Income-tax Officer at Benares asking for the total wealth of certain assesseees;
- (b) if the jewellery belonging to the ladies of the family has also to be detailed;
- (c) if any representation has been received by him from Benares protesting against this demand; and if so, what reply has been sent;
- (d) if this demand has been made only in Benares or elsewhere also; and if the latter, in how many places;
- (e) the number of persons who have been served with a notice of this nature; and
- (f) if any officers of Government have also been served with a similar notice?

The Honourable Sir James Grigg: (a), (b) and (d) to (f). The information is required for the purpose of determining or verifying the total income of the assessee. It is not called for in all or even in a large number of cases, and I have no doubt that Income-tax Officers are exercising due discretion in the matter. The practice of asking for information of this nature is not confined to Benares but I cannot say, without calling for elaborate returns, in how many places or in how many cases the practice has been followed.

(c) Yes. The matter has been referred to the Commissioner of Income-tax, Central and United Provinces, who will no doubt satisfy himself that the information is called for only in appropriate cases.

Mr. Sri Prakasa: What was the reply to part (f) of the question, Sir?

The Honourable Sir James Grigg: I think it was covered by my general answer. The practice of asking for information of this nature is not confined to Benares, but I cannot say that without calling for elaborate returns in how many places or in how many cases the practice has been followed.

Mr. Sri Prakasa: Will the Honourable Member please inquire from the Benares office as to whether they have issued any such notice to Government officials?

The Honourable Sir James Grigg: No, I won't.

Mr. Sri Prakasa: Has the Honourable Member satisfied himself that the calling for this information is covered by the sections that he quoted in his last reply?

The Honourable Sir James Grigg: Yes, I am quite satisfied about it.

Mr. T. S. Avinashilingam Chettiar: With reference to part (b) of the question, is that information necessary for the purposes of the administration of the Income-tax Act?

The Honourable Sir James Grigg: Yes.

Mr. T. S. Avinashilingam Chettiar: That will not bring in any more income.

The Honourable Sir James Grigg: It may be for the allocation of past income which may have been concealed.

Mr. S. Satyamurti: Is any distinction observed in the income-tax offices, either by rule or by any convention, between Government officers and other income earners in regard to this matter?

The Honourable Sir James Grigg: That does not arise out of this.

Mr. S. Satyamurti: Yes, it does, because clause (f) of the question asks if any officers of Government have also been served with a similar notice?

The Honourable Sir James Grigg: The Honourable Member asked a general question whether there was any discrimination made between Government officers and others in matters of general income-tax administration,

which is a very wide question, and obviously as Government officers have their income-tax deducted at source, that is one question of discrimination to the disadvantage of Government officers. If he means to ask whether Government officers get special concessions in the matter of income-tax, the answer is No.

Mr. S. Satyamurti: In regard to the information which is asked, may I know whether there is any practice or convention in income-tax offices in favour of Government officers not being called upon to give such information as other assesseees are called upon to give?

The Honourable Sir James Grigg: No, Sir.

Mr. K. Santhanam: May I know, Sir if any assessee refuses to supply this information, will his other returns be vitiated?

The Honourable Sir James Grigg: I think the Honourable Member should put down a question. It is a legal point which I cannot answer off-hand.

Mr. Sri Prakasa: Will the Honourable Member investigate and examine the matter afresh and see that the calling for such information is not really covered by the sections to which he referred in his last reply?

The Honourable Sir James Grigg: No, I won't.

TAKING OF CENSUS IN 1941.

1148. ***Mr. S. Satyamurti:** Will the Honourable the Home Member please state:

- (a) the stage at which preparation for the 1941 census now stand;
- (b) whether all the Provinces have agreed to co-operate with the Government of India in respect of this census;
- (c) whether this census will be conducted without any detailed questions about caste and such other details;
- (d) what is the proposed cost of the census;
- (e) whether the questions to be answered by individuals have been framed already; and
- (f) whether the public opinion would be invited on these questions before they are finally settled, or at the time of the census?

The Honourable Sir Reginald Maxwell: (a) and (c). I refer the Honourable Member to the replies which I gave on the 15th March, 1939, to part (a) of Mr. Sham Lal's starred question No. 1048 and part (b) of Mr. Manu Subedar's starred question No. 1046.

(b) Yes.

(d) It is expected that the cost will be approximately Rs. 50 lakhs.

(e) No.

(f) It should ordinarily be sufficient to consult Provincial Governments which will no doubt be in touch with public opinion.

Mr. N. M. Joshi: May I know, Sir, whether the Government of India will appoint a Committee to consider the nature of the information which is to be obtained through the census as to whether some table should be added to or omitted?

The Honourable Sir Reginald Maxwell: That is a suggestion, but I consider it quite unnecessary since these questions are framed in consultation with the Provincial Governments.

Mr. S. Satyamurti: With reference to part (c) of the question, my friend referred me to the previous answer, but may I know whether the Provincial Governments have been specifically requested to give their opinions to the Government of India with regard to information about caste and such other details, and whether they have also been asked to consult public opinion before they give their advice to the Government of India, as to the need for continuing the information about these details?

The Honourable Sir Reginald Maxwell: I think they will certainly be consulted specifically about the information which is required to be collected in the census, but I don't see why it should be necessary to make any suggestion to them about consulting public opinion. Presumably they would themselves take any steps that they thought necessary in that way.

Mr. S. Satyamurti: Sir, in view of the fact that there is a large and growing feeling in the country against dividing up this country into so many castes and sub-castes in an official census report, may I know whether Government will take the initiative and after consulting the Provincial Governments ascertain public opinion in this matter?

The Honourable Sir Reginald Maxwell: Surely, if there is such a large body of public opinion on this subject, it will be reflected in the replies which we will receive from the Provincial Governments.

Mr. K. Santhanam: May I know, Sir, whether there will be any material changes other than those referred to in part (c) of the question in the headings under which census will be collected?

The Honourable Sir Reginald Maxwell: I mentioned, Sir, certain particulars of that kind which were under consideration in my reply to Mr. Manu Subedar's question on the 15th March.

Mr. K. Santhanam: May I know, Sir, if those particulars will be published so that the public may be able to make representations regarding that if necessary?

The Honourable Sir Reginald Maxwell: The question whether this should be published and public opinion invited on it would arise at a later stage if there appears to be any good cause for doing so, but the Government of India would normally assume that in the replies which they would receive from Provincial Governments public opinion would be reflected in them.

Mr. K. Santhanam: May I know, Sir, if the Government of India are considering the desirability of clarifying the term 'domestic occupation' which has been confused with agricultural occupation in the last Census Report?

The Honourable Sir Reginald Maxwell: I should require notice of it.

Mr. S. Satyamurti: May I know, Sir, whether Government will give an opportunity to this House to express its opinion on the need and nature of the information which ought to be collected in respect of the next census, in regard to details of caste, etc.?

The Honourable Sir Reginald Maxwell: I will consider that suggestion, but I am not quite sure whether it could be done. These things might have to be decided when the House was not in session, and it might be rather difficult.

Maulvi Muhammad Abdul Ghani: Do Government propose to issue instructions to abolish the caste system among Muslims like *Momins*, or *Jalahas*, etc.?

The Honourable Sir Reginald Maxwell: I did not say that we were abolishing the caste system but I referred to the collection of information regarding castes.

GOVERNMENT'S ATTITUDE TOWARDS THE FEDERAL COURT DECISION REGARDING SALES TAX.

1149. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

- (a) whether his attention has been drawn to a leading article entitled 'Financial powers of the provinces' in the *Hindu* of the 14th February, 1939;
- (b) whether the Government of India have now made up their minds with regard to their attitude towards the Federal Court decision in regard to the sales tax;
- (c) whether in view of the fact that other Provinces have decided to adopt what the Central Provinces have done, notably Madras and Bombay, the Government of India have further considered this question, and what their final decision in the matter is; and
- (d) whether the Government of India propose to accept the judgment of the Federal Court and leave the Provinces free to explore avenues of taxation; if not, why not?

Sir, I want to add one word in part (b) of the question, and that is—(b) whether the Government of India have now made up their minds with regard to their attitude towards the Federal Court decision in regard to the sales tax and to enable Provincial Governments to explore such avenues of taxation?

The Honourable Sir James Grigg: That does not affect my answer. (a) to (d). I am not in a position to add anything to the reply which I gave on the 9th February to starred question No. 246 on this subject.

Mr. S. Satyamurti: In view of the fact that it is an urgent and important matter, may I know, Sir, if the Government of India propose to come to a final decision on this matter, because after all the budgets are being framed and passed by the various Provincial Legislatures?

The Honourable Sir James Grigg: I quite understand that; I also quite understand the matter is an important one, but it is so important that I think any hasty or rash step would be unwise.

Mr. S. Satyamurti: Will Government consider the desirability of not disturbing the provincial budgets for next year at least, if they cannot make up their minds in time, or will they at least stay their hands?

The Honourable Sir James Grigg: The Honourable Member must know that it is quite impossible to disturb the provincial Budgets without a decision of the Privy Council over-riding the judgment of the Federal Court.

Mr. T. S. Avinashilingam Chettiar: Is there any time limit within which Government must make up their mind in this matter?

The Honourable Sir James Grigg: There is no statute of limitations applying to them.

Mr. M. Ananthasayanam Ayyangar: Is the Honourable Member aware that there is no appeal against the decision of the Privy Council?

The Honourable Sir James Grigg: The Honourable Member is giving me an important legal opinion, for which I am very grateful.

PLANS FOR DEFENCE OF INDIA.

1150. ***Mr. S. Satyamurti:** Will the Defence Secretary please state:

- (a) whether his attention has been drawn to the military correspondent's letter appearing in the *Statesman* of the 23rd February, 1939, from London especially to the paragraph entitled 'Defence Plans' and 'Unity of effort';
- (b) whether the attention of the Government has been drawn to the following sentence particularly;

'Lord Chatfield has begun his work on Defence and is looking over the development of the plans on which Sir Thomas Inskip worked. There seems no doubt but that he is setting out for real co-ordination of the forces, not in part but in whole, by placing the Dominion and Colonial forces into relation with the home plans. He knows that co-ordination is not solely a matter of re-armament and home organisation but should be in collaboration with defence overseas and the character of the aid which the Dominions can give to defence as a whole. Fortunately the overseas Government have spoken with no uncertain voice in the matter and this will support the measures which he has recently discussed with the Government of India'.

- (c) what are the measures which Lord Chatfield recently discussed with the Government of India;

- (d) whether the attention of Government has been drawn to the following sentence also:

'In the Pacific we shall have the main base at Singapore with Indian strength in rear, and on the flanks will be subsidiary bases in Hong Kong and Northern Australia. Indian defence is allied to Pacific defence and no modern strategist certainly not Lord Chatfield, conceives the defence of India as wholly covered without provision for moving a force from the Peninsula to combat danger before it becomes a matter of home defence only'; and

- (e) whether Government can and will throw any light on these defence plans?

Mr. C. M. G. Ogilvie: (a), (b) and (d). Yes.

(c) I refer the Honourable Member to the statement made by the Honourable the Finance Member on the 13th September, 1938, regarding the terms of reference of the Committee presided over by Lord Chatfield.

(e) No.

Mr. S. Satyamurti: As far as my memory serves me right, that statement of the Finance Member does not refer in any manner or to any degree to the measures which Lord Chatfield recently discussed with the Government of India, as set forth in the quotation in clause (b) of the question. May I know whether the Defence Secretary can throw any light on the question, on the nature or character of the measures which Lord Chatfield discussed with the Government of India?

Mr. C. M. G. Ogilvie: No.

Mr. S. Satyamurti: May I know why not?

Mr. C. M. G. Ogilvie: Because they are confidential.

Mr. S. Satyamurti: With reference to the answer to clause (d) of the question, may I know what is the strength of the Indian troops in Hongkong on which the statement is based, "In the Pacific we shall have the main base at Singapore with Indian strength in rear, and on the flanks will be subsidiary bases in Hongkong and Northern Australia". What is the strength of Indian troops available in these places?

Mr. C. M. G. Ogilvie: The number of Indian troops available in these places has nothing whatever to do with the sentence which the Honourable Member has extracted from a paragraph of the newspaper. There is, and there has been for many years indeed, an Indian battalion in Hongkong and it is still there.

Mr. S. Satyamurti: May I know with regard to the moving of a "force from the Peninsula to combat danger before it becomes a matter of home defence only", what are the commitments of the Indian defence forces with regard to the moving of a force from the Peninsula to combat danger from outside?

Mr. C. M. G. Ogilvie: I cannot possibly in any case divulge, as I have frequently said, defence plans, and still less can I divulge them under hypothetical circumstances.

Mr. S. Satyamurti: I am asking with regard to the statement made here by a responsible writer in the *Statesman*. I want to know what are the—I do not want defence plans, but what are the financial commitments of the Government of India with regard to operations outside India to combat danger outside?

Mr. C. M. G. Ogilvie: I could not possibly state that.

SIND BARRAGE DEBT.

1151. *Mr. S. Satyamurti: Will the Honourable the Finance Member please state:

- whether his attention has been drawn to the speech by His Highness the Aga Khan in Karachi, published in the newspapers on the 21st February, 1939, in the course of which he is reported to have said "No subvention and no debt"; and
- what the intentions of the Government of India are with regard to the future of the barrage debt which Sind owes to the Government of India?

The Honourable Sir James Grigg: (a) Yes.

(b) I would refer the Honourable Member to my reply to question No. 237 on the 9th of February, 1939.

Mr. S. Satyamurti: Is there any limit of time before the end of which the Government of India are bound to re-examine the question of the liability of the Sind Government to the Government of India in respect of the Barrage?

The Honourable Sir James Grigg: No. The Honourable Member knows as I explained in answer to supplementaries on the question to which I have referred, that the combined account for both interest and capital will not be closed till 1942-43.

PROPAGANDA IN INDIA FROM MOSCOW.

1152. *Mr. S. Satyamurti: Will the Honourable the Home Member please state:

- whether his attention has been drawn to the cablegram from the *Statesman's* London office, published on the 23rd February, 1939, regarding propaganda in India from Moscow;
- whether it is a fact that Russia, as a gesture to Britain, has ordered the permanent closing of the Third International's Indian office in Moscow which it is said for a number of years has been responsible for anti-British broadcasts in India and the distribution of political leaflets along frontier districts; and
- whether Government have any information in the matter as to whether such propaganda is being carried on in India at present?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) I regret I have no information.

(c) Broadcasts from the U. S. S. R. continue but are not, so far as I am aware, of the character suggested by the Honourable Member.

Mr. S. Satyamurti: May I know, Sir, whether Government have any information as to the nature of the English broadcasts from Moscow, whether they get any official reports of the nature and contents of the broadcasts specially to India?

The Honourable Sir Reginald Maxwell: No official report is received, as it is open to any one to listen in to the broadcasts. But my information is that they are not specifically anti-British. They give current news and views and contain a certain amount of pro-Bolshevik propaganda, but they are not definitely anti-British.

Mr. S. Satyamurti: May I know whether Government have any information with regard to clause (b) of the question, namely, the permanent closing of the Third International's Indian Office in Moscow? May I know whether Government will find out if this office has been permanently closed?

The Honourable Sir Reginald Maxwell: I imagine the matter will come to our notice if it becomes a fact at any time, but we have no information to confirm that statement.

Mr. Abdul Qaiyum: In view of the fact that this idea of propaganda from Moscow has created alarm and consternation in a certain section of the population, will Government enquire into the truth of this statement?

The Honourable Sir Reginald Maxwell: What is the question?

Mr. N. M. Joshi: Is it only in the Congress camp?

Mr. Brojendra Narayan Chaudhury: Is the propaganda anti-private property?

The Honourable Sir Reginald Maxwell: I have not listened in myself to the broadcasts, and I am afraid I am not able to give an opinion.

Mr. J. Ramsay Scott: May I say I find it very interesting and it comes along at about two o'clock every day.

Prof. N. G. Ranga: Is that a question?

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

1153. ***Mr. M. Ananthasayanam Ayyangar:** With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state:

(a) whether Article 428 of the Civil Service Regulations, which requires that there should be the least cost for compensation pension, was applied in selecting the posts for abolition in the Postal Audit Office at Madras; and

(b) if not, what was the principle on which such a selection was made?

The Honourable Sir James Grigg: With your permission, Sir, I propose to answer together starred questions Nos. 1153 to 1155

I cannot add to the information that I have already given. Government have only recently re-examined at great length the cases of these clerks and come to the conclusion that it would be administratively undesirable to re-entertain officers who have retired from service.

Mr. M. Ananthasayanam Ayyangar: May I know why those officials whose retirement would not involve much of a compensation have not been retired, and why those whose retirement would involve such a compensation have been retired?

The Honourable Sir James Grigg: That is a question which has already been asked and I have given an answer. The answer is, "I cannot add to the information that I have already given."

Mr. M. Ananthasayanam Ayyangar: May I know why those persons who had been informed, when recruited, that they were liable for service in Burma, were not sent to Burma after separation but others who were not recruited on those terms and conditions were sent to Burma? That arises from the answer to question No. 1154.

The Honourable Sir James Grigg: The representations of these officers have already been exhaustively examined by the Auditor General and he has come to the conclusion, with which I entirely agree, that the arrangements already made are the best that can possibly be made, having regard to the interests of the service as well as other interests.

Mr. M. Ananthasayanam Ayyangar: Have Government considered the desirability of re-transferring those people to India as and when vacancies arise in Madras?

The Honourable Sir James Grigg: They have considered it but they have rejected it.

Mr. M. Ananthasayanam Ayyangar: May I take it that no vacancies will arise at all? What is the reason for not providing for them?

The Honourable Sir James Grigg: It will provide only a very minor solution of the problem, if any, which the Honourable Member has in mind and would only create extra disturbance.

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

+1154. ***Mr. M. Ananthasayanam Ayyangar:** With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state the reasons for retaining at Madras some of the persons who were informed, when recruited, that they were liable for service in Burma, in preference to others who were not so recruited and whose posts were abolished?

+For answer to this question, see answer to question No. 1153.

CRITERION FOR SELECTION OF PERSONNEL FOR POSTS ABOLISHED IN THE OFFICE OF THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, MADRAS.

†1155. ***Mr. M. Ananthasayanam Ayyangar:** With reference to the information placed on the table of the House on the 3rd February, 1939, in reply to my starred question No. 1853, dated the 6th December, 1938, will the Honourable the Finance Member be pleased to state:

(a) whether it is a fact that, in reply to a telegraphic representation made by the officials at Madras compulsorily retired, the Auditor General stated that while he could not recommend the re-employment of the petitioners in the offices subordinate to him, he had no objection to their being considered as outsiders for any vacancies under the Director General, Posts and Telegraphs; and

(b) if the reply to part (a) be in the affirmative, the reason for his refusing to take them back in any of the offices under his control, or recommend their case officially to the Director General?

PROSCRIPTION OF THE BOOK ENTITLED "INDIA IN BONDAGE".

1156. ***Dr. P. N. Banerjea:** (a) Will the Honourable the Home Member be pleased to state whether a book entitled "India in Bondage" by Dr. J. T. Sunderland of the United States of America, was proscribed by Government in 1929?

(b) Were copies of the Indian edition of this book forfeited to Government, and were the publisher and printer of this edition fined Rs. 1,000 each?

(c) If the answers to parts (a) and (b) be in the affirmative, is the Honourable Member prepared to consider the desirability of withdrawing the proscription and of returning the copies of the Indian edition of the book to the publisher?

The Honourable Sir Reginald Maxwell: (a) and (b). Yes.

(c) The book was proscribed under section 99A of the Criminal Procedure Code by the Bengal Government and a notification was subsequently issued under section 19 of the Sea Customs Act by the Government of India prohibiting its import into India. So long as the order of proscription stands the question of cancelling the notification under the Sea Customs Act will not arise.

Mr. Manu Subedar: May I know if the book was proscribed because it told the truth, or it was proscribed because it was telling things which were not correct?

The Honourable Sir Reginald Maxwell: It was proscribed because it came within the mischief of section 124A and section 153A of the Indian Penal Code.

Dr. P. N. Banerjea: Is it not a fact that there is no incitement to violence in this book?

The Honourable Sir Reginald Maxwell: The whole effect of the book, as it appears to me, is likely to encourage violence on the part of impressionable people.

†For answer to this question, see answer to question No. 1153.

Mr. Lalchand Navalrai: Does the Honourable Member himself consider that it is seditious?

The Honourable Sir Reginald Maxwell: Yes, Sir. That is the conclusion arrived at from the examination which the book has already undergone.

Mr. Lalchand Navalrai: May I know if the examination has been done by the Honourable Member himself?

The Honourable Sir Reginald Maxwell: I am in possession of a full review of the contents of each chapter and that is the conclusion I have arrived at.

REGISTRATION OF FOREIGNERS IN INDIA.

1157. ***Mr. Manu Subedar:** (a) Will the Honourable the Home Member please state whether Government have considered the desirability of securing the registration of all persons in India, who are not nationals of India or subjects of Indian States or of the United Kingdom?

(b) Have Government examined the Foreigners Act of 1864 with a view to considering its adequacy under modern conditions and its revision?

(c) What information have Government with regard to the position of aliens in the United Kingdom and in one or two leading foreign countries?

(d) Is it a fact that all aliens are required in the United Kingdom to register themselves, to report to the police, and to have their papers with them with a view to provide a check on their activities?

The Honourable Sir Reginald Maxwell: (a) and (b). I would refer the Honourable Member to the debate on the Registration of Foreigners Bill which was referred by this House to a Select Committee on the 9th March, 1939.

(c) So far as aliens in the United Kingdom are concerned, the Honourable Member is referred to the British Aliens Restriction Acts, 1914 and 1919, and to the Aliens Order of 1920 made under those Acts. As regards the treatment of aliens in foreign countries, my information is that subject to exemptions for periods which vary generally from 24 hours to two months, alien visitors are required to register or report their presence in at least 30 countries in Europe, America and Asia.

(d) The Honourable Member is referred to Articles 6 and 7 of the British Aliens Order, 1920.

Mr. Manu Subedar: In view of the precipitation of events in Europe, may I inquire whether Government have got ready the full machinery for enforcing the Act which is under the consideration of the House and also whether they have examined the question of insisting on an identity card being carried by every foreigner?

The Honourable Sir Reginald Maxwell: To answer the last part first, the Act which is under the consideration of the House or will shortly come up for consideration provides for obtaining proof of identity. As regards the first part of the Honourable Member's question, Government have very carefully been considering their plans and have got on with them as far as it is possible to do so in the absence of an Act for the registration of foreigners.

Mr. M. Ananthasayanam Ayyangar: What is the reason for not bringing in a more comprehensive Bill, providing restrictions for foreigners transacting business or carrying on work in municipal and other services in this country?

The Honourable Sir Reginald Maxwell: I explained that at some length in the debate on the Bill and I hardly think I need enter into all that matter again.

EXAMINATIONS HELD TO RECRUIT CLERKS IN THE GOVERNMENT OF INDIA.

1158. *Sardar Sant Singh: (a) Will the Honourable the Home Member be pleased to state whether it is a fact that the Federal Public Service Commission hold competitive examination nearly every year to recruit clerks for the Government of India Secretariat and attached offices?

(b) Is it also a fact that a list of successful candidates is prepared in order of merit and offers of appointment made in accordance with communal representation?

(c) Is it a fact that a similar examination for the recruitment of third division and routine grade clerks was held in December, 1937, to fill vacancies occurring during the financial year 1938-39?

(d) Will Government please state how many third division clerk's vacancies have actually been withheld since the issue of the instructions for economy?

(e) Do Government propose to consider the question of offering all the vacancies occurring during the financial year 1938-39 but withheld in view of economy to the successful candidates who appeared at the examination in 1937?

The Honourable Sir Reginald Maxwell: (a)–(c). Yes.

(d) 27.

(e) The question has been considered and it has been decided that successful candidates from the 1937 examination list will be appointed to such vacancies as occur and are actually filled during the financial year 1938-39.

REVERSION OF CERTAIN UPPER DIVISION CLERKS IN THE ARMY HEAD QUARTERS.

1159. *Sardar Sant Singh: (a) Will the Defence Secretary be pleased to state whether it is a fact that some upper division Indian Army Corps of Clerks in the Army Headquarters have been reverted to lower division and their pay has been reduced by about Rs. 50 each?

(b) Is it a fact that these clerks were promoted from the lower division and were confirmed in that division and enjoyed some promotions as well? If so, what reasons led the authorities to demote them *en bloc* now?

Mr. C. M. G. Ogilvie: (a) and (b). Yes. The facts of the case are that owing to a misunderstanding of the intention of Government orders twelve lower division clerks of the Indian Army Corps of Clerks were erroneously promoted by Branches of Army Headquarters to the upper division of that Corps, without their fitness having been first tested by an examination. A copy of the conditions of service for the Indian Army Corps of Clerks is given to all candidates on first appointment, and these

terms state that before promotion an individual must be qualified and efficient. After full consideration, it was decided that such of these clerks who had been erroneously promoted should be required to sit for an examination, together with other candidates from the lower division who had been recommended but not promoted. This was held in January, 1939, at which all twelve candidates in question, together with 27 others, were examined. Six of the twelve qualified for retention in the upper division, while the remaining six, who were not successful, were relegated to the lower division.

Mr. Lalchand Navalrai: May I know how many of these reverted candidates have been successful?

Mr. C. M. G. Ogilvie: Six.

APPOINTMENT OF MEMBERS OF THE GOVERNOR GENERAL'S EXECUTIVE COUNCIL.

1160. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Home Member please state whether the Government of India have any hand or any say in the appointment of Members of the Governor General's Executive Council?

The Honourable Sir Reginald Maxwell: No, Sir. Members of the Governor General's Executive Council are appointed by His Majesty by warrant under the Royal Sign Manual under section 36 (1) in the Ninth Schedule of the Government of India Act, 1935.

Mr. Brojendra Narayan Chaudhury: Are not the Members of the Executive Council consulted regarding the appointment?

The Honourable Sir Reginald Maxwell: I have already referred the Honourable Member to the authority for appointment.

Mr. Sri Prakasa: Does His Majesty interview them before appointing them?

Mr. M. Ghiasuddin: Who advises His Majesty upon them? Surely he does not act on his own choice?

The Honourable Sir Reginald Maxwell: I cannot give any information on that subject.

EMPLOYMENT OF SERVANTS AND FOLLOWERS THROWN OUT OF EMPLOYMENT BY THE DEPARTURE OF CERTAIN BATTALIONS FROM LUCKNOW CANTONMENT.

1161. *Mr. Mohan Lal Saksena: (a) Will the Defence Secretary be pleased to state whether it is a fact that the President, Cantonment Board, Lucknow, made a representation to the Officer Commanding, Lucknow, on behalf of the servants and followers in Lucknow Cantonment who have been thrown out of employment by the departure of the First Battalion, the Buffs, overseas and the transfer of 14/20th Hussars to Sikandrabad? If so, what action has been taken by Government to secure employment for them?

(b) Is it a fact that the majority of servants and followers employed with the Royal Welch Fusiliers are from the Punjab and have been brought to Lucknow by the contractor? If so, for what consideration have they

The Honourable Sir Reginald Maxwell: I replied to that in part (c) of the question.

Mr. T. S. Avinashilingam Chettiar: Of these eight, how many are detained without trial?

The Honourable Sir Reginald Maxwell: None.

APPLICATION OF THE PUNJAB SUPPRESSION OF IMMORAL TRAFFIC ACT TO DELHI PROVINCE.

†1163. ***Mr. Suryya Kumar Som:** Will the Honourable the Home Member please refer to the reply given to part (a) of starred question No. 791 on the 5th October, 1936, and state:

- (a) the date on which the Punjab Suppression of Immoral Traffic Act was passed;
- (b) the result of the consideration of the question of applying the Punjab Suppression of Immoral Traffic Act to the Delhi Province; and
- (c) the date from which the Punjab Suppression of Immoral Traffic Act shall apply to the Delhi Province?

The Honourable Sir Reginald Maxwell: (a) The Punjab Suppression of Immoral Traffic Act, 1935 (Punjab Act IV of 1935), was passed on the 21st November, 1935.

(b) and (c). The Act was extended to the Delhi Province by the notification of the Government of India in the Home Department, No. 173/38-Judicial, dated the 26th November, 1938. It has not, however, been applied as yet by the Chief Commissioner to any area in Delhi. He is in communication with the local authorities and "social service" associations on the subject of administrative arrangements in this matter.

SUBJECTION TO INCOME-TAX OF PENSIONS PAID IN ENGLAND.

1164. ***Mr. C. N. Muthuranga Mudaliar:** Will the Honourable the Finance Member state:

- (a) whether pensions earned by Englishmen in England are subjected to income-tax by the Government of the United Kingdom;
- (b) whether persons resident in the United Kingdom in receipt of pensions from overseas are taxed in the United Kingdom;
- (c) what action the Government of India have taken about the recommendations in the Select Committee's Report on Income-tax signed by the Honourable the Finance Member and Mr. J. F. Sheehy and Mr. S. P. Chambers amongst others, in regard to the representations to be made to His Majesty's Government to amend the Government of India Act, 1935, so as to make pensions payable out of Indian revenues assessable to the Indian Income-tax (paragraph 6 of page 1, Select Committee's Report);

†Answer to this question laid on the table, the questioner being absent.

- (d) whether, in case no action has as yet been taken, Government propose to take any action now or in the near future; and
- (e) in case the Government of India do not propose to make any representations, what are the reasons underlying the Government's decision?

The Honourable Sir James Grigg: (a) Yes.

(b) Yes.

(c) The recommendation made in the Select Committee's report has been forwarded to His Majesty's Government.

(d) and (e). Do not arise.

Mr. S. Satyamurti: With reference to the answer to part (c) of the question, may I know if, in forwarding the recommendation of the Select Committee, the Government of India expressed any opinion of theirs or any recommendation of theirs on that recommendation of the Select Committee?

The Honourable Sir James Grigg: The Honourable Member may not ask that; I mean, he may ask that but I won't answer it.

Mr. M. Ananthasayanam Ayyangar: May I know what steps have been taken by His Majesty's Government to modify it, as desired by the Select Committee?

The Honourable Sir James Grigg: No overt steps yet.

FOREIGN MONEY SPENT IN INDIA.

1165. ***Mr. Manu Subedar:** (a) Will the Honourable the Home Member please state if the attention of Government has been drawn to an editorial note in the *Statesman*, dated the 3rd March, 1939, in which the following allegation has been made:

"Evidence of foreign money being spent in India is also, we understand, accumulating fast. One Power in particular seems to be acting in a manner which may require sharp action"?

- (b) Is it possible for Government to state what information they have on this subject and what steps are being taken to counteract this subversive propaganda by foreign powers?
- (c) Have Government considered the desirability of taking the Leaders of Parties of this House in confidence on this subject?
- (d) Have they apprised Provincial Governments of the danger and sought their co-operation for the suppression of such subversive propaganda, or for counteraction, where necessary?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b), (c) and (d). Government are alive to the danger of subversive propaganda in India financed from abroad but regret they cannot divulge publicly the information they possess in the matter.

Mr. S. Satyamurti: May I know what are the steps they are taking to stop this inflow of money for propaganda in this country?

The Honourable Sir Reginald Maxwell: The steps to be taken are very limited. The main point is to be aware of everything that is happening.

Mr. Manu Subedar: Have Government any information in their possession which would substantiate or destroy the rumour which we have been hearing that some foreign money was used in connection with the election campaign of the Congress President?

The Honourable Sir Reginald Maxwell: I have no information on that point.

Mr. S. Satyamurti: Have Government any power, or do they propose to take power if necessary by legislation, forfeiting any money sent by hostile or inimical countries to this country for hostile propaganda here?

The Honourable Sir Reginald Maxwell: It is very difficult to take any such action; I believe it would not accord with certain postal conventions.

Sir Cowasji Jehangir: The Honourable Member said that the action to be taken by him was limited. May I know why it is limited?

The Honourable Sir Reginald Maxwell: It is a matter of the relations between His Majesty's Government generally and foreign countries.

Sir Cowasji Jehangir: Is the Honourable Member aware that foreign countries take a far severer action or similar action in their own country, (An Honourable Member: "Concentration camps"), and have "concentration camps"—as the Honourable Member says?

The Honourable Sir Reginald Maxwell: No, it is not possible to take action against persons who do not infringe the law in any way.

UNSTARRED QUESTIONS AND ANSWERS.

RECRUITMENT OF DELHIWALAS TO CERTAIN SERVICES.

36. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state:

- the total number of Assistant Secretaries, Superintendents, Assistants, Clerks, Duffries, Record Sorters and peons in the offices of the Government of India, Delhi Province and Delhi Division, North Western Railway;
- how many of them belong to the Province of Delhi; and
- whether Government propose to take more Delhiwalas in these services in future; if not, why not?

The Honourable Sir Reginald Maxwell: (a) and (b). The collection of the information would involve an amount of time and expense which is not justified by the subject.

(c) As regards the superior and subordinate services recruited on an all-India basis Government recognise no claim for representation on territorial grounds. They have no reason to believe that in the services recruited on a local basis the inhabitants of Delhi Province are under-represented.

PERSONS EMPLOYED IN THE DELHI POLICE FORCE.

37. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state:

- the number of persons employed in the Delhi Police Force in each rank, both gazetted and non-gazetted;
- the sex they belong to;
- the community they belong to;
- their place of birth and their native district;
- total number of each sex, community and district;
- the reasons for preponderance by any community or by any district; and
- the reasons for the paucity of Delhiwalas in each rank?

The Honourable Sir Reginald Maxwell: The information has been called for from the Chief Commissioner, Delhi, and will be laid on the table of the House in due course.

MOTION FOR ADJOURNMENT.

EJECTMENT AND PROSECUTION OF A FIRST CLASS RAILWAY PASSENGER FOR WEARING A Dhoti.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has received notice of a motion for the adjournment of the business of the House from Qazi Muhammad Ahmad Kazmi for discussing a matter of definite and urgent public importance, viz., the ejectment of a first class passenger from the carriage and his prosecution as he was wearing a dhoti, as reported in the *Hindustan Times*, dated the 19th March, on page 13. What happened to this prosecution?

Qazi Muhammad Ahmad Kazmi (Meerut Division: Muhammadan Rural): This person was prosecuted under section 120 of the Indian Railways Act, and the report that appears in the *Hindustan Times* is that the magistrate acquitted him with the remark that the wearing of a dhoti cannot be considered to be an offence.

Mr. President (The Honourable Sir Abdur Rahim): Is not the Honourable Member satisfied with that finding of the Court?

Qazi Muhammad Ahmad Kazmi: I am perfectly satisfied with the finding of the Court, but what I want to discuss is the treatment that was meted out to the gentleman by the railway official and his prosecution under section 120 of the Indian Railways Act.

Mr. President (The Honourable Sir Abdur Rahim): The magistrate has found, the Chair understands, that the prosecution did not lie or at any rate was badly conceived, and that he was entitled to wear a dhoti.

[Mr. President.]

If that was so, then any damage which has been caused to him by the ejection, surely there is remedy for it.

Qazi Muhammad Ahmad Kazmi: It is not a question of damage to the man, but it is a question of the discretion of the railway authority as to whether the wearing of a *dhoti* would be an offence or would be an indecent act?

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it that the Honourable Member's contention is correct that wearing a *dhoti* in a first class compartment or in any compartment is not an offence. He has got such a decision. Nobody disputes it.

Qazi Muhammad Ahmad Kazmi: But the railway authorities disputed it and harassed this gentleman?

Mr. President (The Honourable Sir Abdur Rahim): Cases do occur where people are prosecuted and the prosecution is found to be baseless.

Qazi Muhammad Ahmad Kazmi: But this is a case of frivolous prosecution. The railway officials ought to have discretion enough to understand whether the wearing of a *dhoti* would in any way come under section 120. They turn a person out of the railway compartment and then the Court may find that the man was not guilty of anything, but still the railway authority would be liable for this that they have used their discretion in a way so as to harass a passenger?

Mr. President (The Honourable Sir Abdur Rahim): The Chair rules it out of order.

ELECTION OF MEMBERS TO THE PUBLIC ACCOUNTS COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 15th March, 1939, the time fixed for receiving nominations for the Committee on Public Accounts, twelve nominations were received. Subsequently eight members have withdrawn their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following to be duly elected to the Committee, namely:

- (1) Captain Sardar Sir Sher Muhammad Khan;
- (2) Sirdar Jogendra Singh;
- (3) Prof. N. G. Ranga; and
- (4) Maulvi Muhammad Abdul Ghani.

THE INDIAN FINANCE BILL--contd.

Mr. President (The Honourable Sir Abdur Rahim): The Assembly will now resume consideration of the motion moved by the Honourable Sir James Grigg that the Finance Bill be taken into consideration. Dr. Banerjee.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, yesterday afternoon, I was about to begin the discussion of possible alternatives to meet the deficit when the House rose for the day. Supposing, there is a real deficit, I suggest, Sir, that there are three alternative measures which would be better calculated to meet the deficit than the proposal made by the Honourable the Finance Member. The first of these alternative measures is a reduction in the salaries of the officers of Government on a graduated scale. It is a well-known fact that the salaries of Government officers, in India, are higher than those paid even in rich countries, in fact higher than those paid anywhere else in the world. In view of this fact it is absolutely essential in a poor country like India to adopt the policy of reduction of salaries of all Government employees above a certain minimum. If that is done according to a graduated scale, then a sufficient sum will be saved which will not only wipe out the deficit but will leave a margin for reduction of taxation. A further saving will arise from the abolition of useless posts. There is a number of well-paid posts which can be abolished without any detriment to the efficiency of the administration. This also should be taken into consideration.

My next suggestion is that the existing arrangement for the grant of relief in respect of double taxation should be withdrawn. In connection with the passing of the Income-tax Bill this matter was urged by us, but it was not accepted by the Government. In view of the coming deficit, I hope this suggestion will meet with due consideration at their hands. It will involve, it is true, an amendment of the Income-tax Act, but if the Government bring forward a proposal, the Act will be amended at a single sitting by this House. This will give the Finance Member a sum of about a crore of rupees, that is to say, it will leave in his hands a margin of about half a crore after meeting the prospective deficit.

My third suggestion is that all sums of money, which are paid in England out of the Indian treasury in meeting interest charges, on sterling loans and pensions of retired officers, be subjected to the Indian income-tax. I will be told that this will require the amendment of the Government of India Act, but my contention is that the Government of India Act is not immutable like the laws of the Medes and Persians. If the Government of India approach the British Government, the Government of India Act may be amended in the course of a few days. There will be no difficulty in this regard. If there is the will, there will be no difficulty in finding the way. This measure is likely to yield between 1½ crores and 2 crores of rupees?

Thus, any one of the measures suggested by me will be quite sufficient for meeting the deficit in the budget and for leaving a margin for the reduction of taxation, while a combination of all these measures will be sufficient not only for both these purposes but will leave as a margin a large sum of money for expenditure on the nation-building activities of Government.

Coming to the remission of taxation, the Honourable the Leader of the Opposition stressed yesterday the need for reducing the price of the postcard. Four years ago I moved an amendment to the Finance Bill urging the reduction of the price of the postcard from three pice to two pice and this amendment was carried by an overwhelming majority. But, unfortunately, the Government did not see their way to accept the amendment. The time has now come for them to take a decisive action on this

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question. I need hardly say that this is a matter in which there exists in the country a great deal of discontent.

In the concluding portion of his budget speech the Finance Member echoed the *obiter dicta* of the Chief Justice of the Federal Court regarding the need for mutual forbearance between the Provincial Governments and the Central Government with regard to concurrent powers of taxation. I hope and trust that the Provincial Governments will take due note of this admonition, and I am sure the Central Government will bear the matter fully in mind. The Finance Member also stressed the necessity for "a release of the stresses operating between race and race and community and community." Although it may be said that this homily comes with ill grace from a person who has consistently flouted the opinion of this House and has persistently gone against the public opinion of the country. I, for one, am prepared to accept his plea for co-operation. The Finance Member pleaded for political reconciliation which, according to him, was needed for the economic welfare of India as well as of the rest of the world. Sir, I am entirely in favour of political reconciliation, but I must emphasise the fact that political reconciliation must be based on fairness and justice. If there is a proper approach made from the side of the Government, I am sure that there will be adequate response from this side of the House. Meantime, the attitude of the Government of India and of the British Government towards our proposals, made in connection with this budget, will be a test of the sincerity of their desire for reconciliation.

Sir James Grigg was sent out to India by the British Government five years ago. During his term of office he has served his country faithfully and well, for which, I am sure, he will be amply rewarded by Britain. Whatever my differences with him may be on political and economic questions, on the eve of his departure from India I wish him *bon voyage* and express the hope that he will live for many more years and enjoy health and vigour so that he may be able to render further services to his own country.

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): Sir, the Finance Member has produced again a deficit budget this year. 12 Noon. The deficit is something like 200 lakhs. Although he is making up this deficit by taxation, he says that the three crores provided for the reduction of debt will not be paid this year. That was a very useful measure and I will come to it later on. Now, Sir, coming to the Finance Bill I find that the Finance Member has got a very soft corner for the lower middle classes. Although he has got sympathy with this class, he has adopted a very astute attitude towards them and when they combine them and form them into a company. So far as the rich are concerned he has prepared a guillotine for them. But one thing is very significant in his budget, namely, that it shows no care for the masses who contribute to the taxes of this country.

I will take the receipts side first. The first item that I wish to touch is the income-tax. The Honourable the Finance Member showed a good deal of eagerness in passing the Income-tax (Amendment) Bill in the last Session. He expected a large amount of money from this measure. But we had our own doubts on this point. The net result of the passing of the Income-tax (Amendment) Bill is a practical lessening of the income derived from this source before. The Honourable Member has budgeted

for an increase by 49 lakhs from this source during 1939-40. This is including the leave pay exemption. By withdrawing this leave pay exemption, the Finance Member expects to get 50 lakhs. Including these 50 lakhs, the net result of increase this year will be only 49 lakhs. This means if there was no leave pay exemption, the passing of this Bill would have resulted in a decrease of one lakh this year. For the lower middle classes, the Finance Member expects to give relief to the extent of 98 lakhs. Let us see how he likes to give it. In order to give this relief he is getting 117 lakhs from super-tax from individuals. That is for giving relief to the lower middle classes, he is extracting 117 lakhs from the rich people. My Honourable friend, Sir Cowasji Jehangir, showed the other day what a small number of rich men have been left in this country and it will not be a compliment to the Finance Member to kill the remaining few rich men of this country. Then, Sir, when he comes to the company, he loses all sympathy for the lower middle classes. If three or four men combine together and form a company, he has got no sympathy for them. Of course, as I said before he has got sympathy for individual lower middle classes. But when the question of company comes in he becomes very severe to tax them. I do not understand his attitude in this matter. If he could give relief to individual lower middle classes, why can't he give relief to the same classes of people when they form into a company. When the Income-tax (Amendment) Bill was under discussion in this House, I had great doubts whether the expectations of the Finance Member would be fulfilled. So far as clause 4 of the Bill was concerned, he expected to get all the money to cover his deficit this year. I had great doubts whether it would be a fact. Even on an accrual basis, we did not expect he would get much money. Our doubts have proved true. What we find is that the Finance Member has got practically nothing by bringing in his new Income-tax (Amendment) Bill. So far as the main provisions are concerned, they will remain a dead letter. Of course I must give the Honourable Member credit for the patience with which he is bearing his disappointments. In order to keep the receipts steady he made a good deal of jugglery with figures. In his despair to find money to balance his budget, he has bestowed a lot of labour.

The next item of new taxation is *khandsari* sugar. We all considered this to be something like a cottage industry. The *khandsari* sugar is used by the poor classes and not by the rich. Now, Sir, taxing the *khandsari* sugar produced outside the factory will mean something like taxing the yarn produced on the *charka*. There is one strange thing in regard to this tax. The Finance Member knows full well that there will be reduction of output of sugar in this country this year. He knows full well that the price of sugar is very high and the consumption is falling. In spite of that he goes on taxing *khandsari* sugar. What for? He says the imports of foreign sugar more than compensate for the loss of revenue. This shows what he has got in his mind. He does not like that the indigenous industry should thrive. That is why he says that although there will be less production of sugar in this country we will get more revenue by taxing the imported sugar. This is the attitude of all Finance Members from the beginning and that is why the industries of this country are not thriving.

Now, Sir, I come to the question as to why successive Finance Members are in this financial plight. In the last 25 years there have been as many as 12 or 13 items of taxation and there is very little remission of

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these taxes, but how is it that the Finance Members cannot get the requisite money? It is not the fault of the Finance Members but of the British policy in this country. I showed, in another connection, that that policy is that this country should not accumulate any wealth or keep up its prosperity. I showed also that in 1833 Lord Macaulay said that India was the richest country in the world, except France. What has become of that wealth? We find that the present poverty of this country has been due to the policy of the British Government. Since 1914, there has practically been no increase of Government revenue. In 1914, the Central Revenue was something like 80 crores and, in 1939, it is something like 82 crores. So, practically, there is no increase. Compared to other countries what do you find? The central revenue in Japan in 1914 was 92 crores and in 1930 it rose to 208 crores. Whereas, the Government revenue is increasing in every country by leaps and bounds India is the only country where it is almost stationary. Who is responsible for this? We find that there is a drain upon Indian finances year after year. There is a foreign investment of something like 1,300 crores in this country and the interest paid takes away something like 65 crores of our money every year. Then exchange, etc., takes away another 21 crores, business takes 40 crores, British and foreign shipping takes away 35 crores,—altogether it comes to 161 crores. On the top of this there are official remittances to England for pensions, home charges, liabilities to non-British traders, etc. The economist calculated the total drain of India every year as something like 220 crores, which comes to as much as over 12 per cent. of the national income of the country leaving 88 per cent. for the millions of people in India. That is one of the reasons why we are not prosperous as before. Another reason is the apathy of the administration.

Although India is an agricultural country, it is well known that it was not wholly agricultural before the British came here. People could supplement their agricultural income from industries, but Government showed such apathy towards these industries that they did not raise their little finger to help them. Several times India made an effort to establish industries; after the Swadeshi agitation hundreds and thousands of companies were floated, but Government never encouraged them, with the result that for want of expert knowledge and funds most of them went into liquidation. Had Government taken care of them the Central revenues would not have been in this sorry plight today. They have only milked the cow without caring for the food to be given to the cow and now the condition is that the cow cannot give any more milk. The Finance Member in his desperation to find money looks this way and that way and in spite of several taxes imposed this year he did not find that enough but was driven to draw on the military sinking funds to the extent of 49 lakhs, although that sinking fund was not meant for this purpose. Then, Sir, Finance Members have a habit which is peculiar to them and that is that they trifle with us in whatever suggestions we may make. All is wisdom on their side and all ignorance on ours. There are good sources on which taxes can be based but they will never try them. For instance there has been a drain of gold from this country going on for the last so many years: up to now, something like 325 crores have been drained off from this country. Government could easily have put an export duty on this gold and they would have got money for their purposes, but they will never do it.

I come now to the expenditure side and I will first take defence. Although the Finance Member says there is practically no increase in defence expenditure there is actually an increase of 216 lakhs and the main item, although our revenues are so poor, is the improvement of the prospects of British officers, costing us 150 lakhs. What was the necessity for giving more to these people who are already getting so much? They could easily have waited for better times. It would have given us some consolation if steps had been taken to increase the defence expenditure for the benefit of this country. Then, Sir, we have been kept in the dark so far as the working of this department is concerned. So long as British prestige was high, we could afford to be in the dark, but now there is a great deal of difference. We find that dark days are coming. We have ascertained from the Defence Secretary, by putting questions, what strength they have in this country in defence matters. Time after time he has admitted that the Indian Army is not enough to check a major invasion of India by any major power. The Indian Army is kept only to check the first onrush of a major attack and to defend India until British soldiers can be brought over from England. The other day also in reply to a question the Defence Secretary said that the British Navy has to defend the Indian coasts. The British Navy was invincible so long, but circumstances have now changed. How can the British come to the rescue of India? The Gibraltar defences have gone; the Malta defences have vanished practically; the Mediterranean is not open to them; how can the British army come to India and help India in the case of a major attack? We cannot afford to be in the dark hereafter, so far as the working of this department is concerned. We do not want that we should be handed over as bond slaves to any other invader. We are trying our very best to see that this is the last foreign domination; we cannot afford to be under the domination of any other foreign country. But although we find the British are so helpless and their prestige practically gone, they are not still taking us into their confidence. If they had satisfied us that the money they are spending for defence purposes is intended for the defence of India, we would not have grudged them this money: we would have gladly given them more. But they are not taking us into their confidence. This British protection to India's defence is costing us a lot and giving us the least result. Had the Indian Army and the Indian Navy been an independent unit of India we would have been able to defend ourselves better. In Canada I find that in 1934 their defence budget was 13·4 million dollars, that is, I think about four per cent. of their revenues; but here our defence expenditure is nearly 60 per cent. of our revenues and, still, the defence measures are not complete and the authorities cannot give us an assurance that the army maintained will be sufficient for the defence of India. The time has come when the authorities should explain things at least to our leaders, so that they may know that India is not going to be the victim of any foreign domination as soon as the Britishers leave.

There is another aspect of this question. So far as the defence expenditure is concerned, according to us, in many cases they misuse their power. Operations on the North-West Frontier have been going on for the past 12 or 13 years; and regular operations have been going on for the last two or three years; the Defence Secretary admitted the other day that although they had spent an extra three crores and more nothing has been gained yet. We have been crying hoarse that our men and money should not be wasted in the North-West Frontier. But as I have said before, they all

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consider that whatever we say is ignorance and whatever they say is wisdom, and so they don't care for our instructions.

Now, Sir, things are moving in such a rapid way that the menace of another attack on India is very near. In the course of this week we find the votaries of war are coming further on India's side. It may be that beyond our expectations something may happen and India might be in danger of an attack. So, Sir, it is all the more reason that the operations in the Frontier should cease now and the Government should concentrate on the defence of India.

Now, Sir, a word about how things can be improved. The Government can say that we can only criticise but we cannot give any constructive suggestions. They may say as the Poet said,

"Every body can instruct, but cannot instruct himself".

It is to accomplish our purpose that we want to give instructions to Government how to improve matters

The Honourable Sir James Grigg (Finance Member): Thank you.

Maulvi Abdur Rasheed Chaudhury: First of all, my suggestion is that the foreign debt of India which is somewhere in the neighbourhood of 500 crores should be reduced. We have been paying interest on this foreign debt for the last so many years and Britain has taken enough money from India and she should not take any more. I have one suggestion to make for improving our finances and to stop the drain on this particular item

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must remember that there are other Honourable Members who want to speak on the Finance Bill.

Maulvi Abdur Rasheed Chaudhury: The *per capita* debt of India is something like Rs. 45. In the case of Britain it is over Rs. 2,000. So it is easy to raise a loan to pay off this foreign debt. This will give a relief to the extent of about 50 crores a year

The Honourable Sir James Grigg: You pay interest on money borrowed in India?

Maulvi Abdur Rasheed Chaudhury: Yes, I understand that, we will pay interest for the money we borrow in India, but the money will remain in India and with that interest we will be able to build up Taj Mahals and other things. At present all this money is wasted so far as India is concerned.

Then, Sir, there is another method which was suggested by my friend, Pandit Lakshmi Kanta Maitra. It is an admitted fact that the expenditure on administration has no bearing on the income of the country. India is a very poor country, but she is paying for the cost of her administration much more than the richest countries in the world. Therefore, if economy is practised a good deal of money can be saved. We all know that in the Congress provinces the Ministers are drawing only Rs. 500, and they are managing the departments quite well, and although we cannot force the authorities here to adopt similar measures to reduce salaries all round, yet there is a moral obligation on them

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is repeating too much.

Maulvi Abdur Rasheed Chaudhury: They can reduce a good deal of expenditure by reducing salaries all round. Sir, the other suggestions have been made by other speakers, and I do not wish to waste the time of the House by repeating them. With these words, I resume my seat.

Mr. C. N. Muthuranga Mudaliar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I think this is the fifth time that we are discussing the Finance Bill. Although we had not bargained for so many Finance Bills, yet they have been thrown upon us much against our wish, and I do not know how many more Finance Bills this Assembly will have to face. We have the same old finance measures, same provisions, the salt tax remains the same, it is the same old rate of Rs. 1-4-0 per maund, though year after year we have been endeavouring to reduce it. The price of the postcard remains the same as before, namely, nine pies, though we have been urging for the past five years to lower its price to six pies. These enhanced duties had been imposed as an emergency measure as a result of the last Great War, and, although another war is impending, none of these maximum duties have been lowered. In addition to the usual duties, we have been confronted now with two other imposts, the duty on imported raw cotton and the reduced duty on *khand-sari* sugar. I would welcome the reduced duty on *khand-sari* sugar if the definition of a factory had been kept as it was, but that definition has been removed, and it will cause a great deal of hardship to the cottage industry, and so the definition of a factory must be modified. You may say referring to factories, a factory is one which employs ten or more people instead of twenty or more as it is now or you must abolish the duty altogether on *khand-sari* sugar which is a cottage industry. As for salt, for three or four years Government imposed a duty on foreign salt imported by sea, but for the last two years that duty has been abolished. As a result, now that Aden also is not part of India, foreign salt has been dumped into this land and the locally manufactured salt is at a disadvantage. I may mention that last year one factory in the Tanjore District was closed and I am not sure if the imported salt had not its own result in the closing of this factory. Coming to income-tax, I welcome the slab system as being beneficial to the small taxpayers, while, at the same time, the Government is getting revenue from those who are well able to bear it. But I cannot give credit to the *bona fides* of the Finance Member. While I do not want to be hard on him on the eve of his retirement, I cannot compliment him on his achievement. While he wanted to test the *bona fides* of the Congress Party, when the Income-tax Bill was under discussion by removing the distinction between resident and domicile with regard to non-Indian businessmen and thus roped them in with their foreign income, he has secured loopholes to the highly paid non-Indian officials by fixing an exemption minimum of Rs. 3,500 for the foreign income which was really meant for the foreign income of the small trader. But it now applies also to the foreign investor—the highly paid non-Indian officials in India.

Then, Sir, a special Session of this Assembly was held in November last, at an enormous cost, in order to amend the Indian Income-tax Act, and it was so done. Yet, the Government of India has not acquired the right to assess to income-tax pensions paid out of Indian revenues to retired British officials who receive their pensions in England, nor is the interest earned in India on sterling loans of the Government of India

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assessable to income-tax. The Select Committee of this House which considered the Income-tax Bill has made the following recommendation:

"Explanation 2 has not been altered, but the Committee records its opinion in connection with this Explanation that the Central Government should approach His Majesty's Government to amend the Government of India Act, 1935, so as to make pensions payable out of Indian revenues chargeable to Indian income-tax".

Sir, the Honourable the Finance Member who was in charge of the Bill is also a signatory to the Select Committee's Report among others. I do not know what action was taken on this recommendation, or whether any action was meant to be taken on it. In an answer to a question this morning he said that there is no overt act. I do not know what he means by it. Perhaps, it was meant as an eyewash to the Nationalist Members of the Select Committee. But let us wait and find out the *bona fides* of the Government of which Sir James Grigg is a member. While we are precluded from taxing these incomes, it goes to benefit the United Kingdom Treasury. This state of things must be altered and income earned in this country must be liable to taxation in this country primarily.

On the expenditure side, the Government is maintaining a top-heavy administration sanctioning huge salaries and heavy allowances. New offices and new departments are being created, and so-called experts are being imported from abroad. New Departments, such as the Viceroy's Special Secretariat, and the Reforms Office, are created and kept on, though the Federal scheme, according to the Government of India Act, is receding day by day, and it looks as though the Congress will succeed in driving out Federation beyond the borders of India. In no country in the world is the salary of officials so high as in India. While the average income in India is not more than Rs. 80 per annum and that of a Britisher in his land is about Rs. 1,250 per annum, the salary of a Britisher in this land is at least double that of an officer of the same rank in Britain. If we compare the same with that of other countries, it will even be three times and four times the salary in those countries. Besides such huge salaries, they are given the overseas allowances and first class travelling allowances for themselves and their wives and children when they go on leave, which is not very rare. The Indian taxpayer's money is freely distributed by the Finance Member amongst his own countrymen. The Government have appointed committees, such as, the Maxwell Committee, the Wheeler Committee, the Wedgwood Committee, and on the strength of their recommendations, pools of officers from the I. C. S., are being dumped into the Secretariat thus increasing further the cost of administration, and, perhaps, also with a view to tie the hands of the Federal Ministers when such a catastrophe happens. Sir, we want the services to be Indianised for three reasons. First, our self-respect demands that our administration should be carried on by our nationals. England does not get their army experts from Germany, her dairy experts from Denmark, nor her railway experts from South Africa. Then, why dump all sorts of so-called experts from the United Kingdom on Indian shores at such huge cost? As if all sorts of salaries and allowances are not enough, an agitation is going on against the employment tax imposed by the United Provinces Government. Questions were raised in the House of Commons with regard to salary cuts questioning the legality of the same. Another question by the same member was asked, "Whether the Under Secretary's attention has been drawn to the Employment-tax Bill of the United Provinces Government which proposed to make large cuts, by a graduated

taxation, on the officials who have already paid taxes and a request was also made if a grant of disturbance allowance could not be made. The Under Secretary seems to have replied that the question of a grant of disturbance allowance, under Indian conditions, was still under the consideration of the Government of India and he hoped that the consideration would be completed as soon as possible. With what haste things are moving when their own interests are concerned! I may here appeal to all the Provincial Governments to replenish their coffers by imposing this employment-tax in their respective provinces. I hope the Government of India will not commit the blunder of granting a disturbance allowance and burden the taxpayer with further commitments. Another reason why we want Indianisation is to solve, to some extent at least, the educated unemployment and also effect economy in administrative expenditure.

I shall here mention certain items of extravagant expenditure from which alone much economy can be effected. Payments to the Crown Representative amounting to 133 lakhs of Rs. Reckless extravagance is visible in the creation of a political adviser on Rs. 5,000 a month which is wholly uncalled for. Superfluous Political Agents may be conveniently retrenched. Unnecessary medical establishment may also be retrenched. In every State, small or big, there is a Resident and a medical surgeon. They necessarily involve lot of establishment costing lakhs of taxpayers' money and then there are several fancy allowances such as saloon allowances, motor allowances, house allowances, sumptuary and travelling allowances, purchase and repair of tents, maintenance and renewal charges of agency furniture, rents, rates and taxes, liveries and warm clothing and what not. If the Paramount Power needs their services then Briton must pay for them. If the States want them, then the States must pay for them. Why should the Indian taxpayer be burdened with this extravagant expenditure. If these residents and surgeons are appointed one for a number of small States, lakhs and lakhs of taxpayers' money could be saved. Again why should there be a grant to the Mayo College for Princesses? Why should Residents travel in saloons? Amongst wholly non-voted heads, the Viceroy's staff, household and allowances amounting to over 16 lakhs is a criminal waste of money in useless paraphernalia. The Secretariat of the Governor General which is a wholly new creation costs 3½ lakhs. Principal Supply Officer, another white elephant, costs another lakhs. Another Secretary to the Defence Department also costs another Rs. 45,000. The Ecclesiastical expenditure, another wholly unwanted one, has this time increased from 27 to 31 lakhs. The Bishop costs Rs. 25,600 per year. Chaplains has risen from Rs. 6,600 to Rs. 12,600 this year. With all this huge expenditure the morals of the military men have not improved, witness their behaviour towards the civilian population on several occasions. Expenditure of 187 lakhs on tribal areas is really an addition to the military expenditure sufficient to give a decent pension to every tribal family. In the matter of External affairs, the Government of India have not even nominal control. The 63 lakhs spent on this account must really be borne by Britain. It is merely a subsidy to British Imperialism—subsidy to Nepal ten lakhs, Bhutan one lakh, Muscat 86,400, Diplomatic and Consular service in Iran eight lakhs. All this expenditure is really unnecessary to India.

Another matter which has been engrossing the attention of the Honourable Members of the House is the Simla exodus. Quarters for officials

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and M. L. A.'s have been and are still being constructed in New Delhi at great cost and yet they are lying waste for six months in the year. Further, the exodus of two Governments, one Central and the other Provincial Government of the Punjab makes the Simla Hills congested and all sorts of epidemics, small-pox, pneumonia, typhoid, etc., are rampant there. Last year, the Government ordered the bulk of the Stores Department to remain in Delhi but this year they have ordered the whole office to go. Answers are given to questions that they will leave the matter to the new Federal Government. But that is fast receding to the far off future. Even the holding of the September Session of the Assembly in Delhi is not agreed to. In answer to a question to that effect, the Honourable the Leader of the House has refused to hold it in Delhi on the score that a Session in Delhi is costlier than in Simla by Rs. 50,000. I do not know how this calculation was arrived at. Was every aspect of saving taken into consideration. Have they taken into consideration the saving in the Travelling Allowances of M. L. A.s between Delhi and Simla and the extra income that is likely to accrue by way of house rent from M. L. A.'s, in Delhi. Have they considered the saving to Government by its coming down to Delhi earlier for the Session? And then, Sir, when no conveyance allowance is given in Simla, where it is most needed, why should there be a conveyance allowance in Delhi and that at a differential rate for residents in New and Old Delhi. And then why should Government give haulage charges for cars for such of those as bring their cars? Cars and tongas are available here which can be arranged at a very low cost. The Assembly rules of travelling and conveyance allowances need to be overhauled. They are decades old, framed at a time when conveyances and accommodation were scarce in New Delhi. I appeal to the Government to hold the September Session in New Delhi. I have no doubt that my appeal will fall on deaf ears. Then why keep up this farce of an Assembly and Council of State. Abolish them and rule with the naked sword. We could save the taxpayer the huge cost of travelling allowances and daily allowances to M. L. A.s, the Watch and Ward Department and that of the Assembly Department, which means much, though it would not stand anywhere near the cost of the Treasury Benches and the other departments of Government. Then there is the Defence Department of Government. I am not going to discuss high defence policy which has been discussed so often. Why don't you trust the Indian and appoint Indians for at least the soldier rank, the doctors and nurses and the clerks in the Army Headquarters Department. Why bring in the non-Indian element for even these posts?

The Archaeological Department is one of the important departments from the Indian point of view and yet that department is not properly financed. It is given a stepmotherly treatment. Even the little that is sanctioned is frittered away in unnecessary travelling and other means. Recently one Mr. Wooley with his wife as his Secretary were appointed to visit Archaeological places on an allowance of Rs. 1,000 and Rs. 500 respectively for three months with additional travelling allowance, etc. What purpose their tour has served I am unable to make out. In addition, the Director General of Archaeology accompanied them as their Personal Assistant in North India and the Superintendent of Epigraphy accompanied them in South India. That again is additional cost by way of travelling allowances. What results this three months sight-seeing will

bring about the future alone will show. Sir, this department deserves better treatment at the hands of Government.

The Science Institute at Bangalore is another standing monument of maladministration. Though the object of the Donor of the Institute is to make the Institute a first class institution to spread scientific knowledge by fostering research work, the Governing Council and other administrative bodies of the Institute have developed prejudices. The whole object seems to be to humiliate the one eminent Indian scientist that the Institute can boast of and raise mediocres to lucrative jobs, who helped them in their endeavours. The Physics laboratory was sought to be removed from its position to an obscure place. But I understand, on intervention from Government, that was stopped but they persist in getting some portion of the block at least for other uses. The Registrar of the Institute has resigned his job, his place having become very hot. The Lecturer in Bio-Chemistry has been raised to Professorship and his term has been extended for four years, two of which he has to spend in foreign lands on deputation. His papers have been referred to expert scientists abroad and his work has been declared to be crude and unscientific. Even the visitor's sanction has not been obtained for this extension which is necessary according to rule 29 of the Institute rules. Many more appointments have been made in the same manner and the students in the Institute are very much dissatisfied with these appointments. Out of 137 students, 124 met, the rest being absent from the station, and appointed a committee to wait in deputation on the Resident of Mysore, who is the Chairman of the Governing Council and make their representations to him and through him to the Visitor. The Budget of the Institute this year shows a deficit of Rs. 30,000 according to one report and Rs. 50,000 according to another estimate while the Governments of Travancore, Hyderabad and Mysore have stopped their grants to the Institute. Even the Madras Government threatened to stop their grant, but, ultimately, it was sanctioned. The Irvine Committee have prepared a Budget with a surplus of Rs. 15,000. While the expenditure on administration has increased progressively, that on research work has progressively deteriorated. The allotment for scientific works during 1936-37 was 18.1; during 1937-38, 15.2; and during 1938-39, 13.6, while the charges for administration were 8.3 in 1936-37, 9.4 in 1937-38 and 12.2 in 1938-39. This matter needs looking into immediately. A Committee must be appointed to inquire into these matters and things set right, or the Government must discontinue their grant of three lakhs given every year. And yet, more and more professors and assistant professors are being appointed and more and more of them are sent on deputation. Where is the need for two officers, a Director and a Registrar? The two can be combined into one and a saving of about Rs. 15,000 can be effected.

Another subject that I wish to refer to, before concluding, is retrenchment in expenditure. During the last few months we have heard a lot of talk about economies being effected in the Central Budget. We have usually seen that all this talk about economy ends in a few clerks and chaprassis being sent out to aggravate the existing unemployment in the country, while the officers at the top are not in the least affected and, in addition, a few experts are brought out from England to diagnose our troubles. I suppose the same thing will happen now. One hears rumours about certain sections of the Secretariat clerks being cut down and the

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present incumbents reduced to routine division though they may continue to get their present salaries. On the other hand, the number of officers, mostly from the I.C.S., is being increased in the various departments—notably in the Defence Department and the newly-constituted Governor General's office. The deterioration in the pay and prospects of Indian clerks and assistants in the Secretariat appears to be progressive, while the Imperial Services are not in the least affected or their number reduced. One would have thought that in common decency the very first thing to come under review would be the notorious Lee *loot*. On various occasions questions have been asked as to the total amount involved in this so-called concession which was given at a time when prices were ruling high. But answers have been consistently refused, or, if given, have been very vague. It would be interesting to know from the Finance Member the total amount involved year by year in this concession which extends not only to the I.C.S., but also to the Railways and other services including the newly-recruited experts. I personally think it will easily amount to a crore and a half if not more. And any honest Government in search of economies would first abolish these Lee concessions which are given in addition to very handsome scales of pay. But no. The Imperial services must not be touched. The clerk who is getting Rs. 80 or Rs. 100 should have his meagre pay reduced. Even his post should be abolished! But these foreigners, who are already getting pay beyond our capacity should continue to get more in the way of allowances and concessions and these must not be touched. Nothing shows more clearly the utterly callous and hypocritical attitude of our present rulers than the continuance of these concessions. Will the Finance Member inform us if his Government have even moved their little finger to address the Secretary of State in the matter? I should be very surprised to hear they have. I would even go further and say that on this one ground the Budget should be thrown out. Let them go on giving themselves more pay and more allowances, but let us not be a party to anything they may do or give it a seeming legislative sanction. Let the ugly truth of exploitation appear in all its nakedness and let us not give it a covering of rags in the shape of demands for a few clerks here or a few subordinates there.

Another matter concerning defence is as regards the British military hospitals and the nursing services attached to them. Compared to the comforts, if any, and the service which the Indian soldier gets, the British soldier in India, from the Tommy to the General, are indeed well served in this respect. It would be interesting to know how many hospitals are in practice exclusively reserved for the British soldier with exclusively European doctors and European nurses. One would have thought that with the large number of unemployed doctors in India and the ever-growing clamour of the Anglo-Indian community for maintenance of especial privileges, these two should be able, between them, to supply the needs of the British soldier. But I suppose the claims of the British unemployed are more insistent. I find from the Indian Army List there are more than 300 women in the Military Nursing Services out of whom I do not see that there is any Indian or even an Anglo-Indian. How much work these women have, if any at all, in the various hospitals where they are posted, is a mystery to the ordinary man in the street,—who has, however, to pay very handsomely for these foreign importations.

Again, in what is called the Indian Medical Department—below the Indian Medical Service—I find that there is not a single Indian in the Assistant Surgeon's grade: I suppose this is exclusively reserved for the Anglo-Indian community and I should like to know the reasons for this monopoly. There are no Indians either in the Ordnance Corps as officers or in the Military Farms Department. This sickening hypocrisy of Indianization in the Army has gone on now for a number of years with absolutely no results and it is time a little honesty was introduced into the business. We do not want to have these white-washing committees appointed every now and then to judge of the pace of Indianization. What we want is a definite statement of whether the British element in the Indian Army, in the various branches, is going to be replaced by Indians, and if so, in what period. A statement like that would be of some use, so that we may know where we are. Vague mouthings and false hopes have deluded us so far and I would frankly say that we thoroughly distrust every committee that may be appointed by this or the Home Government: they do not want any curtailment of their vested interests and unless they are forced to give up, they are sure to fight till the last ditch. But I would plead for a little honesty in the matter. Let us know where we are. Let us know whether our sons will have any chance of being trained to defend our country and replace the mercenaries who are now imposing themselves on us without our consent. On these and other grounds, Sir, I appeal to the House to throw out this Bill.

Mr. Sami Vencatachelam Chetty (Madras: Indian Commerce): Sir, I think my Honourable friend, Sir James Grigg, must be grateful to this House for one reason and that is that this is the first Finance Bill which has received constructive criticism from the Opposition. I hope, Sir, this friendly gesture of the Opposition will be reciprocated by the Honourable the Finance Member in even understanding the masterly exposition, of my esteemed Leader, of the skeletons in the cupboard of his Budget. Sir, it is said of Sir James Grigg that by nature he is suspicious of strangers and that the one thing he hated most was being duped. I have no doubt that this attitude of his has developed in him a trait of character from the defensive to the aggressive. From that of protection against being duped by others, he now seems to have taken the aggressive act of trying to dupe others. In the Income-tax Act he has received the whole-hearted support of the Congress Party on the ground that the additional revenue that is expected from the amendment of that Act will go to the benefit of the provinces. I have no doubt that he has always been quite sincere in trying to provide funds for the provinces, for I have often heard that statement being made by the Honourable the Finance Member in respect of one taxation measure or another.

Mr. M. S. Aney (Berar: Non-Muhammadan): Do not dupe yourself by calling him sincere on that point.

Mr. Sami Vencatachelam Chetty: And it is perhaps with that view that he has attempted to bring a workable understanding between the Centre and the provinces by a conference of the Finance Ministers of the provinces and himself. Sir, I share the regret that the Honourable the Finance Member has felt that the conference has not been successful. In fact, the schedules of the Government of India Act seem to afford a large scope, indeed, to the provinces and the Centre to try their conclusions with each

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other in respect of taxation. In fact, the prospect of this conflict appears to be very interesting if, in between this conflict, the taxpayer is not taxed out of existence by this unseemly race of taxing the already over-taxed taxpayer between the provinces and the Centre. If this state of affairs should continue, it appears to me that the financial breakdown of the provinces and the Centre seems to be more imminent than the constitutional breakdown, for which the Congress Party has set its heart. I hope that if it is the desire of the Government to avert the constitutional breakdown, they will take all steps possible to avert this financial breakdown. The only way I could see of averting the financial breakdown is to make the people responsible for running the administration in the Centre. What I mean to say is that we must be put entirely in charge of the finances of this country in order that the administration may run smoothly. It is true that there has not been any large increase in the allotment of funds for the defence expenditure.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member may stop here and continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock
Mr. S. Satyamurti (one of the Panel of Chairmen) in the Chair.

Mr. Sami Vencatachalam Chetty: Sir, I was saying that under the Defence expenditure, though there was not a large increase in the volume of money allotted to it, one has to remind oneself of the fact that the Budget has not received the credit reaction of the sums remitted by the British Government and also by the transfer of certain units of the army to British Exchequer. Thus the defence expenditure has, in reality, increased enormously. Sir, on the one hand we find the ever increasing expenditure under defence, while on the other hand we are confronted with schemes of reclamation of drink intoxicated people. For these two schemes enormous sums are required, and the Central Government and Provincial Governments one after another turn to the already overtaxed people for further taxation. I do not know when this vicious circle will end and when some sort of security of a fairly contented economic life would be possible for our countrymen. Having regard, however, to the international situation, it is undoubtedly necessary that the Government should be requiring larger and larger sums of money for defence in order that our army, navy and air force should be completely modernised and equipped adequately for the protection of this country, against foreign aggression, but, Sir, I don't see how we can be persuaded to agree to the ever increasing demands of the defence expenditure, in so far as there is no chance of getting any return for this expenditure under defence. Our navy is not ours, our air force is not ours, and our army cannot be officered by our nationals. Therefore, if it is the desire of this Government to protect this continent of India from foreign aggression and safeguard the country being turned entirely hostile to themselves, the Government should take more liberal attitude in preparing the people to defend this country. It is an unwise and short-sighted policy to keep our people entirely at a distance from sharing the secrets and responsibilities of the defence of our country. It seems to me, Sir, that the British foreign policy is more anxious to appease the

enemies than to befriend and enter into a lasting friendship with their own allies.

Sir, the next in importance to which the Honourable the Finance Member has referred in his proposals—supplementary speech, is the doubling of taxation on imports of raw cotton. He was anxious that this House and the country should not misjudge him, that that was a step which he took up to hit his pet aversion, the protected industries of this country; and, therefore, it was that he said that he was neither taking credit for giving a fillip to the cotton grower nor trying to hit the protected industry by this taxation. He wanted to make it appear that the step he had taken was only for the purpose of revenue and also for meeting the deficit of about 50 lakhs. Now, Sir, I venture to think that he will not dispute the proposition that in respect of any fresh proposal for taxation for the purpose of meeting a deficit, he has to convince the House (1) that there is a real deficit (2) that the revenue under the proposal he is making would be just sufficient to meet the deficit, and (3) that that proposal would not transcend greater and more serious considerations in the taxation or protection policies of the Government of India. Applying these tests to the present proposal, I am afraid he has not complied with any of these tests. In the first place, Sir, with regard to the reality of the deficit, it would be really superfluous for me to add to what has been stated so well and so ably by my Honourable Leader. One has yet to hear an answer to that. If it should take so much time to prepare an answer for the charge made by the Honourable the Leader of the Opposition that this deficit is a fictitious one, I should consider, Sir, that the answer will be very unconvincing later on. I expected that soon after the Leader of the Opposition made that charge some one on behalf of Government would at once repudiate it if that was possible so that the discussion might proceed on the basis that the deficit was a real one. Then, secondly, as regards the anticipated revenue under this proposal, according to the Finance Member it is about 55 lakhs. Sir, I do not know how he has arrived at that figure; but if that was based on the number of bales which had arrived last year, namely, about 700 thousand bales of either 500 or 400 pounds each, the estimated revenue at half an anna per pound which is the increased taxation would be about 109 lakhs. I do not know how in face of this figure he said that 55 lakhs was the expected return. Probably he thought that when the tax is raised there would be some diminution in the imported quantity and that, therefore, there would be diminution in the expected revenue also. Here he is at the cross-roads of his argument. If he really wanted only 50 lakhs and did not really intend to seriously affect a protected industry I am sure his vigilant eyes would have set on other kinds of taxation. For instance, I am not able to understand why steel has escaped his attention. Compared to the returns of profit on textiles with those on steel I find that the returns on steel are very much larger than the returns on the textile manufacturing concerns. Moreover, if you levy a tax on steel there will be no room for misunderstanding the honest intentions of the Finance Member that he was trying to hit a protected industry, for the mere reason that the foreign competition is not so much in steel as it is in textile industry.

Now, Sir, with regard to the importation of raw cotton I am afraid the Finance Member has not taken the trade or the industry into confidence and discussed with them the several aspects of this question before he decided to levy this tax. In any case.....

The Honourable Sir James Grigg: Before the budget, or after?

Mr. Sami Vencatachelam Chetty: Before the budget. Why I say that is this. I do not know if he had consulted his colleague, the Commerce Member, on this matter. He is quite aware that the Indo-British trade agreement proposals are under negotiation and he is quite aware that textiles form the most important subject of attention, negotiation and settlement. A prudent and an honest financier would have consulted not only the trade and the industry but also the repercussions that would follow an agreement that is going on in another department of Government. Now, Sir, of the four countries which export cotton to India, namely, Egypt, South Africa, Uganda and America, he must have noticed that the only cotton that can find some equivalent or the nearest equivalent in Indian variety is the American cotton. So far as the cotton from other countries is concerned, the staple of those varieties are far longer than of the Indian varieties. The maximum staple length of Indian cotton is about 15/16" even with 4-F or 43-F or 283-F, whereas the average staple length of the imported foreign cotton of the other three countries than America is 1,1/16th inch. And he must also know that in spite of the best efforts that are made by the Indian Central Cotton Committee, they have not been successful in creating a cotton which is equivalent to the Uganda or the Egyptian cotton. Sir, the Finance Member in one of his statements said that the Bombay merchant was so busy buying American cotton that he had no time to bestow his attention on Indian cotton. It is well-known that the price of Indian cotton is dependent entirely upon the world prices and, particularly, of America. The American cotton market is subject not only to commercial considerations but also to many extracommercial considerations. There have been plans and deals and schemes of the American Government which cause great surprises in the cotton markets of the world. Therefore, it is not surprising that the price of Indian cotton reacts very sensitively to the prices of American cotton. And it would be a wrong charge to level against the Indian industrialist that he has neglected Indian cotton in preference to American cotton in spite of the attractive prices of American cotton. Sir, you would notice from the report of the Economic Adviser to the Government of India certain conclusions on the quality under the yield per acre of Indian cotton as compared to the American cotton. Indian cotton has deteriorated in the yield per acre by about 10 per cent. while American cotton has improved by 100 per cent. The deterioration in the yield per acre does not rest with the mere quantity. It also reacts upon the quality of cotton. I should not be surprised that the Indian cotton in relation to the diminution of the yield has considerably deteriorated in quality as well. Still, the Indian industrialist has taken large quantities of Indian cotton and you are also aware, Mr. Chairman, that owing to Japanese hesitancy to buy Indian cotton more Indian cotton was available for the Indian industrialist: so much so that on the whole he took 250,000 bales more than the previous year. Every mill was working to its fullest capacity and some mills have had double shifts also. You cannot say, therefore, that the Indian industrialist has really neglected Indian cotton. The mills were very busy.....

The Honourable Sir James Grigg: Making losses!

Mr. Sami Vencatachelam Chetty: I will tell you. In fact there should have been considerable improvement in the number of mills had the concerns been assured of some certainty with regard to the Provincial

Governments' attitude towards labour troubles, towards taxation and towards several other matters. There was uncertainty prevailing all over. At any rate so far as the Bombay mills are concerned, I see from the returns that they were trying to recover the losses which they had sustained in previous years. Why I state all this is that there has not been any criminal neglect on the part of the Indian industrialists to take Indian cotton and to prefer American cotton for the mere sake of it. You will find that corroborated by the subsequent figures of imports of raw cotton. You will find that in the ten months from April last to January of this year there has been considerable reduction in the imports of American cotton into India, and it will continue to be so, so long as the prices are not favourable and so long as Indian cotton is available. Therefore, if today the Honourable Finance Member is asking the consent of this House for the imposition of an increased duty on raw cotton, on the plea that American cotton is coming in larger quantities and that that cotton could easily be substituted by Indian cotton, that is only a smoke-screen because the American cotton would stop coming in once there is a difference of at least a rupee in price. Therefore, the effect of this will be a duty on cotton which you necessarily require for your industries, namely, long staple cotton. Sir, I am glad to say that the Indian textile industry has improved very considerably in quality. In fact, Indian shirting cloth is now very largely popular not only in India but also in other countries—such countries as are accessible to us by the generosity of this Government. The mills have been equipped for a particular purpose and for weaving a particular kind of cloth. Large sums of money have been invested in regard to the buying of machinery and installing modern equipment for that kind of cloth. This duty will certainly adversely affect further improvement or the maintenance of the reputation which the Indian mills have secured in the manufacture of shirting cloth. So, all this leads one to the conclusion,—however emphatic his denial is in regard to his pet aversion—that there must have been some lurking desire to give a parting kick to this textile industry by means of this doubling of the taxation.

One other device which he generally adopts in putting down into the throat of this House any unpopular measure is to invoke the support of those who claim to represent labour, or the consumer or the Kisan in this House. I am sure my Honourable friends, who represent these classes, will as usual walk into his parlour, but I must tell them that they are not doing any service whatsoever by agreeing to this taxation. In the first place, it is not intended and it can never act as a fillip to the Indian agriculturist to grow cotton similar to the one which is imported and which has to be imported on account of the paucity of long staple cotton in this country. I beg of those Honourable friends to scan every aspect of this question before they think that the Finance Member is really doing some service to the cultivator. I am sure the Indian textile industry will not be averse to encourage the Indian cultivator to grow finer cotton because he requires it even for making his own profits. I hope that the kisans' representative, at least, will be shrewd enough not to walk into his parlour. As for the labourers, I beg of their representatives not to misunderstand the Indian industrialist.....

The Honourable Sir James Grigg: I do not think he does.

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LEGISLATIVE ASSEMBLY.

[18TH MARCH 1939.]

Mr. Sami Vencatachalam Chetty: For one thing, if he helps this Government to take another crore of rupees from the trade of this country he is by no means helping the labourer for whom he is standing as a champion.....

Mr. Chairman (Mr. S. Satyamurti): May the Chair suggest to the Honourable Member to conclude? He has spoken for forty-five minutes now.

Mr. Sami Vencatachalam Chetty: This crore of rupees is going to be put again into that bottomless pit of the Indian treasury. The labourer is not likely to get a pie out of that, but there is every chance, either by coercion or by consent, to get something out of the Indian industrialist if he is allowed to retain that money. So, at the worst let him fight the Indian industrialist and give more to the labourer than to allow this money to be taken away by Sir James Grigg so that not a single pie would see the light of the day for the benefit of the labourer. I, therefore, hope that the Honourable the Finance Member will see the reasonableness of the case we have made out, namely, that there has been no deficit for which he has got to find money, that the revenue that is expected by this taxation would be double and that in any case this taxation would affect the staple industry of this country, namely, the Indian textile industry.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, it will be proper if I try to strike a balance sheet of the stewardship of the Finance Member for the last five years in respect of finances of India. Thanks to the heavy taxation policy which Sir George Schuster introduced, and to which for the first time he so generously acknowledged, the Honourable Sir James Grigg has managed so far to maintain not the credit of India but the credit of the Government of India. He is proud that he has maintained the credit of the Government of India but not of the people of India. In that he has been helped, thanks to the deteriorating trade, by the flight of gold to which he made no allusion and his speech was so brief that he could not make any allusion to any extraneous matters. Thanks to Sir George Schuster's high taxation policy, and thanks also to the flight of gold, he could maintain a balanced budget. Of course, he also had a little windfall by pleading with the British War Office for relief in army expenditure. In the concluding portion of his budget speech he said:

"And I would like the last words of my last budget speech to be simply a restatement of the obvious truth that without political reconciliation—the word appeasement has perhaps become too hackneyed—Central and Provincial Governments alike in India must fail in the great task allotted to them of raising the standards of life of the people".

He did not like to say all what he felt. Probably in another place when he goes to the War Office, he might talk to his friends and stand by the despatches he wrote to the War Office about reduction of army expenditure of India and get larger contributions from the War Office. The newspapers say that he is going as Under Secretary to the War Office. Will he stand by his signature to the Despatches that he has sent from India as Finance Member or will he sing a different tune when he examines those proposals as Under Secretary to the War Office? I hope he will make his position clear, whether he will stand by the Despatches he sent from India.

He has not developed the credit of the people of India. How can he develop the credit of India when the trade of India has fallen, when India's commodities have no foreign market at all. Of this we will hear more when we discuss the Indo-British Trade Agreement next week. The result of that last trade agreement has been that our trade with foreign countries has been stifled and England has been benefited, that India has been left with very little money and, therefore, people have lost their purchasing power. Hence there are less imports and no wonder that customs receipts are falling every year and, I am afraid, in future, such fall in customs receipts will be a permanent feature.

Sir, when my Honourable friend, Sir James Grigg, came here, some of us expected that with his freshness of mind, with the new type of financial outlook which he brought on the floor of the House, there would be clear planning of taxation and real planning for the prosperity of India.

Mr. N. M. Joshi (Nominated Non-Official): But does he believe in planning?

Mr. Chairman (Mr. S. Satyamurti): It is not right that Honourable Members should put questions across the floor to the speaker who is addressing the Chair. If any Honourable Member wants to put questions, he must get up and put the questions through the Chair. The Honourable Member, Mr. Das, will proceed with his speech, without taking note of these interruptions.

Mr. B. Das: We all felt that Sir James Grigg would bring a new planning of taxation and new hopes for the prosperity of India. But all those hopes have been belied. He did not think of the prosperity of the people of India. Thanks to the Government of India Act, 1935, he has transferred his burden to the other shoulders. He tried his utmost and he tried his best to meet the requirements of the Government of India's additional expenditure under certain heads that were the necessary concomitants of the new Act, and he asked the Provincial Ministers to fend for themselves.

Belonging as I do to one of the poorest provinces, namely Orissa,—it has got no resources to spend on the development of the Province—I should like to examine whether the Finance Member could not have done something whereby he could have brought more money to the coffers of the provinces so that they could develop their nation-building departments.

Sir, this is not the first time, but I think this is the fifth time that I am again alluding to the fiscal policy of the Government. They have no scientific planning, no scientific fiscal policy. There are commodities which ought to be taxed and which ought to bring more revenue to the Government of India. But because those commodities and those products are the special monopoly of either the Britishers or the foreigners, the Finance Member and the Government of India are afraid to tax those commodities. A year hence India will get the benefit of the termination of the Indo-Burma Trade Agreement and India will get full value of the excise duty on petrol and kerosene which Burma is enjoying free now. Looking at the balance sheets of the oil companies, the Burma Oil Company and other companies, one can easily say that those companies need no protection

[Mr. B. Das.]

and they ought not to have been given the protection of five pies per gallon. If he would have equalised the import and the excise duties on kerosene the Government of India will derive a benefit to the extent of 1½ crores and all this sum could be distributed to the provinces.

It is true that section 140 of the Government of India Act lays down that when Federation is inaugurated, the Federal Legislature will legislate for the distribution of the excise duty. But that does not mean that the Government of India cannot put excise duty to meet the exigencies of circumstances. Although I hold orthodox views in matters of finance and taxation, I feel certain that in surveying the taxation position of India that the time has come when the Government of India will live more and more on excise duties levied on products of India. India has been trying to be self-sufficient in various commodities. Sugar, India buys very little from abroad and the Government of India collect a good amount through excise duty on sugar. When the Government wish to collect excise duties from protected industries, Government must be honest and see that they do not give a chance to foreign manufactured goods. They must, simultaneously, enhance the tariff on imported goods so that no hardship may fall on Indian products. That, as my Leader pointed out, is our charge against this doubling of the duty on imported cotton. I was one of those who, four to five years ago, maintained that the cotton duty should be enhanced. But as the Indian millowners have taken advantage of the imported cotton and have enhanced the production of finer counts, they should not be put under a handicap and United Kingdom, Japanese and other foreign goods should not be allowed to capture the market which my millowner friends have created in India during the last five or six years. Therefore, the proper scientific system should be that there would be a corresponding increase in tariff on the finer counts which are imported into India.

I have suggested before, and I again suggest now, that cigars and cigarettes, which are manufactured in very large quantities in India, should bear an excise duty. Because the Government put a heavier duty on imported cigarettes, cigarettes are manufactured in very large quantities and these are also exported to neighbouring countries outside India. Cigars and cigarettes are luxury articles. Why is it that the Finance Members, for the last five or seven years, have been afraid of levying an excise duty on cigarettes? They will get at least fifty lakhs thereby. No doubt tobacco taxation belongs to the Provincial Governments; Provincial Governments can tax tobacco and *beedi*, but the Government of India can easily tax cigarettes and cigars which will bring a good amount of money and the amount may, under the present system, well be distributed to the provinces. I do feel that the Finance Member has been very orthodox in matters of taxation. He has not explored the avenues of taxation whereby those who can pay must pay. Of course, he has done a little in the field of income-tax, but whether the additional receipts will be less than a crore, as the Finance Member has figured, or three or four crores, as my Leader has said, that would only bring a certain moiety for distribution to the provinces. But the present Finance Member or his successor or the Federal Finance Minister must explore the ground to see how they will increase the central taxation so that the provinces may get adequate resources for development and expansion.

Yesterday, I noticed my Honourable friend, Dr. Sir Ziauddin Ahmad, suddenly travelling from the field of the budget into the field of the Press. Politicians cannot control the number of lines that the press must give them in their papers or in their news agency. I am sure that the press agency and the newspapers do their duty. They have a standard and they follow that standard according to the merits or otherwise of the speech of the speaker concerned. It is rather hard that we should dictate to the press the number of lines that we must get in the news columns or the newspapers. I think Honourable Members ought not to dictate to the press.

Sir, I do hope that the Finance Member will reply to the points that have been raised by my Leader about the salary cuts.

The Honourable Sir James Grigg: I will.

Mr. B. Das: Then, I will leave it at that. I stated a few minutes ago that I must plead on behalf of the provinces. I do hope that he will realise that the provinces are trying to develop their resources but they are tied down under the Government of India Act and the high-handed powers of the Finance Member. Therefore, I would conclude my observations by saying that the Finance Member has treated the Government of India well, but he has done very little for the people of India. And if he has something up his sleeve, and when he delivers his final speech if he will tell us what benefit has accrued to the people of India, Sir, on a subsequent occasion I will be able to thank him.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): We have heard two very eloquent speeches criticising the budget, specially from Members who either are themselves capitalists or who plead for the capitalists or who have some interest in capitalism. But, Sir, we come here from a constituency which is full of poor people and the village community, and it should be our duty to represent the claims of the poor people. It is not that we do not want that capitalists who want crores and crores should not be taxed, we do not want that super-tax should not be put on people, but we want and certainly the country hopes that the Government will consider more and more the case of the poor people.

Sir, this year's Budget, it is said, is somewhat under-estimated. Now, so far as the question of under-estimate is concerned, it is not my duty to show how it is under-estimated. It has been sufficiently exposed, and there does not remain much for me to show in what respects it has been under-estimated. But, Sir, I want to say this that the present Budget is absolutely devoid of any concession to the poor people; it is a blank. No attempt has been made to reduce the former duties, no attempt whatever has been made to reduce the burden on the poor people. Of course, it may be said that, so far as *khandsari* sugar is concerned, Government has put the duty to eight annas, but I would deal with that later on. For the present I shall confine myself to the question of high salaries which are paid and which tell heavily on the diminishing resources of the country. The burden of foreign experts from outside is increasing from day to day. Only the other day I was told that in the Imperial Council of Agricultural Research Institute, the Government is going to import a number of experts from outside, I believe they are going

[Mr. Muhammad Azhar Ali.]

to get out about six or seven experts. It is not only there that we have to complain of this, but practically every department seems to be short of experts. What a pity that after the expansion of these Government departments, still we should find the need for importing foreign experts, that the Government of India are devoid of experts. Of course, if new questions had cropped up, if Federation had been ushered in or if new ground had to be broken, perhaps the public would have swallowed this morsel of bringing new experts, but, Sir, this Constitution has been functioning for the last so many years, and yet, the Government of India should stand in need of foreign experts is really a surprise to us all. Departments may be expanding, but I am sure that as these departments are expanding the Indians working in those departments must have been sufficiently trained to discharge the duties of these foreign experts. Now, Sir, when Finance Members are about to depart, they give India a parting kick. We remember the days when Sir Basil Blackett threw down the ratio as a bolt from the blue. The same is the case now. This time when our Finance Member is about to go,—fortunately he is going there with an employment, with some emoluments in his own country, it is unfortunate he has not thought of doing anything for the poor people of this country, and he never considered the requirements of India. He has also given a parting kick, as my friends, Sir Cowasji Jehangir and others, who know more about the subject, have explained to the House, in respect of the doubling of the duty on raw cotton. My friends have explained already how this duty on cotton will be ruinous to the country. People in India mostly depend on their income from cotton. I am sure if the Honourable the Finance Member had not imposed this cotton duty, he would have served the country better. The fact is that they never care to listen to our appeals which are made from this side. They come here with notions of their own; they don't go into the country; they may travel from here to Bombay by train and quietly return by the same route by train; or they may go to Simla from here and again come back, but they do not care to see the real economic condition and poverty of the people of our villages. Even his subordinates do not know anything about the actual condition of the people in the villages. Can the Finance Member or his subordinates tell us that they have been travelling from village to village or from town to town? Of course, they are all apprised of the price conditions in India by local officials, but they also really don't understand or fully realize the position of the poor village people. When we make appeals here, they are brushed aside. We place before them facts and figures, but our friends opposite regard our facts and figures as faked or fictitious figures having no bearing whatsoever on the figures which they embody in the Budget. Such budgets are really not prepared in the interests of our country; they are prepared in the interests of the foreigner and the highly paid officials. My friend, Mr. Das, who just spoke, said that he wants new duties for the provinces, but I am sorry I have to differ from his view. Fresh duties may be of very great importance to the provinces, but the provinces will look after themselves, and I am sure the provinces are looking after their finances very well. Sir, I am opposed to the levy of fresh duties; I am entirely for the reduction of expenditure. Every year we come before this House and ask that army expenditure should be reduced, that higher salaries should be reduced, as the only way of balancing the budget, but no attention whatever is paid to our requests.

Then, Sir, the next subject I wish to deal with is *Khandsari* sugar. It is one of those cottage industries on which Sir George Schuster, when he was about to depart from India in 1934, said, he would not like to impose any duty

The Honourable Sir James Grigg: I would be very grateful if the Honourable Member will explain

Mr. Chairman (Mr. S. Satyamurti): Order, order. The Honourable Member should either resume his seat or not give way.

(Mr. Muhammad Azhar Ali resumed his seat.)

The Honourable Sir James Grigg: I would be very grateful if the Honourable Member will explain the largest number of employees which constitute a cottage. How many employees should you have to constitute a cottage?

Mr. Muhammad Azhar Ali: I am sorry I have not brought the census book with me, otherwise I would have very gladly supplied the Honourable Member with the information, yet 20 men will be enough or more.

The Honourable Sir James Grigg: I am asking him his own opinion. I wish him to define, in order that I might be in a position to answer his argument, the maximum number of employees which constitute a cottage.

Mr. Muhammad Azhar Ali: My submission is this. Just as my friend has put me a question, I should like to put him another question. Has my friend ever seen in any village how *khandsari* sugar is made? May I know if my friend has ever visited any village and seen for himself how from sugarcane juice *Rab* is prepared, and how many people are engaged in that cottage industry?

The Honourable Sir James Grigg: I know it quite well.

Mr. Muhammad Azhar Ali: I am sure he has not seen it, and he cannot say how many people are engaged in making *Rab*

The Honourable Sir James Grigg: I know it quite well.

Mr. Muhammad Azhar Ali: My friend has levied a duty of eight annas on *khandsari* sugar. I shall just read out to the House what Sir George Schuster said on the floor of this House, and if that will not be a sufficient reply to my friend's question, then no other reply can satisfy him.

He said in 1934:

"We have had perhaps more discussion about the position of the *khandsari* sugar makers than about anything else. We do not, and I say this quite definitely, we do not want to do anything which is going to stamp out a genuine agricultural industry. So far as it is a small cottage industry, we recognize that it is serving a very useful purpose in areas where cane-growers have got no other markets and we do not want to stamp out a genuine cottage industry."

Sir, after this statement, he said:

"We thought that the soundest thing to do was to adopt the definition of a 'factory' from the Factory Law and to work on that and it remains to be seen what that will produce, but one thing I can say and that is that we do not intend that the Act shall be administered in such a way as to drive out of existence the small cottage concerns."

[Mr. Muhammad Azhar Ali.]

Sir, my contention here is only this much that the *khandsari* system of making sugar is a cottage industry. Does my friend dispute that it is not a cottage industry? I hope not, and he does not in fact know what the system is. He does not in fact know how people live under this *khandsari* system in the villages, and, therefore, he has absolutely no sympathy, he does not realize the conditions in which the poor people work in order to make *rab*, *gur*, and sugar. Sir, sugarcane is one of those crops in India which was at one time capable of paying the whole of the Government rent and revenue and ever since these duties are being put on it and ever since these big mills have been started, the poor cultivators do not find enough money for themselves to pay the Government revenue or rent and, therefore, you find all this discontent in the whole of this country. Now if my Honourable friend is going to put an eight annas duty on the *khandsari* sugar I can assure him that people in India will not bless him but they will say that it has been another cause of more discontent in this country because the people will not be able to pay their rent and revenue to the Government and, I am sure, that Government will be sorry when the peasant is forced to start the non-payment of rent and the Zamindari system is forced to start non-payment of revenue. That will be a very sad day for the Government and then the people will remember Sir James Grigg not as one of the benefactors of the people but as one opposed to benefaction. Sir, the fact is that the margin of profit, in the case of *khandsari* sugar, is very very low. People, after cutting the sugarcane, crush it and then after crushing it they take it to towns or to places where there are *khandsars*. It has been so translated into English that you call them factories but they are not factories at all. These *khandsars* are situated in very small houses and the poor villagers take their sugarcane to these places after crushing and make it into *rab* and from *rab* it is turned into sugar. Sir, there are hundreds of these villagers and cultivators, small people who are landless. They work in these *khandsars* and in crushing sugarcane. It is not there in the mills that this sugarcane is pressed. They are very small either country-made machines mostly on my side; or they are made in Cawnpore and they are also now being deprived of the sale of these small machines because of these big factories

The Honourable Sir James Grigg: Do I understand the Honourable Member to say that most of this is made by Cawnpore people in country cottages

[The Honourable Member Mr. Azhar Ali was still standing and did not sit down when the Honourable Sir James Grigg made the interruption.]

Mr. Chairman (Mr. S. Satyamurti): The Honourable Member, Mr. Azhar Ali, must give place to the Honourable Member, Sir James Grigg, and reply, or he must not reply to his interruption, if he does not wish to give way.

Mr. Muhammad Azhar Ali: It is not only in Cawnpore but in Bombay and other places. Formerly, these small crushing machines were made, but now they are quite different things which are being put up by millers. Formerly, it was only two to three bullocks or two to three people that were required to crush the sugarcane but now the conditions are changing.

They have to take the stuff far away from their fields and the result is that they have to pay for the cartage and things like that and the charges, etc., are very much onerous to the poor villagers growing sugarcane; so the consequence will be that if you put this eight-anna duty on *khandsari* sugar the people will be giving up growing sugarcane more and more, and, as I told you just now, the result will be that Government revenue and the landlord's rent will not be paid and you will be sorry for that day. Sir, it can be said that the burden is shifted on the consumer. But I do not stand here only to plead the cause of the cane-grower or the villager; I also stand to plead the cause of the consumer. If the burden falls on the consumer or if the burden falls on the cane-grower, both of them are poor people, they are not at all rich; because the rich people do not generally use this *khandsari* sugar; they use the sugar made by the big mills and that imported from outside, very fine sugar, so, the result of imposing this duty on the *khandsari* sugar will be that much unemployment will happen in this country. Sir, now I shall take up another subject of concern for the poor man and that is salt.

The House knows how the Honourable the Finance Member has always been opposed to the policy of protection. Sir, the Act XIV of 1931 was passed as a measure of protection to the Indian industry but the Act expired on the 30th April, 1938, and ever since what has been the result? I am just going to explain before the House. The Tariff Board recommended a maximum selling price at Rs. 63, 11 annas per hundred maunds. The lowest price was fixed at Rs. 50 from 1934 and that was of great benefit to the consumer. If my friend wants, I can quote from the figures which I have been reading out from books before the House just now. That was of great benefit to the consumer, inasmuch as from 1862 to 1930 the price was as high as Rs. 80. Sir, if we compare the figures for 1930-31 and for 1937-38 of the imports of foreign salt before protection and after protection, we will find that in 1930-31 it was 3,27,028 tons and in 1937-38 it came down to 36,688 tons only. Every year we find that foreign salt was decreasing and it was in the interests of India that it was so decreasing and the produce of the mainland salt was increasing. In the same manner, if we compare the imports from mainland sources and other sources, then we find that the imports from mainland sources from 1930-31 are 43,645 tons and from Aden 1,65,119 tons. This was the period when there was no protection. In 1937-38, under protection, from mainland it is 24,518 tons and from Aden it is 2,55,931 tons. In 1938 the Government withdrew the protection when there were 18 salt works in full working order at a cost of 75 lakhs of rupees and they could meet the full requirements of the country. But the pity was that these concerns had invested all their money in their works and had no reserves of their own whereas the foreign concerns had their own reserves, because they are run by people who have got tons of money to spend on competition with Indian salt makers. The result was that they could not stand the competition. As they could not stand the competition, thus from 1st May, 1938, to 15th February, 1939, of the total requirements 60 per cent. imports are foreign and only 40 per cent. is from mainland resources. Because the Indian workers could not compete with the working of the foreign people, the result was that they ceased to provide as much salt as was required. The ultimate result has been unemployment and if conditions go on as they have been going on in the past, I am sure not less than 60,000 people will be out of employment. It is not a question of unemployment only, but it is a question of starvation of the Indian people and the Indian

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villagers. Therefore, if the figures which I have stated before the House appeal to the Honourable the Finance Member, I hope and trust that he will restore and re-introduce the protection of this salt duty.

Now, Sir, I come to another point and it is a matter which concerns the minorities in India. It has nothing to do with the Finance Member. I refer to the Census. I am informed that in future the Government of India census will not be taken on that scale at which it used to be taken some years before. The policy has somehow been changed to the detriment of the minorities. The figures that will be given now, I am told, will not be so detailed as they used to be before, with the result that the minorities will be adversely affected because they will not know their true number. Times are approaching when both the sexes will be fighting for their representation in this country. If the figures do not represent every community, every caste and every tribe in the census report, I am sure the minorities will not be able to get their proper representation according to their needs and according to their population. Therefore, I ask the House to consider this fact and ask the Government to give figures for every community as they did in the previous years. These census reports are always of very great value not only to Members on this side of the House but they will be of great value to the Government when they are approached by smaller communities and by smaller people of this country. These figures ought to be of very great value to every section of this country. It is not only for the sake of the Mussalmans that I want these figures but I want them even for the sake of my Christian friends, Harijan friends and for the sake of every other community. I have no doubt these figures will be very instructive. Government of India always think that the facts and figures should be complete and I do not understand why the Census Department should depart from a policy which it had followed before. I have noticed that the Census Department has of late departed from its former policy and has reduced the number of appendices which it used to publish before. With these remarks I bring my speech to a close.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, it is the general convention in this House while speaking on the Finance Bill many Honourable Members speak on everything under the sun but finance. I do not propose to follow that rule. Some speakers who have preceded me have spoken about the Federation, census, communal representation, socialism, communism and all sorts of things, but I do not want to take up the time of the House on the Finance Bill by speaking on these subjects, and as a businessman I will come straight to business. The Finance Bill, as presented by the Honourable the Finance Member, has not given satisfaction to the country at large. It has been severely criticised by certain sections of the country because of the income-tax rates, by others because of the cotton duty, and by another section because of the duty on *khandsari* sugar, and so on. The reason for this criticism is that the people in general are convinced that there was, at the present stage, no justification whatsoever for any additional taxation as it has been proposed in the Finance Bill. The Honourable the Leader of the Opposition and my Honourable friend, Sir Cowasji Jhangir, have addressed the House at length on the point of under-estimating and I think they have been able to convince the majority of this House that it is so. Of course, they could not convince the Finance Member because

he refuses to be convinced. In my opinion the majority of the Members are convinced that there has been under-estimating. I propose to dilate on this point only for a few minutes and I will show how I have also been convinced that there has been under-estimating. I will refer only to three items, namely, customs, income-tax and the sugar import duty.

Firstly, under customs, what do we find? During the year 1937-38, there had been a decrease of 82 lakhs of rupees in customs revenue. Then again in the year 1938-39, according to the revised estimates, it is expected that there will be a further decrease of 367 lakhs under this head. This decline in customs revenue cannot go on at this rate for ever. There is always a cycle. For a year or two it goes down and then it goes up in the year or two that follow. If the previous figures of some years ago were scrutinised in this light, it will bear out my point. The Finance Member has only budgeted for an increase of 35 lakhs of rupees against a decrease of over 450 lakhs during these two years, which is very small and we can confidently expect that there will be more increase under this head. In this connection I would like to read a few lines from the Finance Member's own speech in which he says:

"Thus, though the customs returns of the last few months have shown an improvement on those of the earlier part of the year, and the figures for India's favourable balance of trade have been consistently better than those of the corresponding months of the previous year, conditions do not appear to justify our raising our general estimates above the level of the returns of the current year."

I do not know what is the basis for presuming that the imports will be heavier during the next year. If it is not an improvement in the balance of trade, the balance of trade in favour of India has been consistently better than the previous year and then the customs returns have also been better than in the previous year.

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

These two factors are the criterion on which we can judge what our customs returns are to be in the year to come but he has ignored these factors, though he laid stress on these in his own budget speech.

I would like to know if these conditions do not justify our raising the estimates, what are the conditions which should be fulfilled by which he can reasonably expect higher returns of customs? The second item, which I would like to deal with, is the under-estimate about the sugar import duty. He has estimated only twenty lakhs of rupees from this head for the next year. The duty on imported sugar is Rs. 9-4 per cwt. At this rate of duty if there is no change in the sugar import duty by the Tariff Bill which is going to be introduced shortly, it requires eleven thousand tons of sugar to be imported in the next year to give us these twenty lakhs of rupees. Does he expect that there will be an import of only eleven thousand tons of sugar in the next year? We all know that there has been a very small sugarcane crop this year and the production of sugar in this country has been less by over a lakh of tons of sugar. I think I am correct. It should be more than a lakh but not less than a lakh. After all the country requires sugar and if we have not been able to produce sufficient sugar for our requirements, due to the failure of the crop, then it stands to reason that we will have to import Java sugar during the next year to meet our requirements and so, this figure of eleven thousand tons which he expects will be imported is hopelessly and ridiculously low. I think it must be nothing less than 50 thousand tons because

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if there has been a reduction in our own production of over a lakh of tons then, on account of the higher price, there will be some reduction in consumption and I have allowed for this. I have said that 50 thousand will be the least to be sufficient for our requirements.

The third and the most important thing is about the income-tax. Here there has been a phenomenal rise in receipts under this head in 1937-38. There was an increase of 83 lakhs, including 43 lakhs from corporation-tax. My Honourable friend, the Finance Member, accounts this to over-cautious estimating. In 1938-39 the total revised estimate will be 16 crores 4 lakhs, another increase of 79 lakhs over the figures of 1937-38. He has budgeted for 16 crores 54 lakhs under this head and that in spite of the Income-tax Amendment Bill over which so much fuss was created and so many drums were beaten and so much of the time of the House was taken. About this I will go into details. 50 lakhs is all that he expects to get—50 lakhs only from the Income-tax Amendment Bill. Out of these 16 lakhs will come from the withdrawal of leave pay and pensions. 34 lakhs only will be due to the proposals which were carried in this House and one of the most important amendments that we carried was about the accrual basis. That is, income will be taxed on the accrual basis.

The Honourable Sir James Grigg: What about the Hindu undivided family?

Babu Baijnath Bajoria: I will come to that. At that time we were told that we would get 62 lakhs from that source. I am speaking subject to correction. That is my recollection. There was to be administrative tightening up of the screw. If only we are getting 34 lakhs, then it only confirms what I said on that occasion, that the Finance Member is only practising *phooka* to get the money. Sir, I am glad that the Leader of the Opposition and his Party have also been disillusioned about the receipts from this amending Bill, as has been made out by the speech of the Leader of the Opposition and also by the speech of my Honourable friend, Mr. Sham Lal. They have all realised, though of course too late, that what they did was not the right thing. They thought they would get plenty of money, specially for the provinces, and now they find that they have been duped. Sir, I will now criticise some of the provisions which have been made here in the slab system. First and foremost, I will refer to the Hindu undivided family. The Hindu undivided family has been the worst sufferer under the proposals as made in the Finance Bill. The Finance Member has treated the Hindu undivided family worse than even the worst step-mother would do. Sir, the income-tax experts also, in their report, admitted that a real hardship exists in the case of the Hindu undivided family and they advocated that for a Hindu undivided family double the slab should be allowed. It is mentioned also in the schedule which they have appended and which the Honourable the Finance Member has copied in this Bill. He has conveniently omitted that one line which means so much to the Hindu undivided family. Honourable Members of this House will remember that during the discussion on the Income-Tax Amendment Bill several Members of this House pressed that the Hindu undivided family should get more concessions by way of allowances for children and wife and that the rate of tax should be calculated after dividing the income by the number of adult married male

members. But what we find is that we have got neither the double slab nor those other concessions, but we have got a double slap instead. There is a proverb among us which says;

“*Chaubey gaye Chhabey honē hogayē Dubeyī*”.

“The Chaubey wanted to be Chhabey, but has become a Dubey”; that is to say, “from four he wanted to be six, but he has become two.”

Sir, I will explain how it is that we have got the double slap. The Hindu undivided family has now been ranked as exactly on the same basis as an individual. Formerly, under the existing rate of super-tax, Hindu undivided families used to get an exemption of the first Rs. 75,000 from super-tax but under the proposed Bill this concession has been taken away and only Rs. 25,000 will be exempted as in the case of the individual. This is in my opinion grossly unjust and inequitable. Then, there is the question of the abolition of the first Rs. 50,000 limit for a company from super-tax. I strongly object to this abolition which will mean the death-knell of many a small company, as has been pointed out by the Leader of the Opposition, which means a 6½ per cent. tax on small companies of which they can ill afford to pay. Now, the smaller companies, even if their income is Rs. 10,000 or Rs. 15,000 will have to pay the maximum rate of income-tax which is -2/6 pies in the rupee plus one anna super-tax, or a total of -3/6 pies or nearly 22 or 23 per cent., which everybody will agree is a very high figure. Again, though in the case of income-tax which is -2/6 pies the individual shareholder can get a refund of that portion which is in excess of the rate applicable to his individual income, as regards super-tax there will be no refund whatsoever of this one anna per rupee which would be paid as corporation-tax. Then, the rates which have been provided have permanently incorporated the surcharge on income-tax or super-tax. Everybody knows that this surcharge was only a temporary and emergency measure but it has been dragging on though two-thirds of it was withdrawn and 1/3rd of it is still in existence. But now. . .

An Honourable Member: It has gone now.

Babu Baijnath Bajoria: Yes, the surcharge has gone but it has been made permanent with compound interest. Sir, on going through this appendix to the schedule of Income-tax Expert Report you will find that the rates on higher income will be about 20 to 25 per cent. or even more than the present rate of income-tax including the surcharge. I will give one or two figures. For an income of Rs. 30,000, the tax payable under the present scale including the super-tax and surcharge is Rs. 3,217, or 10.7 per cent., whereas, under this proposed scale it will be Rs. 3,836, or 12.8 per cent., or a 20 per cent. increase.

An Honourable Member: Why not?

Babu Baijnath Bajoria: Yes, I know what the Congress view is on this point and I am just coming to that and I will explain how the Provincial Governments also are stepping in this direction. Sir, I have got a few figures here. The United Provinces Government, whom I will congratulate on their ingenuity in coining new words, have coined a new phrase “employment-tax” though it is to all intents and purposes income-tax pure and simple. Perhaps this definition is a new asset to the English dictionary. They say that:

“Salary includes all salaries, wages or any fees, commission, perquisites, profits in lieu of or in addition to any salary or wages payable by an employer.”

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And then they have got their own definition of the word "employee". Employee means a person in employment, directors, managing agents, selling agents, and purchasing agents of a company. This is a new meaning of the word and probably school teachers in the United Provinces will be told to teach this meaning to their students. If the employment-tax had been a few rupees like a license fee it would not have mattered: in the province of Bengal we shall have to pay a tax of Rs. 30 per head. But here I will give you a few instances—I have got the full list but I will not tire the patience of the House by reading the whole of it. Compare it with the income-tax which the Finance Member wants to take from us. For Rs. 30,000 the tax under the proposed slab system will be Rs. 3,836; whereas the United Provinces tax will be another Rs. 3,000. Take a small income like Rs. 3,000. Our Finance Member wants to take Rs. 70 whereas the United Provinces Government wants Rs. 90, which is more than the income-tax. On an income of Rs. 20,000 the income-tax will be Rs. 1,961 and the employment-tax will be Rs. 1,725. On an income of Rs. 10,000 the income-tax will be Rs. 555, while the United Provinces tax will be Rs. 650. So we find that this will be nothing but doubling the income-tax and pray God

Mr. N. M. Joshi: Don't pray for these mercies!

Babu Baijnath Bajoria: and thank God that I am not a resident of the United Provinces. Once this tax is passed and its legality is confirmed by the Federal Court—I have got my own grave doubts as to its legality—then I am sure that other Provincial Governments will also follow suit and will not be slow in taxing their population in the same way. There is at the present moment a race for taxing the people, not only at the Centre but also in the provinces. We were told when the Congress was agitating for power that when they came into power they will see that the taxes are reduced

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Not on the rich: we never said that.

Babu Baijnath Bajoria: It is neither on the rich nor on the middle classes: it is only because the Congress Governments have put on this tax that these taxes have become sweet; otherwise, my friends on the Congress Benches would have been the first to protest against this iniquitous tax

The Honourable Sir James Grigg: Which one?

Babu Baijnath Bajoria: The Employment-tax. Then in the Bombay Presidency we find that they have taxed ten per cent. on property.

Mr. S. Satyamurti: Why not?

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Is not that an income-tax too?

Babu Baijnath Bajoria: Yes; it reduces the value of the property by ten per cent. straightaway. Then there is another tax which I would like to refer to, and that is the sales-tax of one anna in the rupee which the Bombay Government is levying

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot deal with these taxes levied by the Provincial Governments.

Babu Baijnath Bajoria: I was just saying about the incidence of taxation. We may have to pay all these taxes; that is my point. What with provincial taxation and what with central taxation, we are being crushed. The Honourable the Leader of the Opposition was just saying correctly that six per cent. for small companies and traders will be too much for them to bear. I would request him to give the same advice to his Provincial Government. One anna in the rupee sales-tax on cotton piece-goods is impossible, absurd, unheard of.

In passing I would refer to one remark which fell from my Honourable friend, Dr. Sir Ziauddin Ahmad. I am sorry he is not here now—but he gave some definition about protection of industries. He spoke about extra profit, and when I asked him what he meant by it, he meant in excess of the Reserve Bank rate or Imperial Bank rate—that is, three per cent.: he said that profit above three per cent. should be distributed between the capitalist, labour and the State. I would like to know from him or from any other Member of the House whether in any country in the world such a method of distribution is given effect to

The Honourable Sir James Grigg: What about Germany? They are not allowed to distribute more than six per cent.

Babu Baijnath Bajoria: But they are allowed to hold

The Honourable Sir James Grigg: Lend to the Government.

Babu Baijnath Bajoria: Anyway it is six per cent.; and Germany and India are quite different things. In India capital is very shy; it is very shy of coming in for industrialisation and I am doubtful

Mr. Muhammad Azhar Ali: You have been sufficiently answered by the Honourable the Finance Member.

Babu Baijnath Bajoria: But he has increased the rate by double. And then, what about losses? If there are losses will labour and the Government share the losses also?

Mr. Muhammad Azhar Ali: There are never any losses.

Babu Baijnath Bajoria: My friend has never been in business and so has not suffered losses. My friend has been a lawyer and all along he has been getting his fees all right. I do not grudge him that.

I would mention another point. The Associated Press is being handsomely paid and subsidised by the Government of India; but I am sorry that the United Press which is an Indian concern and which is

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doing very good service as a news agency is not being patronised by the Government of India. It is always desirable that there should be two agencies so that we can get more and correct information and speedier information

An Honourable Member: Is it a shareholders' concern?

Babu Baijnath Bajoria: It is a shareholders' concern but the shareholders are there not for profit but for doing service.

An Honourable Member: Are you a shareholder?

Babu Baijnath Bajoria: I am a shareholder as well as a director. But we directors do not get any fees; we do that work for love of the country. With these few remarks I close my speech.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, during all the five years during which the Honourable the Finance Member has been here, I have been hearing only one line of argument in all the speeches he has made whenever he introduced the Finance Bill and the budget. He thinks that the main source of income for this country, by way of taxation, must come from customs revenue. He wails deeply when the amount of customs revenue which he can get by way of import duties goes down. I say he has been negligent in finding out as to whether he can rely upon this source of revenue at all. If he has only eyes to see, he must recognise this fact, that year after year the customs revenue is going down. There is absolutely no tendency for the revenue to go up. The reason is that all our industries go to the wall and the last drop of blood of this country is utilised for keeping up this costly administration. There has been a tendency for imports to increase whenever exports also correspondingly increased. Whenever a large amount of wealth flows from other countries into this country there would be larger imports and they would yield more revenue to the coffers of the exchequer. But in recent years the tendency has been for exports to shrink considerably. We do not produce sufficient quantity of manufactured goods for consumption by the world at large. So far as raw products are concerned, on which alone we have to depend for exports, for a long number of years past our exports of raw products have been steadily going down. There were certain articles in our country which other countries could not produce. With respect to them we have had almost a monopoly in the world markets till now. Even with respect to those articles, by means of scientific knowledge, other countries have begun to discover substitutes. Jute has till now been practically the monopoly of India. Indian jute has been holding the field for a long time past. In Japan and America, there are now substitutes for jute. In America they are using dealwood boxes and in Japan they are using paper boxes for packing. In Germany they are preparing a substitute for jute from some other commodity. Therefore, we cannot long depend even upon this product which is almost a monopoly in this country. The others are tea and cotton.

So far as cotton is concerned, we export nearly to the tune of 20 crores or so and we have been importing to the tune of eight crores. In competing with world markets, with Japan on the one side and Lancashire

on the other, which produce finer counts of yarn, we have been forced to import large quantities of cotton from Egypt. We have been boasting for a long time, that from time immemorial India has been producing the largest quantity of cotton in the world. So far back as the 12th and 13th century, when people came from the West to India and returned back to their country, they described cotton in these terms "something like wool grows on the top of trees". They did not even know what cotton was. It was never known to them. Even, during the times of *Rig Veda*, people in India knew cotton and they referred to warp and weft. So, Sir, the one country which had a monopoly of cotton all these centuries has been reduced to this sad plight. Our short staple cotton is not much in demand in the world at large. Japan is one of the countries to which we export our cotton and the Egyptian and American cotton is now competing with our finer counts and they are trying to shut us out of those markets with respect to cotton trade. So, our cotton trade also has shrunk. We are trying to push tea into England and other countries. I hear an attempt is made in England and other countries to produce some other beverage in place of tea. Coffee is a costly affair and, therefore, it has not taken deep root in any country in the world.* So far as oil seeds are concerned, we find that our export trade in oil seeds has also gone down. We used to export ground-nuts to France and Germany but now I find that those countries are taking whale oil from Norway and Sweden. Therefore, ground-nut is not much in requisition now. So far as coconut is concerned, we have got a great competitor in Ceylon which is at our very doors. We have to be protected against Ceylon so far as our home markets are concerned. There is, therefore, no question of trying to push the export of copra and oil seeds to other countries. Even Ceylon has been finding it difficult to send her cocoanut products to other countries. The reason is, America is trying to take all her copra from the Philippines and Greece and Italy are trying to use olive oil in place of cocoanut oil. Therefore, so far as our raw products are concerned, there is a tendency for the export of raw products to shrink from time to time. Unless the Honourable the Finance Member has no eyes to see, he must have seen this long ago and recognised it. If we do not get one pie from foreign countries by way of exports of raw products, then so far as finished products are concerned, we were finished long ago, the moment the English set foot on Indian soil about 150 years ago. Our finished products are no longer entering foreign markets. We have been boasting only about our products and the time has come or it will come sooner or later when our raw products will be shut out from all other markets. How then is our wealth increasing? Has it been increasing at all? One does not judge a country's wealth in terms of copper or in terms of any perishable articles, but only in terms of gold. For the past 75 years on account of favourable balance of trade, till about seven or eight years ago, there were 600 crores worth of gold imported in this country. But within the past five years, more than 350 crores worth of gold has gone away from this country. If we part with gold, how is our richness to be measured unless it is in terms of gold or precious metals. If gold goes away we are left with only paper. I shall now give, as regards our balance of trade, a few figures to show how we cannot even carry on the administration in the future when gold with which we have been maintaining our credit in the world market is leaving this country. In 1924-29 the average of the balance of trade in our favour was 102 crores. From 1930 to 1934 it came down to 37. In 1933-34, it came to 33 crores, in 1934-35, it came to 20 crores. In 1935-36, the

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balance of trade came down to the lowest figure of two crores. In 1936-37, it rose again to 48 and in 1937-38, it sank to 12 crores. This is in addition to our wealth going away and not one step is being taken by the Honourable the Finance Member to conserve or improve the wealth of this country on which alone he can depend for payment to the exchequer and which alone would be a permanent source of income to carry on the administration. I am afraid the Finance Member has been walking on loose sands and he is going away shortly and all persons who are interested in the prosperity of this country must see how unfortunate our position is and how foolish it was to have placed our fortunes in the hands of somebody who does not see eye to eye with us in the matter of protecting the interests of the country. I am exceedingly sorry to have to make this remark, but the fact that we have not grown richer and richer, year after year, has impelled me to make this remark. If we have to make payment, gold is necessary and the possession of gold is an important test of our riches. Another is income-tax revenue. The same man who has been paying income-tax is taxed over and over again. Formerly the wife and children of a man was sought to be taxed. Of course, that provision has been taken away. May I ask whether the Government has been able to add a single more name to the list of assesseees? That is another of the tests to find whether the average income of the country has increased or not. Has there been a larger number of industries started in the country, has there been an addition to the list of rich men in this country? Year after year you find the same set of persons being assessed. On account of the intelligence of the assessing officers, the same man's income is multiplied in figures only on paper. I am not attributing motives to the assessing officers, but, anyhow, other persons have not been brought in. It is only the same richer classes that have got to pay income-tax. This is another indication to show whether the wealth of the country has improved or not.

Next, Sir, I come to the exchange ratio. From time to time there has been agitation in the country that the ratio has killed this country's trade. We are firmly of opinion that the linking of the rupee with sterling at Rs. 13 odd—God alone knows whether sterling is now available at that figure unless it is manipulated by my friends on the other side—this linking has been this country's ruin. A sovereign sells at Rs. 22½ or 23, and for one rupee you get two tolas weight of silver, and left to themselves between gold and silver, one piece of gold gets Rs. 44 of silver. Letting that alone, every other country in the world has, during the last three or four years tried to adjust its currency, but we have an exchange ratio which is managed by this Government, and in spite of our attempt to change it, it is being still persisted in. If now we take advantage of the opportunity of the world conditions and try to lower the ratio from 1-6d. to 1-4d, I am sure we would progress enormously. The cultivator for whom again and again, to enlist the sympathy of some of our friends on this side of the House and appeal to their ultra extremist views.—my Honourable friend says that the agriculturist will go to the wall, I am sure if the exchange ratio is altered the agriculturist will be immediately benefited, and for this reason. There is a slump in trade and prices have gone down. Rice has to be protected against Siam rice, wheat has to be protected against Australian wheat and so on. So far as their debts are concerned, they have grown beyond recognition. Therefore, it is

necessary that we must give some artificial support for the increase of exports from this country. What steps have been taken by Government? In answer to an appeal by the various Chambers of Commerce, the Finance Member issued a press communique. It is reported in the Indian Information Series, at page 11. I would ask the House to pay some attention to two or three observations that have been made in that communique issued by the Finance Member. The objections to altering the ratio have been stated under three categories. The first is:

"The Government of India are convinced that a lowering of the ratio in existing international market conditions would produce no appreciable rise in what the cultivator can realise for his produce."

Possibly, he refers to the rubber quota, restrictions on the export of tea and rubber. There may be some quotas and, therefore, there may not be considerable increases in the sales of these articles, but even with respect to their sales, a large amount of propaganda has to be made. If they are cheap in the world market they will command purchase. With respect to other articles, I would say that I would differ from the Finance Member, and I am of opinion that there will be a rise of prices in the primary products of this country and the agriculturist or the cultivator would be benefited to a very large extent. He would be in a position to pay the revenue and also to pay off his debts. On account of the exchange ratio the debts have doubled themselves. In spite of the persistent attempts made by the Provincial Governments to reduce the burden of debt on the agriculturist, the agriculturist has really not been benefited. One thing to which all these ills can be attributed is sticking to the exchange ratio. The second observation in the communique is:

"In fact a lowering in the ratio would do no good to anybody except the monied and speculative interests who profit from conditions of uncertainty and disturbance or who secure an additional but unseen all round increase of 12½ per cent. in the protection afforded to them at the expense of the consumer."

The Finance Member is afraid that by readjusting the ratio there will be an all round increase by 12½ per cent. on the duty of imported articles. This is exactly what the Finance Member does not want. On the other hand, this will do immense good to the struggling industries in this country. They are not able to stand foreign competition. By sticking to the present ratio they are giving additional preference to the English articles. It is not as if any injustice will be done if there is a readjustment. An unseen preference is not given to the industries in this country. An unseen preference in addition to the preference that was given to England has been given by the exchange ratio. I ask the Honourable the Finance Member to lay his hand on his heart and say it is not so.

The Honourable Sir James Grigg: I can do it quite easily and quite readily.

Mr. M. Ananthasayanam Ayyangar: This communique is in black and white and I am challenging this communique. If it is 12½ preference to Indian articles, I would gladly have it. If the industries in this country flourish, we get a good return. The people will spend on various necessities of life, the cultivator will get some more money to spend. I cannot see the Finance Member from this distance, but if he smiles, let him smile in his own country after he goes there. I am sure there will be a

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reversal of this ratio very soon unless his successor is imbued with the same idea and my Honourable friend leaves him a legacy behind. The third objection in the press note is:

"It would also seriously weaken the budgetary position of the Central Government and the larger Provincial Governments."

It is no doubt true that so far as the sterling debt is concerned there will be some difficulty. The Government need not have kept these sterling loans there. They may have converted them. We have been tied hand and foot to England on account of this. We owe to England to the tune of 600 crores and our national debt is to the extent of 1,200 crores, so, something like 50 per cent. or so we owe to England by way of sterling loans. The sooner that is discharged the better for us. This kind of argument that the budgetary position of the Central Government will have to be readjusted or will be shaken by an alteration in the exchange ratio which is necessary for the support of industries,—that argument would not be of any avail. They want to keep us down not only by political power, but also, even if that political power should go, they want to keep us down and also the industries of this country by the huge debt that we owe to England. Why did not the Finance Member pursue a scheme or a plan that within a stated number of years, ten or twelve years, he must discharge all the sterling debt? It is no doubt true that about 60 millions of the sterling loans has been wiped out during the regime of the Finance Member, but 60 millions out of 600 crores is not enough. Therefore, the communique has absolutely no legs to stand upon. Now I come to the proceedings of the Indian Merchants' Chamber—of the 31st Annual General Meeting of that body, regarding the devaluation of the rupee:

"This has been shown by the gradual decline in the balance of trade and though the rate has been maintained by large exports of gold a stage has been reached when it can be maintained now only by a policy of contraction of currency and credit and further depletion of gold and sterling resources. Despite all this, the Government of India placed their reliance upon the argument that the budgetary position of the Central Government and larger Provincial Governments would be seriously weakened. It is also surprising that Government still adhere to their ante-diluvian argument about the lowering of the ratio doing no good to anybody except the monied and speculative interests, who secure, it is said, an additional but unseen all round increase of 12½ per cent. in the protection accorded to them at the expense of the consumers. So, here is the cat out of the bag."

The Finance Member has let the cat out of the bag when he says that by altering the ratio there will be an all round increase of 12½ per cent. protection to the industries in this country. That is certainly what we want. That is exactly what we want, if by altering the ratio it is possible to redress the wrong that has been done to the industries of this country.

Then, there is another point. How long can the Government afford to take off gold from this country, in trying to pay off the interest on the sterling debt. For some years past, it has been a minus. I do not know by what other means he intends to make good the amount that falls deficit, on an average, every year about 30 crores or more than 30 crores. I am putting it at a modest estimate. On sterling debt the interest comes to nearly 16 crores a year. There are other payments by way of pensionary charges, etc. Some time last year the Honourable the Finance Member admitted that about 30 to 35 crores have to be sent from this country every year. If there is no balance of trade which is

favourable to us, then we have to make good by regular export of gold. On this account, the utter indifference of the Honourable the Finance Member to take steps to alter the rupee ratio is not a thing in the best interests of the country and I would say that he has not pursued a policy for improving the wealth of this country.

I will now proceed to deal with a few other matters. It is evident from the speech of the Finance Member that he has ignored the nation-building departments completely. If additional taxes have to be imposed, there are two considerations which have to be placed before the House and with respect to which the House has to be satisfied. What steps have been taken to improve the wealth of the country by granting subsidies to industries and starting new industries on a nation-wide scale?

The Honourable Sir James Grigg: I thought you represented the agriculturists.

Mr. M. Ananthasayanam Ayyangar: Yes, I am both an agriculturist and a non-agriculturist. A man and a woman are both necessary for purposes of a family. I certainly do represent the agriculturist. I represent the industries of Mother India. You represent England. I am none other if not an agriculturist. I have no stocks, no shares and no interest in any industry. On the other hand, when you talk of the major industries, you really want to kill them. For myself, I do believe that a great number of cottage industries could be started in this country. In Japan 600 industries have been started. Even cement is made as a cottage industry. What about that inquiry into the condition of cottage industries which was promised? Has it been dropped? To the millions of cultivators in this country, an additional meal will be given if they have a supplementary occupation. At present they cannot get even one meal a day. The Honourable the Finance Member professes he has great sympathy for the cultivator. I want him to show it in action. Every Provincial Government is anxious to start cottage industries and help the agriculturist. A preliminary investigation has to be made. The Honourable the Commerce Member said that investigation has been made about conditions in Japan and conditions there, were being studied but the report is still born. He says that China and Japan are fighting and, therefore, it is not possible to go on with the inquiry. I do not agree with this lame excuse. Japan is in military occupation of China but in the land of Japan itself, there is no fighting and I do not see why they cannot proceed with this inquiry. I think that Sir Muhammad Zafrullah Khan is being pulled back by some unseen hand. If the Honourable the Finance Member is the only representative of the Executive Council, then he has to answer for what Sir Muhammad Zafrullah Khan has done or has not done. That is the reply I will give the Honourable the Finance Member when he asks me whether I am a cultivator. I am a cultivator. I know the difficulties of the cultivator. My father was a cultivator. My brothers are cultivators though I have taken to another profession and I know where the shoe pinches. The cultivator cannot get one square meal a day.

Now, Sir, so far as the Reserve Bank is concerned, I should like to know what it has done to push rural credit into the areas where credit is not available and where the cultivators are still in the grip of the money lenders. The co-operative credit societies have, unfortunately, been

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given a step-motherly treatment all along. People are afraid of the co-operative credit societies in rural areas. The liability is unlimited, unlike a limited bank. People have mismanaged it under the previous administrations and the institution has not worked properly. Therefore, the villager dreads the co-operative societies because he has to pay for the liability of another villager and now the banks alone can come to the rescue of the cultivators. What has the Reserve Bank of India done under the direction of the Honourable the Finance Member to take credit to the very doors of the cultivators. The Provincial Governments have scaled down the debts. If the debt was 500 and the cultivator had mortgaged one or two acres of land, by scaling down the debts have come to 200 and still the cultivator is faced with the prospect of having to sell the entire land. They want good credit facilities. What has the Reserve Bank done? It wants gold to be deposited. If the poor agriculturists had got gold why should they come to take a loan. They have only land and no gold. Then I ask how many branches of the Imperial Bank have been established since the Honourable the Finance Member took charge? We want a branch in every district and they could give facilities on the security of immovable property. I say, Sir, that this Government has done nothing except to grow fat at the expense of the poor people of this country. They have done nothing to improve the credit facilities of the people. The richer sections are taxed. Industries are not protected. There is no scheme for cottage industries at all and when we want an investigation, for some unknown reason it is dropped but the Finance Member has said again and again that the poor cultivator has been let down by us. Nothing has been done to improve the wealth of the country and the Honourable the Finance Member has not discharged his obligations towards this country. When he comes to impose additional taxation, he must show either that he is trying to improve the wealth of the country or that he wants them for normal administrative purposes. In the latter case he must satisfy this House that he has taken all measures of economy—it may be retrenchment of personnel, it may be the retrenchment of offices, and it may also be the scaling down of salaries. So far as the scaling down of salaries is concerned, the Leader of the Opposition and my Leader has already said that nothing has been done so far about this matter. We passed resolutions also during the course of the debate on the Railway Budget and the Honourable the Finance Member said, "you wait and see". I thought that "wait and see" meant something, that there would be some scaling down or some cut in salaries. Whenever a motion for a cut or a reduction of salaries was put forward and Honourable Members referred to it, he said, "wait and see". I for myself was satisfied that that "wait and see" would certainly not end in smoke. What is the explanation he has now to give? So far as the question of cut is concerned, is it the case that he wants to leave those men untouched so that they may present a farewell address to him on the occasion of his departure and give a tea party also? Sir, in spite of protests, in spite of the whole country going into starvation, in spite of people dying and in spite of famine raging from end to end of the country and in spite of the provinces being unable to make both ends meet, he wants to please these pampered children. It is no good appealing to the Indian section. I may mention that one I.C.S. gentleman in my Presidency said, "I am in receipt of two thousand rupees a month. I am prepared to take one thousand rupees a month." But would he be allowed? What is the

good of appealing to these poor people? Why does not the Honourable Member take courage and say, "I will reduce". Sir, every true-born Indian would have been prepared to put himself to some inconvenience so that the country may not suffer.

Now, let us come to the retrenchment of offices and personnel. Year after year, you may take all the demands for grants for a period of ten years. During that period the establishment has risen by fifty per cent. One or two enaprasis might have been removed, but enormous amounts are being spent away by the creation of superior posts. The pools of officers are coming. No retrenchment of offices or personnel is coming, and I do not know why, especially when the Finance Member is obliged to embark on new fields of taxation.

Now, so far as broadcasting, aviation, agriculture,—let alone other matters for which demands have increased this year,—why should they spend more, for instance, on broadcasting this year, and why should more money be spent on aviation?

The Honourable Sir James Grigg: You have got a new station in Madras.

Mr. M. Ananthasayanam Ayyangar: Suspend that if necessary. So far as broadcasting is concerned, it is becoming a question of patronage; the persons in charge of programmes are doling away patronage. The Honourable Member in charge has never devoted a moment's attention to this matter. As an M.L.A., if I am asked to speak on a particular subject, shall I be paid? I say, I do not want to be paid. Unfortunately it is a question of patronage. It is the same man, it is the same music which deafens our ears and it is the same man making a speech. Has the Finance Member ever cared to inquire why so much money is being wasted on broadcasting? This I know is the case in Madras and in Bombay also you will have the same tale. You ask Sir Homi Mody whether he did not receive some money.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): I have been offered, but I have never accepted payment.

Mr. M. Ananthasayanam Ayyangar: Yes, because it is not in keeping with the amount of income that he gets. Sir, why are these persons paid when they are so anxious to come and speak? After all, the programme is dull. I do not say that the broadcasting man ought not to be kept there but I say, why not retrench, why not spend only what is absolutely necessary and not spend a pie more?

Whenever any suggestions come from non-official quarters, the suggestion must be taboo and it is considered that since a non-official gentleman says this, therefore, it must be wrong. Sir, we have been fighting and crying hoarse but not one single amendment is accepted. We sit here as if we are two warring elements,—they are sticking to their own convictions there, and we are sticking here to our own convictions, so that however loudly and however much we may talk and however much we may cry hoarse, nothing will come. Then I come to my Honourable friend, Mr. Bajoria. My friend has, unfortunately, not addressed himself to the proper issue in the case. The Provincial Governments are in charge of the nation-building services. ("Question, question.") Then my friend

[Mr. M. Ananthasayanam Ayyangar.]

put some questions regarding those services,—education, agriculture, etc. They are all provincial subjects and so far as the Government of India is concerned they must be confined to the excluded areas like Ajmere. Sir, I went there. It is a desert or something like a desert. Therefore, why want so much money and these huge establishments when their activities are confined to excluded areas. The provinces really are in charge of nation-building services. They have to make both ends meet. Why should not my Honourable friend, Mr. Bajoria, quarrel with the Finance Member for making Mr. Bajoria not merely act as a *dalal* of a purchasing firm for articles imported, but the real producer of such articles here,—why in respect of some motor-cars from overseas countries, imported by him. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss that.

Babu Baijnath Bajoria: I don't mind.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member wishes himself to be discussed, he can have that done in the lobby, not here.

Mr. M. Ananthasayanam Ayyangar: I only take Mr. Bajoria as one of his group. What have they done for the industry? What have you done to merit the imposition of additional taxation? Therefore, any reference to the Provincial Governments is absolutely irrelevant. They know their business, they have introduced various kinds of ameliorative measures. I do know that the Provincial Governments are trying to reduce all their expenditure to a minimum. My Honourable friend, Mr. Bajoria, may enter the local Legislative Assembly and fight there but as far as I am aware he is out of court here and I do not agree with his arguments. The point for consideration is whether the Finance Member has discharged his duties to this country. (*Some Honourable Members:* "It is 5 o'clock.") I will finish in a couple of minutes. So far as Posts and Telegraphs are concerned—I will end in two minutes. I will now refer to Posts and Telegraphs. In the year 1937-38 there was a surplus of nearly 57 lakhs. That has now been wiped out. Today we find that there is a surplus of only one lakh. Whatever is earned, it is in the interests of the Department that the whole amount should be spent away. The balance that accrued in 1937-38 ought to have been used for the purpose of reducing the price of the postcard. The Honourable the Finance Member is very much interested in the poor cultivator

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member is not likely to conclude his speech now, the Chair will adjourn the House.

Mr. M. Ananthasayanam Ayyangar: Sir, I conclude my speech by saying that I oppose the Finance Bill.

The Assembly then adjourned till Eleven of the Clock on Monday, the 20th March, 1939.

LEGISLATIVE ASSEMBLY.

Monday, 20th March, 1939.

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

MEMBER SWORN.

Mr. Stanley Paul Chambers, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

POLITICAL AGENTS SERVING IN THE TRIBAL AREAS.

1166. *Mr. Abdul Qaiyum: Will the Foreign Secretary please state:

- the number of Political Agents serving in the tribal areas of the North-West Frontier;
- how many of them are Indians;
- the number of Assistant Political Agents serving in the area mentioned in part (a);
- how many of these are Indians; and
- what are the steps taken, or proposed to be taken, to Indianise this service?

Sir Aubrey Metcalfe: (a) Five.

(b) Two.

(c) Four.

(d) Two.

(e) Attention is invited to the reply given on the 16th February, 1939, by the Honourable the Leader of the House to the Honourable Member's question on the same subject.

Mr. S. Satyamurti: May I ask the Honourable Member that that answer was that there was no particular programme to Indianise the services? Is that the final answer to the question?

Sir Aubrey Metcalfe: Yes, that is the present answer.

Mr. S. Satyamurti: May I know the reason why Government do not have or propose to have a definite policy of Indianising the entire services?

Sir Aubrey Metcalfe: There are various difficulties which would take a great deal of time to explain. One of the difficulties is that the whole constitution of the service is at present under examination.

Mr. S. Satyamurti: Is it also being examined from this point of view of Indianising the services?

Sir Aubrey Metcalfe: Certainly, that is one of the important points.

Mr. Abdul Qaiyum: May I ask if it is the policy of Government to promote people from Provincial Civil Service to the Indian Political Service?

Sir Aubrey Metcalfe: Not as a general rule.

Mr. T. S. Avinashilingam Chettiar: What are the qualifications which entitle a man for being appointed as Political Agent?

Sir Aubrey Metcalfe: Efficiency.

ACTION TAKEN ON THE MEMORIAL OF TRAIN CLERKS ON THE NORTH WESTERN RAILWAY.

1167. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): (a) Will the Honourable the Railway Member be pleased to state the action taken by the General Manager, North Western Railway, Lahore, on the memorial of the train clerks submitted to him on the 15th January, 1939, which is also published in the *Tribune* of Lahore of the 19th January, 1939, on page 12?

(b) Is it a fact that the train clerks have to discharge their duties in open yards, irrespective of day or night under all sorts of weather? If so, in what respect are they compensated for that?

(c) Is it a fact that defaulters of other branches are reverted as train clerks as a sort of punishment, consequently adversely affecting the seniority of train clerks already in service?

(d) Is it a fact that train clerks are promoted as yard foremen on the same pay and grade after competing with menial shunting staff who are often given priority over train clerks?

(e) Is it a fact that the promotion to Special Ticket Examiner's post is purely reserved for ticket collectors? If so, why are they allowed to share with the train clerks the promotions to guards?

The Honourable Sir Thomas Stewart: (a) and (c) to (e). I would refer the Honourable Member to the reply I gave to Mr. Lalchand Navalrai's question No. 788 on 28th February, 1939, and to Mr. S. Satyamurti's question No. 915 on 9th March, 1939.

(b) A train clerk's duties necessitate his going out in the station yard from time to time, but the bulk of his work is done in an office. The scales of pay prescribed for train clerks are considered adequate remuneration for the work they are required to do.

Mr. K. Santhanam: Is there any arrangement by which out door duty might be taken proportionately by all classes?

The Honourable Sir Thomas Stewart: I understand that it is part of the train clerk's duties to go out from time to time though a major part of his work is done in office.

Mr. K. Santhanam: May I ask whether train clerks are exchangeable with other clerks whose duties are purely indoors?

The Honourable Sir Thomas Stewart: I am under the impression that train clerk's post is in a special grade.

UNIFORMS SUPPLIED TO RAILWAY STAFF.

1168. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): (a) Will the Honourable the Railway Member be pleased to state on what basis uniforms are supplied to the station staff and the staff working in yards?

(b) Are the train clerks supplied with uniforms? If not, why not? Are they exposed to work during all sorts of weather, and were they supplied with uniforms before 1932?

(c) Is it a fact that the uniform supplied has been stated as a part of pay before the Royal Commission? If so, why is it stopped in the case of some categories and supply curtailed for other staff, such as, turban, and winter uniform after two years and overcoat and waterproof coat after five years?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the reply I gave to Mr. Lalchand Navalrai's question No. 787 on the 28th February, 1939, and to the reply I have just given to his question No. 1167. Train clerks were being given uniforms prior to 1932.

(c) I have not been able to trace the statement to which reference is made in the first part of the question: the second does not, therefore, arise.

Mr. K. Santhanam: With reference to part (b), may I know whether they are supplied with overcoat during the cold weather?

The Honourable Sir Thomas Stewart: I quote from an earlier reply: "The train clerks are given overcoats on certain sections and waterproof coats are given to those who are posted in areas with heavy rainfall".

PAY AND HOLIDAYS, ETC., FOR RAILWAY STAFF.

1169. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): (a) Will the Honourable the Railway Member be pleased to state if it is a fact that about 95 per cent. of Railway clerks have to remain on Rs. 60 per mensem for 20 or 25 years, and many of them retire on Rs. 60 after serving for whole life? If so, what methods are being adopted by the Railway Administration for the uplift of the staff?

(b) Is station staff allowed any calendar day rest in a week and other festival holidays? If not, what overtime remunerations is paid to them?

(c) Is the staff working in big cities, such as, Lahore, Delhi, Karachi, Rawalpindi, etc., etc., paid any allowance?

(d) Is the station staff allowed any recess or interval for meals during their continuous hours' daily duty, just as is given to the office staff working for six hours daily? If not, why not?

The Honourable Sir Thomas Stewart: (a) As regards the first part, Government have no reason to believe that the facts are as stated: the second part does not, therefore, arise.

(b) I would refer the Honourable Member to the reply I gave to Mr. Lalchand Navalrai's question No. 672 on the 24th February, 1939.

(c) No; except as regards Karachi, particulars in regard to which are given in Rules 296 and 297 of the State Railway Establishment Code.

(d) No specific provision for an interval for meals is practicable in the duty rosters of station staff, who have, however, no difficulty in finding time for this purpose when their services are not actually required in connection with the running of trains.

CONTRIBUTION FOR ROAD BRIDGE ON THE BRAHMAPUTRA AT PANDU.

1170. *Mr. Kuladhar Chaliha: (a) Will the Honourable Member in charge of Railways please state if any contribution for a road bridge along with the Railway bridge on the Brahmaputra at Pandu has been asked for from the Assam Government?

(b) If so, will the Honourable Member please state the amount of contribution, if any, paid by the Local Governments when the road bridges on the Jumna at Delhi and Agra were constructed along with the Railway bridges and what was the amount so contributed?

The Honourable Sir Thomas Stewart: (a) The question of combining a roadway with the proposed railway bridge is still under discussion with the Assam Government. If the latter decide to have a roadway they will be asked to bear such portion of the cost as is usual in these cases.

(b) The United Provinces Government contributed Rs. 1 lakh towards the cost of the roadway over the Jumna bridge at Agra. I regret that information is not available in respect of the bridge at Delhi as this was opened as long ago as 1867. However when the down line of this bridge was re-girdered in 1933, a contribution of Rs. 7.28 lakhs was made by the Provincial Government towards the cost of the roadway.

Mr. Brojendra Narayan Chaudhury: Is it a fact that the Assam Government was asked to pay 27 lakhs for a combined road and rail project and that the Assam Government could not find the money for the same and the question now under discussion is whether the same roadway could not be used both by the railway and road, a separate timing being allotted for roads traffic.

The Honourable Sir Thomas Stewart: I believe that it is still under examination whether it would be possible to combine railway and road.

Mr. Kuladhar Chaliha: What is the amount asked for from the Assam Government?

The Honourable Sir Thomas Stewart: I want notice.

Mr. Abdul Qaiyum: May I ask if there is a fixed percentage for such contributions from Provincial Governments or whether decisions are made as and when the question arises?

The Honourable Sir Thomas Stewart: The amount of contribution is based on the cost of providing extra strength for the bridge.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member satisfied whether the arrangement about allotting separate timings for road and rail on the same track will be a safe one?

The Honourable Sir Thomas Stewart: That depends entirely upon the volume of traffic across the bridge.

APPEALS OF *ex*-CREW STAFF OF THE EAST INDIAN RAILWAY AT HOWRAH.

1171. *Mr. Muhammad Nauman: Will the Honourable Member for Railways be pleased to state why the appeals addressed to the General Manager, East Indian Railway, by about 85 *ex*-crew staff, Howrah, East Indian Railway, now absorbed as Travelling Ticket Examiners, Ticket Collectors, Booking Clerks, Goods Clerks and Guards on the subject of fixation in the co-ordinated scale in the month of November, 1938, have not been forwarded to the General Manager, East Indian Railway, for decision on the lines detailed in his Minute Sheet No. O.P.E.-1343 of the 27th September, 1938?

The Honourable Sir Thomas Stewart: Government have no information, but I will send a copy of the question to the General Manager, East Indian Railway, for such action as he may consider necessary.

Dr. Sir Ziauddin Ahmad: The question is, why the General Manager did not forward the appeals to the Railway Board?

The Honourable Sir Thomas Stewart: I would suggest to the Honourable Member to re-read the question.

PURCHASE OR MANUFACTURE OF NEW CARRIAGES FOR HORSES ON THE ASSAM BENGAL RAILWAY.

1172. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether the Assam Bengal Railway are going to purchase or manufacture new carriages for horses; if so, the amount proposed to be spent in this connection in the coming year; and
- (b) whether it has been examined whether the earnings of horse carriage traffic justify the expenditure in horse-vehicles for building and running them; last year's depreciation, interest on capital and running costs as against the receipts from that source?

The Honourable Sir Thomas Stewart: The information is being collected and will be laid on the table of the House in due course.

ROBBERY ON A TRAIN AT VERKA RAILWAY STATION NEAR AMRITSAR.

1173. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether recently at Verka station near Amritsar, a party of dacoits successfully robbed and injured passengers when the train stopped at that station, (Amritsar-Pathancote Line) and ran away;
- (b) whether trains halting at stations have been attacked or robbed in other cases during the last two years and in the current year; if so, in how many cases; and
- (c) whether with a view to effectively cope with similar attacks, Government intend to supply every station master and guards of passenger trains with guns?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Government have no information further to that obtained for a reply to the Honourable Member's starred question No. 2046 of 12th December, 1938, regarding the raid on Dalauda station.

(c) I would refer the Honourable Member to the replies given to Mr. C. N. Muthuranga Mudaliar's starred question No. 639 of 23rd February, 1939.

DERAILMENTS OF PASSENGER TRAINS ON STATE RAILWAYS.

1174. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) the number of derailments of passenger trains on State Railways since the beginning of the year not due to sabotage;
- (b) the total number of persons killed or injured thereby, passengers and Railwaymen and others;
- (c) whether there has been any increase up to now in the number of derailments over the average of the last three years, or over the maximum of any of the last three years; and
- (d) if so, what the increase is due to?

The Honourable Sir Thomas Stewart: (a) and (b). There have been no derailments of passenger trains involving loss of human life which were not due to sabotage since the beginning of the year.

(c) Derailments of passenger trains, not involving loss of human life, are not reported separately to Government. I would, however, refer the Honourable Member to Appendix D of the Railway Board's Annual Report on Indian Railways for 1937-38, Volume II, which shows that the number of derailments of passenger trains in 1937-38 is 258 against an average over the three previous years of 276.

(d) Does not arise.

NEW PLATFORM ERECTED AT THE MOGHAL SARAI RAILWAY STATION.

1175. *Mr. Sri Prakasa: Will the Honourable Member for Railways state:

- (a) if it is a fact that a new platform has been erected at the Moghal Sarai junction station on the East Indian Railway;
- (b) if the No. 1 Up Delhi Mail comes to this platform every morning;
- (c) if it is a fact that no facilities are afforded to the passengers on this platform in the matter of shed, latrine, bath-room, etc.; and
- (d) if Government propose to consider the desirability of recommending to the Railway Administration either to make adequate arrangements for such amenities on the platform or bring the Delhi mail as before to the inside platforms where such facilities are provided?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) and (c). Government have no information.

(d) Such matters are within the discretion of the Railway Administration and can be brought to their notice either direct or through the Local Advisory Committee.

A copy of the Honourable Member's question and the reply thereto will, however, be sent to the Railway Administration.

WANA, TOCHI AND RAZMAK TERRITORIES AND WAZIRISTAN OPERATIONS.

1176. *Haji Chaudhury Muhammad Ismail Khan (on behalf of Maulvi Abdur Rasheed Chaudhury): Will the Foreign Secretary please state:

- (a) whether Wana, Tochi and Razmak are within independent tribal territory, or in India;
- (b) if in India, when these places were included in India, and under what terms and who were the parties who made the agreement;
- (c) whether the tribes of these areas were consulted in the matter of incorporating their territories in India;
- (d) who were the signatories to the agreement, if any, by which these tribal belts were included in India;
- (e) whether it is not a fact that fighting is still going on in these areas between the tribes and the British Indian troops;
- (f) at what stage the fighting is at present;
- (g) the total casualties in Waziristan operations till the 31st January, 1939, and what amount has already been spent in Waziristan till that date;
- (h) whether the Faqir of Ipi has been subdued; and
- (i) whether Government are contemplating withdrawing to the settled areas of the North-West Frontier Province?

Sir Aubrey Metcalfe: (a) Wana and Razmak are places situated in tribal areas in India. The Tochi is a river which rises in Afghanistan and flows through Indian tribal areas into the North-West Frontier Province of India.

(b) Wana and Razmak were finally included in India in 1893 under the terms of the Durand Agreement which was made between the Amir of Afghanistan and the Government of India.

(c) No, except that some tribes were consulted regarding the position of their tribal boundaries.

(d) The Amir Abdur Rahman, and Sir Mortimer Durand on behalf of the Government of India.

(e) Some operations are in progress in Waziristan.

(f) The attention of the Honourable Member is invited to the press communiques issued on the 26th January and the 9th, 16th and 27th February, 1939.

(g) The total extra expenditure from November, 1936, to January, 1939, amounts to about Rs. 244 lakhs. During the same period the casualties were 303 killed and 900 wounded.

(h) The Faqir of Ipi has not yet accepted Government's terms.

(i) No.

Mr. S. Satyamurti: With reference to part (b) of the question, may I know whether the Amir of Afghanistan was at the time of that treaty the sovereign of these tribes or the tribal areas and was, therefore, competent to sign over their areas to the British Government in India?

Sir Aubrey Metcalfe: I do not exactly understand what the Honourable Member means by "sovereign".

Mr. S. Satyamurti: My Honourable friend said there was a treaty signed by the Government of India and the Amir of Afghanistan handing over the tribal areas to India. I want to know what the political or constitutional position of the Amir of Afghanistan was at that time in respect of sovereignty over these tribes, or what was his competency to transfer these areas to India.

Sir Aubrey Metcalfe: It would take me a long time to explain the position and it is hardly fair to expect me to do so in reply to a supplementary question. But very briefly, the position was this that there were certain tribal areas situated between Afghanistan and India and it was desirable that some control should be exercised over them. It was, therefore, arranged that political control should be divided by a line which was known as the Durand Line.

Mr. S. Satyamurti: May I know whether the political control of the South-East Durand Line has been transferred to the Government of India, with the consent of the tribes or only by the Amir of Afghanistan?

Sir Aubrey Metcalfe: I have explained that the consent of the tribes was not taken in each case but they were consulted regarding their tribal boundaries. There is no reason to suppose that any of the tribes who were included in India at that time had any objection to that arrangement.

Mr. S. Satyamurti: But what is the basis on which the Government of India have come to the conclusion that the tribes concerned had no objection? Did they ascertain their opinion in any manner?

Sir Aubrey Metcalfe: Yes, there were constant jirgas with the tribes and a great many of the tribes made it quite clear that they wished to be under the political control of India,—in fact they gave agreements to that effect,—and not under the control of Afghanistan.

Mr. Abdul Qaiyum: May I know if the terms offered to the Faqir of Ipi have been published or whether Government intend to publish these terms for the benefit of Members of this House?

Sir Aubrey Metcalfe: I have stated them several times in this House.

Mr. K. Santhanam: If the tribes now express their desire not to be under the control of India, will the treaty be abrogated?

Sir Aubrey Metcalfe: They have not done so.

Mr. S. Satyamurti: When did Government last ascertain the wishes of the tribes to remain under the political control of India, and how are those wishes consistent with this constant warfare in those areas?

Mr. President (The Honourable Sir Abdur Rahim): That is a matter of opinion.

Mr. S. Satyamurti: Then I will ask the first part of the question. When did Government last ascertain the wishes of the tribes concerned that they desired to continue under the political control of the Government of India?

Sir Aubrey Metcalfe: There are constant jirgas taking place between the authorities and the tribesmen practically all of whom, as I have already explained, are bound by agreements which they have solemnly entered into with the Government of India.

Mr. Abdul Qaiyum: May I know whether the Government of India have ascertained the wishes of the tribes with regard to their forward policy, and whether the tribes approve of the same?

Sir Aubrey Metcalfe: That is, as far as I can understand, the precise question I have just answered.

MECHANICAL ENGINEERS WORKING ON THE EAST INDIAN RAILWAY.

1177. ***Haji Chaudhury Muhammad Ismail Khan:** Will the Honourable the Railway Member please state:

- the number of Mechanical Engineers working on the East Indian Railway;
- how many of them are Indians, and what is the number of Muslims among them;
- the number of Engineers holding University Degree or Diploma;
- the qualification of Mr. E. Massingham, acting Production Engineer of Lillooah Workshop and the substantive post on which he has got lien;

- (e) whether it is a fact that officers of the Junior and Senior Scales are available for acting as Production Engineer of the said Workshop;
- (f) whether Mr. Massingham has got any special training in Production;
- (g) whether there were any senior officers who were eligible for promotion to the post of Production Engineer of Lillooah Workshop when the permanent incumbent retired; and if so, whether their names were considered along with that of Mr. E. Massingham for special training; and if not, why not; and
- (h) whether it is not a fact that seniority is the main consideration for filling up vacancies—permanent or temporary?

The Honourable Sir Thomas Stewart: (a) 56.

(b) 27 of whom three are Muslims.

(c) I would refer the Honourable Member to the Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways corrected up to 31st December, 1938, a copy of which is in the Library of the House.

(d) I lay on the table a statement giving the information required. His substantive rank is that of a Lower Gazetted Service Officer.

(e) No.

(f) Yes.

(g) There were officers senior to Mr. Massingham who were considered when the post of Production Engineer was being filled.

(h) No; it is one of the considerations that influence selection.

Statement.

Considerable practicable training and experience in Carriage and Wagon Workshops in England between 1907 and 1921, including 4½ years with the Royal Engineers Railway Construction Company. Then as Carriage Builder Foreman on the Oudh and Rohilkund Railway. Officiated as Production Engineer from 1st July, 1934 to 16th September, 1935 and from 22nd July, 1936 to 18th February, 1937. Officiated as Works Manager, Tatanagar Works from 19th February 1937 to 25th October, 1937, and has been officiating as Production Engineer, Lillooah from 14th June, 1938.

Mr. K. Santhanam: With reference to part (g) of the question, may I know if at any time the post of Production Engineer has been given to an Indian?

The Honourable Sir Thomas Stewart: I should like to have notice of that question.

OFFICERS OFFICIATING ON STATE RAILWAYS.

1178. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Railway Member be pleased to place on the table a list of officers at present officiating on the Railways, particularly the East Indian and the other State Railways, showing the number of years for which they have been officiating and the reasons for their not having been confirmed?

(b) Is it a fact that the confirmation of these officers is not taking place owing to scarcity of vacancies?

(c) If so, do Government propose to stop further recruitment to the junior scale until all the officiating incumbents are absorbed?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways, corrected up to 31st December, 1938, a copy of which is in the Library of the House. Confirmation is dependent on the occurrence of permanent vacancies.

(c) No. Recruitment to the Junior Scale has been below normal for some years, but recruitment cannot be altogether discontinued, as it would seriously disturb the maintenance of a properly balanced cadre.

Mr. S. Satyamurti: What is the average period for which these officers have got to officiate, before they are confirmed or absorbed in the permanent services?

The Honourable Sir Thomas Stewart: The individual statistics are contained in the Classified List to which I referred. I do not have them here nor can I in any reasonable space of time calculate what the average period is.

Mr. S. Satyamurti: I am merely asking the Honourable Member to satisfy himself that these people have not got to officiate too long. My question is intended to find out whether, as the question suggests, these officers are compelled to officiate for too long a number of years.

The Honourable Sir Thomas Stewart: I am not in a position to answer the Honourable Member and say what is the average period of officiating service.

Mr. S. Satyamurti: Will the Honourable Member investigate the matter and satisfy himself later that the period is not too long?

The Honourable Sir Thomas Stewart: I cannot see that any good purpose would be served thereby.

Dr. Sir Ziauddin Ahmad: With reference to clause (c) of the question can the Honourable Member give reasons why recruitment has been below normal in the junior scale?

The Honourable Sir Thomas Stewart: The reason of course is that there is a block further up and it would exaggerate the block if normal recruitment were carried out at the present time.

Dr. Sir Ziauddin Ahmad: If recruitment is stopped at the bottom and kept up at the top it will surely affect the budget adversely, because cutting off the posts at the bottom and keeping those at the top will surely adversely affect the budget.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can draw his own inference.

SENIORITY OF CERTAIN RAILWAY OFFICERS.

1179. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Railway Member please state whether it is a fact that a local gazetted service officer is considered junior to one recruited by competitive examinations?

(b) If so, do Government propose to remove this distinction and treat the officers in both the categories on the same basis for the purpose of promotion to the Senior Scale?

The Honourable Sir Thomas Stewart: (a) A lower gazetted service officer belongs to Railway Services Class II, and an officer recruited by competitive examination, through the Federal Public Service Commission, belongs to Railway Services Class I. These are two different services and no question of relative seniority between these officers can arise.

(b) Does not arise.

STATING OF THEIR CASTES BY HOLDERS OF THIRD CLASS MONTHLY SEASON TICKETS ON THE NORTH WESTERN RAILWAY.

1180. *Mr. Abdul Qaiyum: Will the Honourable Member for Railways please state:

(a) whether holders of third class monthly season tickets on the North Western Railway have to state their caste;

(b) the reason why this information is required;

(c) whether holders of second and first class monthly season tickets have similarly to state their caste; and

(d) if not, the reason for the discrimination against third class passengers; and whether Government propose to remove the same?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) With a view to stopping any fraudulent transfer of such tickets.

(c) The rules make no discrimination between any class of monthly season ticket holders.

(d) Does not arise.

Mr. Abdul Qaiyum: May I know, if the object is to stop illicit transfers of tickets, what useful purpose is served by this insistence on the mention of caste?

The Honourable Sir Thomas Stewart: I should have thought that the Honourable Member was perfectly well aware that caste in India is regarded as one of the distinguishing marks of a particular individual.

Mr. S. Satyamurti: Is the Honourable Member aware that this feeling is now going out?

Mr. Manu Subedar: May I know whether British holders of season tickets are asked to declare whether they are Welshmen or Scotchmen or Yorkshire men?

The Honourable Sir Thomas Stewart: No.

Mr. T. S. Avinashilingam Chettiar: In view of the fact that a definite suggestion has been made in the House, will Government consider the advisability of omitting that item in the forms which are to be printed hereafter?

The Honourable Sir Thomas Stewart: No.

Mr. K. Santhanam: With reference to the answer to part (a) of the question, may I know whether these tickets are transferable within the same caste?

The Honourable Sir Thomas Stewart: So far as I am aware, no.

Mr. K. Santhanam: Then, what is the meaning

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot have a discussion on this.

Mr. S. Satyamurti: Why do not Government consider the suggestion of abolishing the mention of caste in these application forms and what are the reasons, financial or other, which confirm the Government in their view that this information must be called for?

The Honourable Sir Thomas Stewart: I prefer to take the views of the Railway administrations.

Mr. Sri Prakasa: What happens in the case of persons who like myself have been turned out of their caste?

(No answer.)

CONVERSION OF THE KUJIBALI STATION ON THE ASSAM BENGAL RAILWAY INTO A HALTING PLACE.

1181. *Mr. Kuladhar Chaliha: Will the Honourable Member for Railways please state:

(a) whether the Kujibali railway station of the Simologuri Khawang Railway Branch of the Assam Bengal Railway has been converted into an unattended halt there;

(b) whether the public made any representation against this conversion;

(c) whether their representations were heard; and

(d) whether the station was opened for goods traffic; if not, whether the Railway authorities propose to open it for the purpose?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) Yes, but the earnings of the station did not warrant its retention as a regular goods station.

(d) The answer to the first part is in the affirmative and to the second part in the negative.

CERTAIN ALLEGATIONS AGAINST THE SERVANTS OF THE MAHARAJA OF DARBHANGA WHILE TRAVELLING FROM LUCKNOW TO DELHI.

1182. *Mr. Badri Dutt Pande: (a) Will the Honourable the Railway Member be pleased to state if it is a fact that the Maharaja of Darbhanga travelled from Lucknow to Delhi in the 117 Up (Delhi Express, East Indian Railway) on the 9th February, 1939, with his twenty-two servants and eleven dogs in a third class bogie with the carrying capacity of fifty-two passengers?

(b) Is it a fact that the third class bogie was not reserved for the Maharaja's servants and dogs and that the said Maharaja's servants were not allowing other passengers to enter the bogie?

(c) Is it a fact that owing to a great rush of third class passengers at Moradabad station in that train, Chowdhury Vijaipal Singh, M.L.A., informed the Assistant Station Master of Moradabad that the Maharaja's servants were not allowing other passengers to enter the bogie and that the Assistant Station Master deputed one Ticket Collector to have the authorised number of passengers seated in the bogie?

(d) Is it a fact that at the Gajraula junction the matter was again brought to the notice of the Railway guard who was requested to have the Maharaja's dogs taken out of the bogie and get other passengers seated in the bogie; and that when the Maharaja's servants were obstinate in not taking out the dogs, Chowdhury Vijaipal Singh, M.L.A., had to pull the alarm chain to stop the train?

(e) Is it a fact that the 117 Up train was delayed for about half an hour with a view to seeing that the law was duly obeyed?

(f) Is it a fact that the Railway guard referred the matter to the Controller of the Moradabad Division, who asked the guard to have the dogs taken out of the bogie, as it was illegal to have dogs in a passengers compartment without their consent?

(g) Is it a fact that the Maharaja Sahib was asked at Hapur railway station to give out the names of his servants who had committed the offence under section 109 of the Railway Act, but the said Maharaja refused to give out the names of his servants?

(h) Is it a fact that the guard then asked one Travelling Ticket Collector to note down the numbers of tickets of the Maharaja and of his servants?

(i) Is it a fact that a report was made at Hapur Railway Police Post by Chowdhury Vijaipal Singh, giving all the details of this incident?

(j) Will Government be pleased to state whether any action has been taken in the matter by the Railway authorities?

The Honourable Sir Thomas Stewart: I have called for information and will lay a reply on the table of this House as soon as it is received.

Mr. S. Satyamurti: When was the information called for?

The Honourable Sir Thomas Stewart: I could not tell the Honourable Member the precise date.

Mr. S. Satyamurti: Will the information be placed on the table of the House in time before the Session closes, if any Honourable Member wishes to take the matter further?

The Honourable Sir Thomas Stewart: Yes: I trust that will be the case.

MANUFACTURE OF LOCOMOTIVES IN INDIA.

1183. *Mr. S. Satyamurti: Will the Honourable Member for Railways please state:

(a) whether Government have considered the cut motion to the Railway Budget demands passed by the Assembly, pressing on the Government the need for the manufacture of railway locomotives in India;

(b) whether Government have considered the cut motion and come to any conclusion thereon; if so, what they are;

(c) what is the total number of locomotives purchased out of India by State and Company-managed Railways during the last three years for which the figures are available, and from which countries these locomotives were purchased;

(d) whether Government have considered or propose to consider the possibility of manufacturing railway locomotives in India with a view to supplying not only the requirements of India but also the requirements of Burma, Ceylon and other neighbouring countries;

(e) whether Government have made any rough or approximate calculations of the cost of manufacturing locomotives required in India; what the figures are; and

(f) whether Government are prepared to appoint an expert committee to enquire into the whole question and report; if not, why not?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Government consider that under present conditions the cost would be incommensurate with the results to be obtained and that it could not be justified from a commercial point of view.

(c) The Honourable Member is referred to the relevant provisions under rolling stock in the Budget Estimates for the years 1935-36, 1936-37 and 1937-38. The locomotives provided therein for the Metre Gauge section of the Bombay, Baroda and Central India Railway were manufactured at Ajmer and the rest were purchased abroad. The names of the countries which secured the orders are being obtained and will be laid on the table of the House in due course.

(d) and (f). For the reasons stated in part (b) above Government do not at present intend to proceed further with the matter.

(e) The Honourable Member is referred to the Honourable Sir Muhammad Zafrullah Khan's reply to the debate on the Resolution, regarding manufacture of locomotives in India, moved in this House by Mr. Sami Vencatachalam Chetty on 4th September, 1935.

Mr. S. Satyamurti: Since the cut motion was passed by this House some two weeks ago, may I know whether Government have really re-examined the matter further, and, if so, in what form, with what experts, and on what figures?

The Honourable Sir Thomas Stewart: No. There has been no re-examination since that cut motion was carried. But the Honourable Member will understand that the question was examined with a view to answering the debate on that occasion.

Mr. S. Satyamurti: May I know why, when in spite of the answer of the Government, the House passed the cut motion, Government have not re-examined the question from the point of view of manufacturing such locomotives not only for India but also for the requirements of neighbouring countries which may require them?

The Honourable Sir Thomas Stewart: I would point out to the Honourable Member that the passing of a motion by itself cannot in any way alter the physical facts of the case.

Mr. S. Satyamurti: If the passing of the cut motion does not, may I appeal to Government to re-examine the question from the point of view of the expressed wishes of the House in spite of the attitude of the Government?

The Honourable Sir Thomas Stewart: No.

Mr. K. Santhanam: May I know if Government have examined separately the question of the manufacture of boilers?

The Honourable Sir Thomas Stewart: Yes.

Mr. K. Santhanam: May I know when and what has been the calculation of the Railway Board?

The Honourable Sir Thomas Stewart: If the Honourable Member will refer to the speech of the Honourable Sir Muhammad Zafrullah Khan which I have mentioned, he will find there the calculations regarding boilers.

Dr. Sir Ziauddin Ahmad: May I ask whether the Government of India have seriously considered the situation that might arise and the consequences to our country, if unfortunately war breaks out in Europe in the near future?

The Honourable Sir Thomas Stewart: That is a matter of opinion.

Mr. K. Santhanam: May I ask if the Honourable Member for Railways knows that the condition laid down by the Honourable Sir Zafrullah Khan has been satisfied continuously for the last three years so far as the number of boilers is concerned?

The Honourable Sir Thomas Stewart: I referred the Honourable Member to the cost calculations, not the number of boilers.

Mr. K. Santhanam: Does the Honourable Member know that there is no cost calculation in that speech? Will he read it again?

The Honourable Sir Thomas Stewart: I have read the speech: there is a cost calculation in it.

Mr. K. Santhanam: Is it about boilers or about locomotives?

The Honourable Sir Thomas Stewart: About boilers too.

Mr. K. Santhanam: Will he please read out the para.?

The Honourable Sir Thomas Stewart: I have not the speech here.

Mr. Manu Subedar: The Honourable Member said that there was a scheme prepared and examined: may I know whether the Honourable Member will place the details of that scheme on the table of the House for our information?

The Honourable Sir Thomas Stewart: I do not remember that I ever said that a scheme had been prepared.

Mr. S. Satyamurti: May I know whether the Government of India have got into touch with Ceylon and other neighbouring countries to see what their requirements will be in the way of locomotives and boilers manufactured in this country, and re-examine this question with that information?

The Honourable Sir Thomas Stewart: The Honourable Member asks me to assume that these countries will be willing to take what we ourselves believe will be an expensive locomotive.

Mr. Manu Subedar: The Honourable Member refers to certain capital and other cost calculations and to the speech of the Honourable Sir Muhammad Zafrullah Khan: I am only requesting him to give us the details.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has been referred to the reply given by Sir Zafrullah Khan.

Mr. Manu Subedar: I am asking the Honourable Member whether he will make these details available for our information.

The Honourable Sir Thomas Stewart: The information is available in the speech that I quoted.

INDIANISATION OF RAILWAY SERVICES.

1184. ***Mr. S. Satyamurti:** Will the Honourable Member for Railways please state:

- (a) whether Government have considered the cut motion to the Railway Budget passed by the Assembly regarding Indianisation of railway services;
- (b) whether they have come to any conclusions thereon; if so, what they are:

(c) what are the vacancies in the Railway Board and in the office of Agent and Deputy Agents of State Railways likely to arise during the next twelve months; and

(d) whether Government have any intention of appointing Indians thereto; if so, to how many vacancies; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to my reply to the debate on the cut motion referred to. It is not proposed to take any action thereon.

(c) Two among members of the Board, two of General Managers, and one of Deputy General Manager.

(d) An Indian officer is being appointed to the vacancy of General Manager of the Eastern Bengal Railway, a similar vacancy on the North Western Railway will be filled by the confirmation of the officer who has been officiating in that post for the last three years. The vacancy of Deputy General Manager on the Great Indian Peninsula Railway is being filled by a European. As regards other vacancies, I would refer the Honourable Member to the reply I gave to part (f) of his starred question No. 997 on the 13th March, 1939.

Mr. S. Satyamurti: May I know if Government do not propose to take any action on the recommendation of this House on the cut motion with regard to the Indianising of these appointments?

The Honourable Sir Thomas Stewart: The action that the Government of India propose to take is that which was outlined in my speech when I answered that debate.

Mr. S. Satyamurti: But the House passed this cut motion in order to press on the Government the need for Indianising all these services: my Honourable friend says that it is not proposed to take any action thereon. I am asking the reason why.

The Honourable Sir Thomas Stewart: Because, in their opinion, the policy they are at present following is the right one.

Mr. T. S. Avinashilingam Chettiar: In view of the passing of the cut motion, will Government re-examine the question of the continuance of 25 per cent. European recruitment?

The Honourable Sir Thomas Stewart: No.

Mr. K. Santhanam: May I know if the appointment in the Eastern Bengal Railway is officiating or permanent?

The Honourable Sir Thomas Stewart: It is probably officiating in the first instance, since the permanent incumbent has gone on leave preparatory to retirement.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government propose to make good their promise in appointing an Indian to the post of Deputy Agent in the South Indian Railway?

The Honourable Sir Thomas Stewart: Government will do everything in their power to implement any promises they have made.

Mr. S. Satyamurti: May I inquire whether Government propose to appoint at least one Indian on a permanent tenure in the Railway Board?

The Honourable Sir Thomas Stewart: The decision in regard to that will be taken when the permanent vacancy occurs.

Mr. S. Satyamurti: May I know, Sir, how many of these appointments to which my friend referred which are being filled by Indians are permanent, if any of them is, or are they all officiating?

The Honourable Sir Thomas Stewart: I said that the appointment to the Eastern Bengal Railway must be officiating in the first instance, since the permanent incumbent is, I think, on leave preparatory to retirement.

Mr. S. Satyamurti: The others?

The Honourable Sir Thomas Stewart: I do not think there is any other appointment to which an Indian is being appointed.

Mr. S. Satyamurti: May I know, Sir, whether the one Indian officiating appointment is made as a result of the passing of the cut motion in this House the other day?

The Honourable Sir Thomas Stewart: These appointments are not made in consequence of the passing of cut motions.

BROADCASTING OF EUROPEAN AND INDIAN MUSIC FROM BROADCASTING STATIONS.

1185. ***Mr. S. Satyamurti:** Will the Honourable Member for Communications please state:

- the amount of time allotted to and the money spent on the broadcasting of European music from the different broadcasting stations in India during the last three years;
- the time allotted and the amount of money proposed to be spent in broadcasting European music during the ensuing year;
- whether Government propose to consider the advisability of dropping this part of the broadcasting programme altogether; and
- whether Government propose to spend more money on broadcasting first class Indian music from all Indian broadcasting stations, saving the money now spent on broadcasting European music?

The Honourable Sir Thomas Stewart: (a) The information is not readily available and its collection would involve an amount of time and labour disproportionate to the result.

(b) Funds are not allotted separately for European musical programmes nor can time be allotted for such programmes one year in advance. Programmes are arranged for a fortnight at a time and are based on the demands of listeners and the availability of talent.

(c) There is a definite demand, from a fair proportion of listeners, for European music from All-India Radio Stations and so long as this demand persists, Government do not propose to drop these programmes altogether.

(d) Does not arise.

Mr. S. Satyamurti: May I know, Sir, with regard to the answer to part (c) of the question, whether the Honourable Member can throw any light in more detail on the proportion of the listeners in India who want European music broadcast from the All-India Radio Stations?

The Honourable Sir Thomas Stewart: Yes, Sir, a questionnaire was issued in Bombay which showed that twenty per cent. of the listeners want European music.

Mr. S. Satyamurti: Can he give figures with respect to other Broadcasting Stations in this matter?

The Honourable Sir Thomas Stewart: We have no definite figures.

Mr. S. Satyamurti: May I know, Sir, whether Government will, in view of the suggestion made in clause (d) of the question, that this money may be spent on broadcasting Indian music, ascertain by a circular or by means of a questionnaire to listeners at other broadcasting stations as to how many of them still want European music broadcast?

The Honourable Sir Thomas Stewart: Sir, it was only a little time ago I informed Honourable Members that an analysis of the correspondence received in the Controller's office showed that 97 per cent. of our correspondents approved of the programmes issued at present.

Mr. S. Satyamurti: In view of the fact that nowadays, owing to improved receiving sets, one can hear European music from first class sources in Europe, may I know whether Government will now reconsider the whole matter and find out positively from listeners how many of them still want European music broadcast from stations in India?

The Honourable Sir Thomas Stewart: I think that in the future it will be a feature of all our stations that they will send out periodical questionnaires in order to test feeling regarding the programmes that are being broadcast.

Mr. K. Santhanam: May I know, Sir, what will be the saving in cost if European music is given up at all stations?

The Honourable Sir Thomas Stewart: An approximation is that the cost of European music is about 14 per cent.

Mr. Manu Subedar: May I know, Sir, whether Government have ascertained the possibility of relaying the superior B. B. C. music instead of sending out the second rate European music which alone they are able to get in India?

The Honourable Sir Thomas Stewart: I have already informed this House that the possibilities of relaying programmes is having our closest attention.

ENQUIRY INTO RAILWAY ACCIDENTS AND STATUS OF INSPECTORS OF RAILWAYS.

1186. *Mr. S. Satyamurti: Will the Honourable Member for Railways please state:

- (a) whether Government have considered the cut motion to the Railway Budget demands regarding the enquiry into railway accidents and the status of Inspectors of Railways;
- (b) whether Government propose to bring into force section 181 (3) of the Government of India Act which relates to the safety of the public and of all persons operating the railways, including the holding of enquiries into the causes of accidents by persons independent of the Federal Railway Authority and of any Railway Administration; if so, when; and
- (c) the reasons why section 181 (2) of the Government of India Act has already been brought into force and section 181 (3) has not at all been brought into force?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The question of the formation of an inspectorate independent of the Federal Railway Authority and Railway Administrations is under the active consideration of Government.

(c) Sub-section (2) of section 181 of the Government of India Act, 1935, was brought into operation with effect from 1st April, 1937, to empower the Governor General in Council to carry on such ancillary undertakings in connection with Federal Railways as in their opinion were desirable. The powers conferred by sub-section (3) of section 181 are now exercisable by the Governor General in Council. The question of bringing this sub-section into operation in advance of the establishment of the Authority does not, therefore, arise.

Mr. S. Satyamurti: May I take it, therefore, that Government have now got the power of creating the authority, independent of the control of the Railway Board?

The Honourable Sir Thomas Stewart: Yes.

Mr. S. Satyamurti: May I inquire, Sir, whether that matter also is being examined, in connection with the proposal made in this House which my friend said was being actively considered by the Government?

The Honourable Sir Thomas Stewart: The Honourable Member's suggestion is, I take it, that the cadre of Inspectors should be independent of the Railway Board. That is my understanding of the problem that we are investigating.

Mr. S. Satyamurti: May I take it that Government intend, if they decide to create that, to create that independent body quite independent of the Railway authority?

The Honourable Sir Thomas Stewart: Yes, Sir, that is the proposition we have now before us.

SELECTION OF MUSICIANS FOR BROADCASTING STATIONS.

1187. *Mr. S. Satyamurti: Will the Honourable Member for communications please state:

- (a) the principles or considerations on which musicians are selected for broadcasting music at the broadcasting stations in India;
- (b) whether all possible steps have been taken to eliminate patronage altogether from such selection;
- (c) whether the advice of any expert committee is taken in the selection of such musicians;
- (d) whether the list of musicians is being periodically revised in the light of the opinion received from the listeners of such music; and
- (e) whether Government propose to appoint a committee to enquire into the whole question of the proper selection of musicians for all broadcasting stations in India; if not, why not?

The Honourable Sir Thomas Stewart: (a) The selection of musicians for broadcasting depends on various factors, such as their proficiency, popularity, suitability of their voices to the microphone, reliability in the fulfilment of their contracts and the fees which they will accept.

(b) and (e). All programmes are subject to the control, supervision and direction of the Head of the Department and there is no reason to believe that any further measures are necessary to ensure a proper selection of musicians.

(c) No, but advisory committees are being appointed for the more important stations and the Controller of Broadcasting will take their advice in the matter, where necessary.

(d) Yes.

Mr. S. Satyamurti: With reference to the answer to part (c) of the question, may I know whether Government intend to have the advice of such expert committees in respect of the selection of musicians for each broadcasting station?

The Honourable Sir Thomas Stewart: No, Sir, Government are not of the opinion at present that a special expert committee is necessary.

Mr. S. Satyamurti: Then what are the means by which Government satisfy themselves that those who are entrusted with the task of selecting Indian musicians discharge their responsibilities from the several points of view mentioned by my friend, as governing the selection of musicians?

The Honourable Sir Thomas Stewart: Well, Sir, as I have already said on more than one occasion, we have a very extensive "fan mail" and a record is kept of performances in respect of their popularity, etc., at each station.

Mr. S. Satyamurti: What happens in the case of a first selection? My friend referred to the opinion of listeners. That can only be, with regard to musicians who have already sung and whose music has been listened to. Is it a permanent list, and what happens when additions are made to it?

The Honourable Sir Thomas Stewart: One way in which the list of artists is added to is through the process of giving auditions.

Mr. S. Satyamurti: With reference to the answer to part (e) of the question, may I know, Sir, whether Government propose to appoint a committee to inquire into the whole question of the proper selection of musicians for all broadcasting stations in India, for, after all, proper broadcasting of music forms the foundation for the development of broadcasting in this country?

The Honourable Sir Thomas Stewart: Sir, Government are by no means persuaded to think that their programmes are such as to warrant the appointment of such committees, as the Honourable Member suggests.

Mr. S. Satyamurti: But why don't they suggest a committee to improve their programmes and give better music?

(No reply.)

Mr. Manu Subedar: Is it a fact, Sir, that the Delhi Advisory Committee has not met for one and a half year?

Mr. President (The Honourable Sir Abdur Rahim): Next question.

ACTION TAKEN ON THE MEMORIAL OF TRAIN CLERKS ON THE NORTH WESTERN RAILWAY.

1188. *Sardar Sant Singh: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the train clerks of the North Western Railway, Lahore, submitted a memorial to the General Manager, on 15th January, 1939? If so, has the same been considered, and what action is proposed to be taken on the same?

(b) Is it a fact that defaulters of other branches of the service are reverted as train clerks as a sort of punishment? If so, does this reversion affect the seniority of train clerks?

(c) Is it a fact that train clerks have to compete with menial shunting staffs?

(d) Is it a fact that the promotion for special ticket examiner's jobs is reserved for ticket collectors? If so, what are the reasons for permitting ticket collectors to compete with train clerks for the job of guards?

The Honourable Sir Thomas Stewart: (a) to (d). I would refer the Honourable Member to the reply I have just given to Mr. Sham Lal's question No. 1167.

UNIFORMS SUPPLIED TO CERTAIN STAFF ON THE NORTH WESTERN RAILWAY.

1189. *Sardar Sant Singh: (a) Will the Honourable Member for Railways be pleased to state on what basis uniforms are supplied to the station staff, and staff working in yards of the North Western Railway?

(b) Are the uniforms supplied to the train clerks? If not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the reply I have just given to parts (a) and (b) of Mr. Sham Lal's question No. 1168.

RANGAPARA SECTION OF THE EASTERN BENGAL RAILWAY.

1190. *Mr. Kuladhar Chaliha: Will the Honourable the Railway Member please state:

- (a) whether the Government of Assam gave a guarantee to the Eastern Bengal Railway for opening the Rangapara section to the extent of Rs. 1,75,000, if the income of the Railway fell below a certain percentage;
- (b) whether the Government of Assam paid during 1937-38 a sum of Rs. 77,000 on account of the guarantee;
- (c) whether it is a fact that the income on this section of the Railway would have been more but for the breach of the Railway bridge on the Aye River and for the suspension of goods traffic on this line for more than three months;
- (d) whether Government propose to ask the Railway authorities to open the through booking of goods from the out-agency at Sootea; and
- (e) whether Government have received any representation from the public and Government of Assam?

The Honourable Sir Thomas Stewart: (a), (b) and (c). Yes.

(d) Government understand that the matter is under consideration.

(e) No.

Maulvi Abdur Rasheed Chaudhury: May I inquire, Sir, whether the railway authorities contemplate refunding Rs. 77,000 or any portion of it to the Assam Government in view of the fact that the income of the railway in that branch fell below the guaranteed percentage owing to suspension of traffic for over three months due to breach on the Aga River bridge?

The Honourable Sir Thomas Stewart: I should require notice of that. I am not aware of any proposal to refund this sum.

Mr. Brojendra Narayan Chaudhury: May I know the reason for the inordinate delay of more than three months in repairing the breach, which involved a loss of the goods traffic as referred to in part (c) of the question?

The Honourable Sir Thomas Stewart: I am not prepared to admit that there has been any inordinate delay.

Mr. Brojendra Narayan Chaudhury: Is it not usual for flood breaches to be repaired in three or four days?

The Honourable Sir Thomas Stewart: That depends entirely on the nature of the engineering problem presented.

REPRESENTATIONS REGARDING ADMINISTRATION OF THE TRIBAL AREAS.

1191. *Mr. T. S. Avinashilingam Chettiar: Will the Foreign Secretary state:

- (a) whether Government have received within the last one year any representations from the North-West Frontier Government with regard to the administration of the tribal areas;
- (b) if so, in what matters; and

- (c) whether the representations have been considered and any conclusions come to?

Sir Aubrey Metcalfe: (a) No.

(b) and (c). Do not arise.

MANUFACTURE OF LOCOMOTIVES AND REDUCTION OF SALARIES.

1192. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) whether Government have considered the cut motion passed by this House on the matter of manufacture of locomotives and the reduction of salaries; and
- (b) if so, to what conclusions they have come to?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) I would refer the Honourable Member to my replies given on 21st February, 1939, to the debates on the cut motions referred to.

Mr. T. S. Avinashilingam Chettiar: The question is whether they have considered the cut motions.

The Honourable Sir Thomas Stewart: You are asking whether the Government have considered?

Mr. T. S. Avinashilingam Chettiar: My Honourable friend refers to the speech on the cut motion which was passed on that day. I want to know whether that cut motion has been considered and what was the result of the consideration of the cut motion.

The Honourable Sir Thomas Stewart: The Government's position is unchanged.

Mr. K. Santhanam: May I know what procedure is adopted by Government for consideration of matters decided by this House?

The Honourable Sir Thomas Stewart: I do not think that any procedure in regard to consideration has been laid down or could possibly be laid down.

Mr. K. Santhanam: Are we to understand that generally no consideration is given at all to the proceedings of this House?

The Honourable Sir Thomas Stewart: No, Sir. My Honourable friend cannot understand that.

Mr. T. S. Avinashilingam Chettiar: May I know whether every cut motion passed by this House is taken into consideration before a conclusion is come to?

The Honourable Sir Thomas Stewart: Yes, it is.

Mr. S. Satyamurti: Was this cut motion considered by the Government of India? I want a straight answer to a straight question. If so, on what date did they consider it, and did they come to the conclusion that they should not go back on the decision that they had already communicated to the House?

The Honourable Sir Thomas Stewart: It was considered.

CUTTING OFF OF THE THROUGH MAIL TRAIN BETWEEN BANGALORE AND POONA AT HUBLI.

1193. *Sri K. B. Jinaraja Hegde: Will the Honourable Member for Railways be pleased to state:

- (a) whether it is a fact that the through mail train between Bangalore and Poona has been cut off at Hubli with the consequent delay of seven hours;
- (b) whether it is a fact that the Madras and Southern Mahratta Railway are contemplating running a through mail train from Poona to Bangalore via Guntakal junction;
- (c) whether there is not a delay of seven hours of post from Bombay to Bangalore owing to cutting off of the through mail train at Hubli;
- (d) whether it is not a fact that a person from Bombay could reach Mangalore via Kadure in thirty-six hours, while the post takes three days to reach Mangalore; and
- (e) whether Government are prepared to enquire into this dislocation of traffic and post and make the necessary changes?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) No.

(c) No. No advantage would be derived by the arrival of the Mail at Bangalore seven hours earlier, as the mails could only be included in the morning delivery as is done now.

(d) The answer to the first part is in the affirmative and to the second part in the negative, as the total transit time for postal mails is normally 48 hours.

(e) Does not arise.

Sri K. B. Jinaraja Hegde: May I know how much time a letter takes from Bombay to Bangalore?

The Honourable Sir Thomas Stewart: I should require notice.

Sri K. B. Jinaraja Hegde: May I know what time it takes from Bombay to Mangalore? It is with reference to part (d) of the question, where it is said that a passenger can reach Mangalore in 36 hours, while the post takes three days.

The Honourable Sir Thomas Stewart: The mail takes 48 hours between Bombay and Mangalore.

Sri K. B. Jinaraja Hegde: Is it not a fact that the mail is cut off at Hubli and it is delayed there by seven hours?

The Honourable Sir Thomas Stewart: I have just explained to the House that the delay of seven hours makes no difference so far as the mails are concerned. They could not be delivered earlier even if they arrived seven hours earlier.

Sri K. B. Jinaraja Hegde: May I know the reason why the mail is cut off at Hubli for seven hours?

The Honourable Sir Thomas Stewart: I suggest that it is due to a re-arrangement of the railway service.

APPEAL OF THE EMPLOYEES OF THE BENGAL NAGPUR RAILWAY AUDIT DEPARTMENT.

1194. *Mr. R. N. Basu: (a) Is the Honourable Member for Railways aware of an appeal received by the Secretary, Railway Board, from the employees of the Bengal Nagpur Railway, Audit Department, regarding promotions of the passed incumbents to the higher grades of service?

(b) If so, what steps have the Railway Board taken in the matter?

(c) Are Government aware that the Director of Railway Audit, in his letter No. 193-E./31, dated the 4th May, 1933, had ruled that promotions to higher grades would be governed according to the dates of passing the qualifying examination equivalent to the Subordinate Accounts Service examination?

(d) Is it a fact that the ruling of the Director of Railway Audit was decided to be followed by the Bengal Nagpur Railway authorities in promoting lowest grade (AB Grade) clerks who have passed the qualifying examination?

(e) Is it a fact that the rules framed by the Railway authorities for the qualifying examination relate to promotion above "C" Grade?

(f) Is it a fact that promotion to "C" grade is governed by seniority in pay?

(g) Is it a fact that certain clerks of the "AB" grade who have passed the qualifying examination are not promoted to any grade above "C" grade for their not being senior for promotion to "C" grade?

(h) Are Government aware that the new rules for the promotion to "C" grade according to seniority were framed after certain clerks of "AB" grade had qualified for promotion by passing the examination?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) None, as no appeal lay to the Railway Board.

(c) Yes.

(d) to (h). These relate to details of administration on a Company-managed Railway, in regard to which Government are not concerned.

DENIAL OF THE PRIVILEGE OF ENHANCED RATE OF INCREMENT TO PASSED INCUMBENTS OF THE BENGAL NAGPUR RAILWAY AUDIT DEPARTMENT.

1195. *Mr. R. N. Basu: (a) Will the Honourable the Railway Member please state whether it is not a fact that the privilege of the enhanced rate of increment is allowed to the passed incumbents of the State Railway Audit and Accounts Departments?

(b) Is it not also a fact that for the fixation of seniority of passed incumbents for promotion to higher grades, every three complete years of the excess in length of continuous service is treated as compensating for one year's delay in passing the examination?

(c) If so, why are the same privileges denied to the passed incumbents of the Bengal Nagpur Railway Audit Department?

(d) Do Government propose to instruct the Bengal Nagpur Railway authorities to follow the same rule? If not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). The facts are as stated by the Honourable Member, except that in the Railway Audit Branch of the Indian Audit Department every three complete years of the excess in length of service—service after six years of service in the lower grade only being reckoned for the purpose—is treated as compensating for one year's delay in passing the examination.

(c) and (d). I would refer the Honourable Member to the reply I have just given to parts (d) to (h) of his question No. 1194.

DISCONTINUANCE OF DELIVERIES FROM ALLAHABAD CITY AND KUTCHERY POST OFFICES.

1196. *Mr. R. N. Basu: (a) Will the Honourable Member for Communications be pleased to state whether the attention of Government has been drawn to difficulties and inconvenience experienced by the Allahabad public on account of the discontinuance of the deliveries from Allahabad City and Kutchery Post Offices?

(b) Will the Honourable Member state why the representations made by the President, Traders Association, Hindustani Association and the grain merchants of Muthiganj, under registered covers No. 109 of the 14th September, 1937, No. 118 of the 12th November, 1937, No. 98 of the 21st December, 1937, and No. 109 of the 9th February, 1938, were left unattended and failed to evoke any response and were not even acknowledged by the Director General, Posts and Telegraphs?

(c) Will the Honourable Member be pleased to state what steps the Government of India have taken to remove the public grievance caused by the revised arrangements of delivery introduced from the 1st February, 1937?

The Honourable Sir Thomas Stewart: (a) and (c). I would refer the Honourable Member to the reply given to parts (a) and (c) of Mr. Mohan Lal Saksena's starred question No. 302 on the 16th February, 1938.

(b) I would refer the Honourable Member to the reply given to part (b) of Mr. Mohan Lal Saksena's starred question referred to in my reply to part (a) of this question. The letter of the 9th February, 1938, does not appear to have been received in the Director General's Office.

Mr. R. N. Basu: Is the Honourable Member aware that there is still a grievance on the part of the Allahabad public owing to the discontinuance of the deliveries from Allahabad City and Kutchery Post Offices?

The Honourable Sir Thomas Stewart: If the Honourable Member would refer to the replies I have quoted, I think he will get the information that he requires.

DISCONTINUANCE OF DELIVERIES FROM ALLAHABAD CITY AND KUTCHERY POST OFFICES.

1197. *Mr. R. N. Basu: (a) Will the Honourable Member for Communications be pleased to state if any enquiry was instituted to ascertain the genuineness of the grievance of the public of Allahabad which was ventilated through newspapers and other agencies regarding delivery of *dak*?

(b) Will the Honourable Member state the reason for the introduction of the new method of delivery involving heavy cost to Government?

(c) Has the new system involved further expenses in employing ten postmen, two sorting postmen, and an additional increase in the motor expenses?

(d) Has there been an abnormal fall in the work of the post office, because of the discontinuance of the deliveries from the aforesaid two post offices?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply given to part (c) of Mr. Mohan Lal Saksena's starred question No. 302 on the 16th February, 1938.

(b) The change was made in the interests of public convenience.

(c) Yes.

(d) No.

DISCONTINUANCE OF DELIVERIES FROM ALLAHABAD CITY AND KUTCHERY POST OFFICES.

1198. *Mr. R. N. Basu: (a) Will the Honourable Member for Communications be pleased to place on the table for the examination of the House the statistics of the City and Kutchery Post Offices, prior and subsequent to the introduction of the new method of delivery from the Allahabad General Post Office?

(b) Will the Honourable Member be pleased to state why an increase in the expenditure to the Department with curtailment of postal facilities to the public has been done, causing inconvenience to the general public and loss to the traders and merchants of the city?

(c) Will the Honourable Member please state the policy underlying the introduction of the new scheme at a heavy cost to Government?

(d) Will the Honourable Member be pleased to state whether the new method is being run at a loss? If so, why was the old system of delivery not restored till now?

The Honourable Sir Thomas Stewart: (a) The information is not available and cannot be collected without an undue expenditure of time and labour.

(b) and (d). The additional expenditure was incurred with the object of providing improved facilities to the public. It is not a fact that inconvenience to the general public or loss to traders of the city has been caused by the new arrangements which have been working since February, 1937.

(c) I would refer the Honourable Member to the reply given to part (d) of Mr. Mohan Lal Saksena's starred question No. 302 on the 16th February, 1938.

Mr. R. N. Basu: May I know what steps Government have taken to ascertain the views of merchants and traders of Allahabad?

The Honourable Sir Thomas Stewart: If I remember aright, specific enquiries were made by the Postmaster General of the U. P. Circle.

Mr. R. N. Basu: Representations were made by the Traders' Association and the Grain Merchants' Association regarding the inconvenience caused by the new change.

The Honourable Sir Thomas Stewart: Enquiries were made in that respect.

MUSLIMS IN VARIOUS RANKS IN THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

1199. *Mr. Umar Aly Shah: Will the Honourable Member for Railways be pleased to state the number of Muslims in various ranks in the Madras and Southern Mahratta Railway?

The Honourable Sir Thomas Stewart: 5,280 on 31st March, 1938.

RECRUITMENTS TO RAILWAY SERVICES.

1200. *Mr. Umar Aly Shah: (a) Will the Honourable the Railway Member please state whether heredity is a requisite for recruitment to Railway services?

(b) Will the Honourable Member state if the communal rotation is adopted?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Yes, where the orders issued required this to be done.

UNSTARRED QUESTIONS AND ANSWERS.

STATIONS PROVIDED WITH HOSPITALS ON THE EAST INDIAN RAILWAY.

38. Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable Member for Railways be pleased to state which stations on the East Indian Railway are provided with hospitals for the treatment of Railway employees?

(b) At which stations are arrangements made for the treatment of indoor patients?

(c) Which of the hospitals are situated in malarious districts?

(d) What is the average number of indoor patients at each hospital during a year and how many beds are provided in each?

(e) Is it a fact that due to the inadequacy of beds, employees who need indoor treatment are denied this facility?

The Honourable Sir Thomas Stewart: (a) to (d). I lay on the table a statement giving the information required.

(e) No.

Statement.

Railway Hospitals.	Particulars in regard to Hospitals where indoor patients are admitted.	
	No. of beds	No. of indoor patients 1937-38.
Lillooah	16	575
Asansol	33	846
Ondal	4	
Dhanbad	22	917

Railway Hospitals.	Particulars in regard to Hospitals where indoor patients are admitted.	
	No. of beds.	No. of indoor patients 1937-38.
Jamalpur	66	1,450
Rampurhau	4	
Azimganj	8	
Gaya	12	367
Barwadih	20	
Dinapore	4	
Moghalsarai	4	1,018
Mokameh	47	
Allahabad	6	
Cawnpore	28	399
Tundla	17	374
Lucknow	19	394
Moradabad		
Calcutta		
Howrah		
Bandel		
Kamarkundu		
Burdwan		
Sahibganj		
Sitarampur		
Madhupur		
Pathardih		
Katrasgarh		
Gomoh		
Barkakana		
Gujhandi		
Jhajha		
Kiul		
Nawadah		
Buxar		
Dehri-on-Sone		
Mirzapur		
Cawnpore central		
Cawnpore Junction		
Juhi		
Etawah		
Mainpuri		
Aligarh		
Khurja		
Benares Cantonment		
Jaunpur		
Partabgarh		
Rae Bareli		
Fyzabad		
Barabanki		
Lucknow Charbagh		
Lucknow Alambagh		
Sultanpur		
Balamau		
Rosa		
Shahjahanpur		
Bareilly		
Chandausi		
Hapur		
Najibabad		
Lhaksar		
Dehra Dun		
Saharanpur (Khanalampura)		

Malaria is prevalent at all the above places.

OPERATIONS PERFORMED ON EMPLOYEES IN RAILWAY HOSPITALS.

39. Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable Member for Railways please state how many major operations were performed on Railway employees during the last five years at Railway Hospitals of headquarter stations, and how many of the patients survived those operations and how many succumbed to them?

(b) Are there any specialists provided for the treatment of eye diseases? If not, why not?

The Honourable Sir Thomas Stewart: (a) Government have no information and do not consider that the labour involved in its compilation can be justified.

(b) No eye specialists are employed as such, but some of the medical officers on the State-managed Railways hold diplomas either in ophthalmology or in ophthalmic medicine and surgery.

ALLEGED WITHHOLDING OF CERTAIN TELEGRAMS IN THE CITY TELEGRAPH OFFICE, ALIGARH.

40. Sir Muhammad Yamin Khan: Will the Honourable the Communications Member please state:

(a) whether Chaudhri Abdul Hamid handed over to the city Telegraph Office, Aligarh, on the 2nd March, 1939, telegrams to be sent to the Viceroy, Governor of the United Provinces, Premier of the United Provinces Government, Secretary, Muslim League, Lucknow, Raja of Mahmudabad, Mr. Rafi Ahmed Kidwai, *The Pioneer* and *the Hug*, containing words "Licence to take out old Durbari Tazia arbitrarily withheld Muslims suspended Mohurram observance";

(b) whether the District Magistrate of Aligarh, against whom this complaint was made, got the telegrams from the telegraph clerk and stopped him from sending the said telegrams at once;

(c) if the telegrams were withheld, under what rules they were so withheld, and whether the telegraph clerk was authorised to communicate the contents of the telegrams intended for high dignitaries mentioned in part (a) to the District Magistrate and take instructions from him;

(d) if the telegrams were despatched, what is the time of their wiring;

(e) how long the telegrams remained in the office before they were wired; and

(f) whether any more telegrams were handed over in the office after these telegrams; if so, what is the time of their wiring?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The Sub-Postmaster of the Aligarh Post Office, being doubtful as to whether the telegram was of an objectionable or alarming character, referred it to the District Magistrate, who advised its interception. The telegram was, therefore, detained and the sender informed.

(c) The telegram was withheld under Rule 15 of the Indian Telegraph Rules which lays down the procedure governing such cases.

(d) and (e). Do not arise.

(f) Yes. They were signalled at 6-10, 6-12, and 6-13 p.m. respectively.

TRAVELLING OF RAILWAY OFFICERS WITH THEIR FAMILIES ON METAL PASSES.

41. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to part IV of Appendix No. 30 to the Civil Service Regulations and state:

(a) the sanction of the Secretary of State for India in Council permitting the Superior Revenue Establishment on State Railways to carry their wives, children and family on metal passes when travelling on duty; and

(b) the sanction of the Secretary of State for India in Council permitting the Superior Revenue Establishment on State Railways to travel in reserved carriages instead of in ordinary compartments of the train services for which they hold metal passes?

The Honourable Sir Thomas Stewart: (a) In these matters the Civil Service Regulations have been superseded by the Fundamental Rules, Under Supplementary Rule 174 of the Fundamental Rules, the Railway Board are competent to frame rules for the issue of free passes.

(b) Rule 10 of the Railway Board's Pass Rules regarding the issue of free passes reads as follows:

"10. Metal passes.—These are to be issued as follows and will cover (except over the Bombay, Baroda and Central India, Madras and Southern Mahratta and South Indian Railways) the officer's family (wife and children only) when travelling with him for journeys on duty",

* * * * *

from which it will be seen that metal passes do not confine the holder to journeys in the compartments of train services, but also cover journeys in saloons.

PROMOTION OF TRAINED CLEANERS TO FIREMEN ON RAILWAYS.

42. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to Rules 35 and 36 of the Rules for the recruitment and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways and state whether the promotion of trained cleaners to firemen is made on communal representation?

The Honourable Sir Thomas Stewart: Yes.

POSTS CREATED ON RAILWAYS AND RETRENCHMENT EFFECTED IN THE RAILWAY BOARD AFTER THE SEPARATION OF BURMA.

43. Mr. Muhammad Azhar Ali: (a) Will the Honourable Member for Railways please lay on the table a list of posts and the salaries attached to them created in the Railway Department, Railway Board, and on the

Railway Administrations, respectively, since the inauguration of the Railway Board in 1905 and the total increase in the total expenditure in 1938 over the expenditure in 1905 and in 1936, respectively, for those establishments?

(b) Will Government please state if any retrenchment was effected in the salary of the staff of the Railway Department and of the Railway Board after the separation of Burma and consequent upon the same? If not, why not?

The Honourable Sir Thomas Stewart: (a) Government do not consider that the labour involved in compiling the information required can be justified.

(b) No, as such diminution of the work, as there may have been on the separation, was more than counterbalanced by increases in other directions.

PENSIONERS AND PERSONS WHO SERVED IN THE GREAT WAR EMPLOYED ON STATE RAILWAYS.

44. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state the number of pensioners and persons who served in the Great War, employed on each State-managed Railway since 1919 and the conditions and salaries on which they were employed?

The Honourable Sir Thomas Stewart: Government do not consider that the labour involved in the compilation of the information required can be justified.

CANDIDATES BELONGING TO DELHI PROVINCE SELECTED FOR EMPLOYMENT ON THE NORTH WESTERN RAILWAY AND POSTED TO DELHI DIVISION.

45. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state the number of candidates belonging to the Delhi Province selected for employment on the North Western Railway and posted to Delhi Division since 1925 and the percentage thereof in the Delhi Division?

The Honourable Sir Thomas Stewart: Government do not consider that the labour involved in compiling the information required can be justified.

NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

46. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the information given on 31st January, 1938, to unstarred question No. 153, asked on 21st September, 1937, and state whether the out of headquarters (daily) allowance to station staff put out to work as guards temporarily has since been paid to the claimants? If not, why not?

The Honourable Sir Thomas Stewart: With your permission, Sir, I propose to reply to this and question No. 47 together. Government have no reason to believe that suitable action has not been taken on the orders issued, but if the Honourable Member will bring to my notice cases in which the orders have been disregarded, the General Manager of the North Western Railway will be asked to look into them.

NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

47. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the information given on 31st January, 1938, to unstarred question No. 154 asked on 21st September, 1937, and state whether the mileage earned by station staff put to work temporarily as guards for periods exceeding twenty-one days has since been calculated towards leave salary and paid to them? If not, why not?

HOLIDAYS TO RAILWAY STAFF.

48. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state:

- whether it is a fact that office staff on State-managed Railways are permitted to enjoy the holidays authorised under the Negotiable Instrument Act;
- whether it is a fact that station and train staff on State-managed Railways are not permitted to enjoy those holidays;
- the reasons for this discrimination amongst the staff of the public utility services; and
- whether Government propose to credit with those holidays the leave account of those staff who owing to the exigencies of service are unable to enjoy those holidays; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) The difference is due to the exigencies of the service making it impracticable to allow staff concerned with the working of train services, to take the holidays referred to.

(d) Government do not consider that there is any justification for accepting this suggestion.

PUNISHMENT OF CERTAIN STAFF IN DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

49. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the reply given to part (d) of starred question No. 171, asked on the 8th February, 1938, and to lay on the table a list of the staff who were discharged from the service since 1st January, 1938, in Delhi Division against their complaints for being kept on duty for sixteen hours or more in every run of a goods train or were punished for such complaints?

The Honourable Sir Thomas Stewart: Only nine van porters were discharged since January, 1938. In this connection, I would refer the Honourable Member to the reply I gave to Maulvi Syed Murtuza Sahib Bahadur's question No. 110 on the 23rd March, 1938.

INVESTIGATION INTO CASES OF BREACHES OF DISCIPLINE AND INSUBORDINATION AGAINST CHOWKIDARS ON THE NORTH WESTERN RAILWAY.

50. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the reply given to part (c) of starred question No. 174,

†For answer to this question, see answer to question No. 46.

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asked on the 8th February, 1938, and state the results of the investigation into the cases of serious breaches of discipline and insubordination against the chowkidars?

The Honourable Sir Thomas Stewart: I am obtaining the information asked for and will lay a reply on the table of the House in due course.

MISAPPROPRIATION OF THE SALES OF TICKETS BY A STATION MASTER AT NANGLOI ON THE NORTH WESTERN RAILWAY.

51. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state if it is a fact that a Station Master of Nangloi, Delhi Division, North Western Railway misappropriated the sales of tickets?

The Honourable Sir Thomas Stewart: No.

CATERING CONTRACTS ON RAILWAYS.

52. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the Supplementary answer, viz., "I mentioned on the floor of the House that the question of catering contracts was under our consideration" to starred question No. 669 asked on 5th March, 1938, and state the result of the consideration?

The Honourable Sir Thomas Stewart: The matter is under active consideration.

TEST OF COLOUR BLINDNESS ON RAILWAYS.

53. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state:

- whether the test of colour blindness arrived at by Dr. Shinoli Ishra, Professor of the Imperial University, Tokyo, is authorised by the Railway Board; and
- whether the test can be varied by individual examining medical officers?

The Honourable Sir Thomas Stewart: I would refer the Honourable Member to the reply I gave to Mr. J. D. Boyle's starred question No. 732 on the 9th March, 1938.

DEPARTMENTS WITHOUT RECOGNISED TRADE UNIONS.

54. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please refer to the supplementary question to starred question No. 829, asked on the 18th March, 1938, and state the departments in which there are no recognised trade unions?

The Honourable Sir Thomas Stewart: I understand that the Honourable Member's question refers to Unions the membership of each of which is confined exclusively to employees of a particular department. The information required is not readily available, and it is not considered that the labour involved in compiling it can be justified.

NON-GRANT OF RAILWAY CONCESSION TO ROORKEE DURING THE *Urs* AT PIRAN KALIAR SHARIF.

55. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state the administrative reasons for not giving concession rates of fare to and from Roorkee during the *Urs* at Piran Kaliar Sharif, and the shortest and longest journeys to and from that station undertaken during the last *Urs*, together with a total number of inward and outward passengers on that occasion?

The Honourable Sir Thomas Stewart: On the occasion of the last *Urs* at Piran Kaliar Sharif, the home Railway, i.e., the East Indian Railway, gave concessions from the 9th to the 15th May, 1938, available for completion of the return journey up to the 19th May, 1938, at the following fares:

Single journey fares.

All classes {	For stations distant 16 to 30 miles	1½
	For stations distant over 30 miles	1½

It has not been possible to ascertain the shortest and longest journeys to and from that station undertaken during the last *Urs*. The total number of passengers dealt with at Roorkee on this occasion was:

Inward	...	30,376.
Outward	...	29,548.

The North Western Railway does not normally issue third class return tickets, but, on this occasion, agreed to the issue of combined third class return tickets at two single journey fares over the North Western Railway portion.

DIFFERENCE BETWEEN A JEMADAR SYSTEM AND A CONTRACT SYSTEM OF COOLIES ON STATE RAILWAYS.

56. Mr. Muhammad Azhar Ali: Will the Honourable Member for Railways please state the difference between a jemadar system and a contract system of coolies on State-managed Railways?

The Honourable Sir Thomas Stewart: The duties and functions of the two are much the same. The difference is in the terms of appointment, the Jemadar being permitted to work under a licence whereas the contractor has an agreement.

THE REGISTRATION OF FOREIGNERS BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I present the Report of the Select Committee on the Bill to provide for the registration of foreigners in British India.

THE INDIAN FINANCE BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the motion moved by the Honourable Sir James Grigg on the 17th March, that the Finance Bill be taken into consideration.

[Mr. N. M. Joshi.]

why should the Honourable the Finance Member be afraid even to increase that rate. A man with an income of ten lakhs, if he pays three lakhs and if he is made to pay four lakhs, what change does it make in his life? As there are men in this country who can easily spend. . . .

Sir Cowasji Jehangir: There will be less to give to the Servants of India Society then.

Mr. N. M. Joshi: I hope the Baronet from Bombay will not try to save a few hundred rupees by not paying his contribution to the Servants of India Society. Now, even if three or four lakhs are taken away out of his income of ten lakhs—I do not know his income, it may be more than ten lakhs, I do not know—how does he feel the loss of these four lakhs? He will still have Rs. 50,000 a month—I do not know whether he spends Rs. 20,000 a month. I am sure he does not. He can even save some money after paying a higher rate of income-tax but the Honourable the Finance Member again, I say, is anxious to protect the interests of the wealthy and the well-to-do. He is browbeaten by their speeches, he is frightened at their displeasure. Sir, I want the Finance Member to be fair and just and not to be browbeaten by people who are wealthy and well-to-do. I am sure if the Honourable the Finance Member has a will, he can make a change in the taxation system of this country. The Taxation Committee, which was appointed by the Government of India some years ago, definitely stated that in India too much taxation by indirect methods is collected. The Honourable the Finance Member has paid no attention to that fact and he and his predecessors did not make any effort to change the ratio between direct and indirect taxation. Sir, the Honourable the Finance Member said that “under the present circumstances of India” this was not possible. I do not know what the meaning of that phrase is. He has not explained to us what the present circumstances of India are. I know that there is great poverty in this country, there is too much pressure upon the land, and there is not a sufficient balance between agriculture and industry in this country. The country requires industrialisation.

The Honourable Sir James Grigg: More taxation on the poor.

Mr. N. M. Joshi: I want to know whether the Honourable the Finance Member has done anything to lighten the pressure on the land, to remove the poverty of the people, and I say, Sir, that that can be done by changing the present ill balance between agriculture and industry. What has my friend done for that purpose? Well, Sir, the Honourable the Finance Member said on that occasion that I am one of those people who stand for the policy of protection, and he expressed his surprise at that. Well, Sir, I made it quite clear that I feel strongly that in the interests of the people of this country, the country must proceed very fast with industrialisation. The pressure on the land must be lightened to a great extent. Sir, I do not wish to state before the House in full now what I feel on the question of protection. I had gone fully into that question several times before. If the Honourable the Finance Member had taken the trouble, when he joined his duties as Finance Member, to read some of the proceedings of the Legislative Assembly, he would

have known what my attitude is. Sir, my Honourable friend would then have known that I was one of the few critics of the policy of protection, by high tariffs. I suggested methods by which the Government of India could industrialise the country without the disadvantages of high tariffs but, unfortunately my voice was not heard. After some time, I began to point out to the Government of India some methods which I thought they might adopt, namely, “when you give protection to an industry, impose certain conditions to see that the industry will be run on proper lines”. I have suggested on more than one occasion that the Government of India should appoint inspectors of industries for those industries that are protected. They should have control in various other matters but neither the Government of India nor the Legislature listened to my views. Sir, the other day, my Honourable friend, Dr. Sir Ziauddin Ahmad, pointed out how year after year I had put forward these views before the Legislature. He is one of my witnesses. I hope, Sir, that the Government of India will change that policy. We want industrialisation and I strongly believe in the industrialisation of the country. At the same time that industrialisation could take place by much better methods than the Government of India have ever adopted. Sir, as regards the policy of the Government of India in the matter of taxation, I feel, that instead of trying to improve the system of taxation, the Honourable the Finance Member is making it worse by his proposal this year to double the duty on imported cotton.

Sir, the Honourable the Finance Member or any one of his supporters should have shown how an increase in the duty on cotton will enable this country to produce a better class of long-staple cotton. Nobody can state that by the increase of the duty on cotton the price of short-staple cotton can go up. My Honourable friend, Sir Cowasji Jehangir, pointed out very clearly that the only Indian cotton which comes into competition with the imported cotton consists of fifty-seven thousand bales, and if the Government of India want to improve the quality of cotton and if they want to get long-staple cotton produced in this country, the right way is not to increase the duty on this cotton, because experience has shown that we cannot produce long-staple cotton and if Government want to encourage the production of long-staple cotton, the best way is for the Government of India to give a subsidy to those people who produce long-staple cotton. I am not against the protection of long-staple cotton; on the other hand, I would not like that one fibre of cotton from outside should be imported into India.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): You get a subsidy to Karachi.

Mr. N. M. Joshi: If there is any competition, and if it cannot compete with foreign cotton, then the Government might pay a subsidy to those people so as to enable them to compete with foreign imported cotton. I, therefore, feel that the Finance Member has selected a method of taxation which, instead of improving the relation between direct and indirect taxation, has made it worse and he has given no justification for that action of his. Sir, the Honourable the Finance Member, the other day, in his reply said that I accused him of looking to the interest of Lancashire at the cost of the interest of India. Well, Sir, on that day I made no particular mention of that fact but, at the same time, I have no doubt that if the record of the Government of India is examined on

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that point, it will be clear that whenever the Government of India have had an opportunity of protecting the interests of Lancashire they have done so. Those who remember the discussions of the various protection Bills as regards the textile industry know very well what efforts the Government of India have made to protect the interests of Lancashire. As a matter of fact, only two years ago, the Government of India reduced the duty on cotton textiles—no doubt in accordance with the recommendation of the Tariff Board—but without consulting the Legislature. They were in such a great hurry: they were perhaps afraid that the Legislature might not approve of their proposal. Therefore, without consulting the Legislature they reduced the import duty on the textile industry. Sir, does it not show that the Government of India take every opportunity to protect the interests of Lancashire? I would like the Government of India to change their policy. I would like them to give a little more attention to the interests of the masses of people and to give a little more attention to the interests of their subordinate services and inferior services and to base their taxation on a more fair and just basis.

Unfortunately, in this Assembly we make speeches; we may even pass Resolutions, cut motions and sometimes we pass amendments to the Finance Bill. But the Government of India admit no responsibility either to the speeches that we make or to the Resolutions and the amendments which we pass. They go on in their own way and we go on in our own way. The responsibility of the Government of India to the Legislature, especially during the last few years, has become a mere farce. The Government of India produce a budget before the Legislature. If any amendments to the Finance Bill are made by the Legislature, whether they are reasonable or whether they are not reasonable, the Government of India certifies the Finance Bill. It is true that if the powers of the Legislature, over the Finance Bill and over the general finances of the country, are now weakened, it is not wholly the fault of the Government of India. The Legislature too, in my judgment, have not made proper use of the powers which they possess. It is a matter of great regret to me that the powers, which were given by the Constitution, were not properly used by the Legislature nor were they properly used by the Government of India with the result that the Government of India today has absolutely no responsibility to the Legislature. They go on in their own way undeterred by the public opinion of the country. I hope the Government of India will change their policy in this respect. If the Government of India show that they are responsible to the Legislature, if they show that they are responsive at least to the decisions of the Legislature, the Legislature too will show greater consideration to the difficulties of the Government of India, and, on the whole, the Constitution will work in the interests of the masses of people of this country.

As regards the control of the Legislature over the finance, I have suggested that the Government of India should appoint an Estimates Committee and I thought that the Honourable the Finance Member was agreeable to that proposal. I am told that the Honourable the Finance Member circulated some proposals to the Leaders of the various Parties. I thought the Honourable the Finance Member adopted a wrong procedure. If the Honourable the Finance Member was anxious for the appointment of an Estimates Committee, he should have placed his proposals before the Legislature by way of a Resolution. If the House thought it proper,

the Legislature would have appointed a Committee to examine the proposal of the Honourable the Finance Member and I have no doubt that a proper procedure for the maintenance of the control of the Legislature over the finances of the Government of India could have been arrived at. Not only do the Government of India not recognise its responsibility to the Legislature in finance matters and the Legislature does not exercise control over the finances, but even for the administration the Government of India do not recognise their responsibility to the Legislature.

There are various Departments of the Government of India who do not publish their administrative reports. There are some Departments which publish their administrative reports, but do not submit those reports to the Legislature. I remember that in old times an annual report of the working of the administration of the Government of India used to be published. It was called the report on the moral and material progress of India. That report was stopped. I think, after the Montagu-Chelmsford reforms. But the Government of India, after 1921, began to publish a report in another form. They used to call it "India in 1922 and India in 1923", and so on. As years progress, the Government feel their responsibility less and less and I have not seen any report now published by the Government of India on their administration for many years. As a matter of fact, the Government of India brought into existence a separate department which is now called the Information Bureau. This Bureau was originally established in order that it should produce the annual report on the administration of India. That Bureau has given up that work. I am told that the report is not published now because Parliament has ceased to exercise its responsibility to the Indian Legislature, to the Parliament. They owe no responsibility to the Indian Legislature, and so no report is published on the administration of India. We are spending large amounts of money on our Foreign Department and on the Political Department. There are various other Departments of the Government of India which do not produce an annual report and submit their reports to the Legislature. I hope the Government of India will change their policy. The Government of India may not be responsible to the Legislature as regards political and foreign matters, but if they publish a report on the working of these departments—I would say that they should publish a report on the working of every department,—the public will know the facts about the administration and the public will know how the administration is being carried on. I do not know whether the Government of India feel that there are many dark spots in their administration and if they are asked to produce a report on their administration, these dark spots may see the light of the day. I hope they have no such fear. But if they have such a fear, they should make effort to remove these dark spots. I have no doubt that if the Government of India will publish reports of their administration of the various Departments, the administration itself will improve. Not only the Government of India do not give reports on all the Departments of their administration, but they refuse to give free copies of the few reports which they publish to the Members of the Legislature. Sir, you know that in Great Britain it is considered to be a privilege of the Members of Parliament to receive free copies of the reports of the various Departments of the Government. As a matter of fact, most of these reports are published as Parliamentary papers. They are submitted and presented to Parliament. The Government of India feel that if they once start the practice of presenting these

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reports to the Legislature, the Legislature will begin to look into their administration. Therefore, although some of the departments publish their reports, these reports are not presented to the Legislature. I hope the Government of India will give up their policy and publish the reports of all the Departments, present those reports before the Legislature and distribute free copies to the Members of the Legislature. It is the privilege of the Members to be in touch with the administration and they can do so if the Government of India can supply them with free copies. I know that we were told in the Legislature when I had brought forward this question of supply of free copies of reports, that the Members should write letters and show interest and the Government of India would supply free copies. In accordance with that statement from one of the Honourable Members, I wrote a letter to one of the Departments, I think it was the Home Department, asking for a copy of the Wheeler report or the Maxwell report. The Under Secretary wrote to me that there are copies available in the public book shops and I am not entitled to get a copy. Well, Sir, I do not generally take defeats so very lightly. When I came to Delhi, I spoke to one of the officers of the Home Department—I think it was Mr. Thorne—and asked him for a copy. Perhaps, without thinking very much he promised me a copy. When he went to his office, perhaps, he was given a contrary advice and so next day he came to me and apologised and said that he could not give me a copy of the report and that it was available in the bookshop. This is the attitude of the Government of India towards Members of the Legislature. Perhaps, they think that the Members of the Legislature should have no right to be in touch with public administration. I sometimes feel that the Government of India have a contempt for the Legislatures. I know that the Government of India supply copies of these reports to several people. They supply free copies to the Press and in the opinion of the Government of India Legislature is less important than the public press. Otherwise I do not know why the Government of India should refuse to give free copies to the Members of the Legislature while they supply free copies to all the newspapers, throughout the country. I hope the Government will change that policy. If they supply free copies to Members of the Legislature, then the Members of the Legislature will be better informed in their criticism which they make in this House and their criticism will be more useful and more in the interest of the country. I hope the Government of India will give up their present policy and take greater interest in the masses and the poorer classes of the country. I hope if they do that the interests of the masses will be better served.

Mr. F. E. James (Madras; European): Sir, I only want to deal with two points in connection with the Finance Bill. The first is the growing incidences of taxation, both Central and Provincial, which affect commerce, trade and industry in particular, and the second is the increasing burden of taxation upon the middle classes. I am not venturing to cross swords with my Honourable friend, Mr. Joshi, on the point of incidence of taxation because I want to direct the attention of the House not so much to the incidence upon the wealthier classes as the incidence of taxation upon the middle classes, both European and Indian. As far as the incidence of taxation generally on commerce and industry is concerned, recently at the

meeting of the Associated Chambers of Commerce, a Resolution was passed drawing the attention of the Government of India to:

"the high level of taxation in India made the more serious by the unjustified continuance of temporary taxes imposed to meet emergency conditions, and calls for an early review of the incidence of such taxation—central, provincial and municipal—upon the commerce, industry and trade of the country".

Sir, I need not go into all the taxes which have been placed upon commerce and industry and trade in the last few years. I would, however, mention one fact, that quite apart from their incidence, their variation from province to province and from State to State is causing a great deal of concern and hardship to the business community in the country. It is possible for example, for a single industry to be subjected to accumulated taxes of varying kinds in different provinces or from State to State. Take the sales-tax. The sales-tax in one province is a retail sales-tax, in another province it is an accumulative sales-tax. In one province it is at one rate, in another province it is at another rate. Take the sales-tax on petrol. The rates on that vary from province to province, and where provinces are contiguous to Indian States, there is a grave danger of difference of a very serious nature in the taxation on this commodity as between the province and the States. (Sir, I want particularly to draw the attention of the Government of India to my own province and more especially to a tax which has now existed for some years which is called the profession-tax. Under the Government of India Act of 1919, taxation on income can, strictly speaking, only be levied by the Central Government except with the permission of the Governor General in Council—I am now speaking of the old Act. The sanction of the Governor General in Council was obtained in 1920 by the Madras Government before passing what is now known as the Madras City Municipal Act, the Madras Local Boards Act and the Madras District Municipalities Act, under which all professions and companies are taxed on a certain basis. This right of levying profession-tax, based upon the income of the taxpayer, therefore, is acquired by virtue of the Governor General's sanction and I understand that the Madras Acts referred to were valid at the time when they were passed and continued to be valid until the 31st March, 1937, that is the day before Part III of the Government of India Act, 1935, came into force. Now, Sir, under section 292 of the Government of India Act, 1935, which is the law now in force:

"all law in force in British India immediately before the commencement of Part III of this Act shall continue in force in British India until altered or repealed or amended by a competent legislature or other competent authority."

Therefore, presumably these particular Acts are valid until they are repealed by a competent Legislature or other competent authority. What is the competent Legislature to undertake this measure?

The Honourable Sir James Grigg: This one.

Mr. F. E. James: If it is the case why does not the Government of India introduce an amending and repealing Bill abolishing profession-tax? I am very glad my Honourable friend mentioned that point, because I assume that he is using the word 'competent' in its legal sense. If that is the case, I would ask him as early as possible to introduce a Bill to repeal the provisions of these Local Acts which levy taxes in our province upon companies and upon professions on the basis of income. The companies in Madras pay a maximum profession-tax of Rs. 2,000 a year or a tax upon turnover. This profession-tax itself in its incidence is not very much unlike another Bill which was introduced in the United Provinces Legislature not

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very long ago. This profession-tax has no relation whatsoever to profession. In fact it is a levy upon persons who have no profession. It is based upon income and in some cases it amounts in its incidence to over 25 per cent. of the income-tax payable upon the same income. In other words it operates as an income-tax surcharge. We still have a surcharge on income-tax levied at the Centre. This levy is an additional surcharge by the Provincial Government. I think, Sir, it is a reasonable request to make that at a time certainly when the margin of central taxation is extremely narrow, every effort should be made to concentrate the power of taxing income in the hands of the Central exchequer. If there is any difference of opinion as far as courts are concerned with regard to legislative division, then it should be resolved as soon as possible. Where an Act in force in a province taxing income continues in operation, merely by reason of certain transitional provisions of the Government of India Act, and where this Legislature is—as I believe it is—the competent authority or legislative body mentioned in section 292 of the Government of India Act, then I suggest that the Government of India would be only acting as a prudent person if it introduces legislation repealing these powers.

Then, Sir, the other point I shall make is the increase in the incidence of taxation generally upon the middle classes of this country. When I speak of the middle classes perhaps it would be well for me to suggest that I regard as the middle classes those with incomes between Rs. 2,000 a year and Rs. 1,500 a month. I am not speaking of the other classes in receipt of larger incomes and . . .

An Honourable Member: There will be many Europeans then among the middle classes.

Mr. F. E. James: There is a large number of Europeans and a very much larger number of Indians in that category. When I speak on this matter I am not speaking solely for the Europeans in my own community who happen to fall within that scale but I am speaking generally for the middle classes. Again, take Madras; that is a province which I know more intimately than any other. What are the taxes we have in the Madras province? We have the advertisement tax, the cloth tax, the petrol sales tax, the entertainment tax, a general commodity sales tax which is cumulative and which exempts the small trader and, therefore, whose incidence falls very largely upon the middle classes and the wealthier classes. In other words, if you contemplate the life of a middle class man in this country,—in the morning he rises from his taxed bed; he eats his taxed breakfast; he sends his taxed child to school (for the child is taxed because there are no income-tax allowances for children) where the child studies taxed knowledge and writes on taxed paper. The father then goes to the office in a taxed car using taxed petrol or in a taxed tonga, or, if he is unwilling to have a tonga, he rides a taxed bicycle. When he gets to the office, he writes with a taxed pen upon taxed paper. He then returns in the evening to take some light-taxed refreshment and turns on his taxed radio to listen to taxed news. Finally, he retires to his taxed bed. Ultimately, after living a life where he is taxed from morning to night he retires upon a taxed pension. Ultimately, he dies and is buried in a taxed coffin or is laid upon a funeral pyre which is ignited with a taxed match, and the last rites of this poor man's existence are performed by a priest

who is taxed for exercising his profession. Sir, the incidence of taxation upon the middle classes is very largely the result of the taxation policy of the Central Government and of the Provincial Governments. I am not here to speak about the taxation policy of the Provincial Government. As far as the Central Government is concerned, I am bound to admit that the new rates under the slab system proposed in the Finance Bill do actually bring considerable relief under direct taxation to the classes whom I have mentioned, and for that we are grateful. But there still remains the burden upon these classes which is imposed by the revenue duties which are at present in existence. And, as I said last year when I spoke about this matter, I make no apology for returning to the charge. The history of the 1931 emergency surcharges on import duties and the additions then made to the tariff are well in keeping with the traditions of past increases inasmuch as the surcharges and additions are still in force today after the lapse of nearly eight years. Perhaps it is not inappropriate to mention that the history of tariff increases for a large number of years shows conclusively that while temporary increases are made in the tariff to meet emergencies, once the increases are enforced they develop a most extraordinary facility for acquiring the character of permanence. The position today is that the general level of the revenue duties renders them scarcely distinguishable from protective duties. Most of the general revenue duties are of the figure of 25 per cent. *ad valorem* or, in cases where the Ottawa preferences of ten per cent. of the United Kingdom operate, the standard rate of duty varies from 20—25, 30—35, 40—45 per cent. and even higher. Let us see a few examples of high revenue duties. I do not propose to weary the House by quoting them again this year, but any one who is interested has only to look up the tariff list to see what enormous duties are imposed on a very large number of articles that are not made in this country and are not likely ever to be made in this country. Now, the classes to which I refer are those to a large extent who pay for these high revenue duties. Last year when we raised this matter the Honourable Sir James Grigg gave what he admitted was a disappointing reply. He was asked then why he could not arrange for a scientific inquiry into the incidence of the revenue duties. And he said there were three reasons why it was difficult. First, because everybody believed in high tariffs on what they sold and low tariffs on what they bought. The Government of India were in the position of a trustee for all buyers and sellers and could not possibly simultaneously please them all. If that is the case, what about trying to please the consumer for once? His second point was the prolonged uncertainty in connection with the Ottawa agreement. Now that that prolonged uncertainty is coming to an end I suggest that that argument will very shortly disappear or cease to have any validity. Thirdly, he suggested that the initial result of a revision downwards would be a loss of revenue which Government up till then had never been able to afford. Now, he is making a large assumption, and inasmuch as he has not been able to have the inquiry which we suggested should be conducted, I wonder whether the evidence upon which he has based his conclusion is altogether satisfactory. The Honourable the Finance Member expressed last year his deep disappointment that he had not been able to do anything in connection with the revision of the revenue duties. His disappointment cannot be greater than ours, and I would once more like to ask him whether it would not be possible, now that he has an economic adviser, to undertake a comprehensive and scientific inquiry into the incidence of the revenue duties with a view to their reduction where possible; an inquiry which I suggest should

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be based upon the following policy; first, that the revenue duties should be imposed in such a way as to produce the maximum revenue consistent with the legitimate interests of consumers so as not to attract the law of diminishing returns or to foster the growth of uneconomic industries or to impede the development of India's export trade. Secondly, revenue duties should not be imposed upon imports essential either for agriculture or for the development of Indian industries. If on that broad basis of policy such an inquiry as I have suggested were set up, I have no reason to doubt that the result would be a revenue tariff more scientific and better fitted to the peculiar needs of the people of this country.

Mr. Kuladhar Chaliha (Assam Valley: Non-Muhammadian): Sir, it is generally conceded that when the Finance Bill is under discussion, you can discuss any subject from China to Peru, from Greenland to New Zealand, but I shall not be so extravagant and shall ask the patience of the House to bear with me a little. I shall take you only to the Eastern part of British India and that part of British India from which I come, namely, Assam. The other day, I said that India is the pariah of the British empire, but what I find is that Assam is the pariah of British India. Most Members here do not care to know that there is such a province as Assam on the map—and more so the Treasury Benches. Assam has been suffering for want of money for a long time and the Meston Award has fleeced us to the extent of 225 lakhs in 15 years. Representations were made many a time, but the Otto Niemeyer report gave us something which is wholly inadequate for the needs of the province. The Otto Niemeyer report admitted that Assam was a deficit province and must, undoubtedly, receive assistance and yet they sanctioned a grant of Rs. 30 lakhs only. But in spite of our peculiar difficulties Assam has been forgotten by the high and mighty and the Government of India are unwilling to help Assam in any way and increase the grant-in-aid which we so much need. The Assam Government represented before the Otto Niemeyer Committee who said: "The Assam Government put forward a special claim in connection with the proceeds of the excise duty on Assam oil, though the incidence of the tax, obviously, does not fall on the producing province and our representations were rejected on the orthodox plea". But I shall inform the House that nowhere in British India does the Central Government take more than the revenues of a province than Assam, from excise duty on petrol and kerosene, customs duty on machinery, tea chests and other products we pay more than 23 crores, i.e., more than the provincial revenue. The Punjab pays to the Central Government only eight per cent., the United Provinces pay about 25 per cent., Bengal about 70 per cent. Ours is the only province which pays to the Central Government so much, and as such our claim for greater allocation of a grant-in-aid is irresistible. It is said that our case has been properly discussed and then rejected. But we are not told what happened in the conference of Finance Ministers. Sir James Grigg has refused to give the information though I asked for it. The Government have not taken into consideration the largest excluded and partially excluded areas we have in our province and so they made a very conservative estimate of the expenditure on these areas. They never thought that we would have to spend more and more on the growing demands of the tribal people. Hence the conservative estimate in Otto Niemeyer Report. They never thought we were going to educate those people, establish hospitals and construct roads for them and give them other facilities. But the demand is now so insistent that the Government of Assam

is forced to spend more and more and make special provision for education in the tribal areas and the excluded areas. The Niemeyer report thought that the tribal areas would be left as before and would not be brought into civilisation and expenditure in these areas will be static. That is the mistake they made. We have vast area and space populated. We do not say we are not capable of producing wealth. We have vast mineral and material resources and if the Central Government come to our assistance and give us the necessary political backing, we can produce more and much more. New industries are being tried and mines are going to be operated. I trust it will add to the revenues of the Central Government further more. But in spite of this, the Finance Member here never considered our case. I asked a question as to what happened in the last conference of Finance Ministers, but Sir James Grigg refused to give an answer to that. This year also they have not helped Assam in any way. You will be surprised to know what the Finance Minister of Assam said in his budget speech. He said:

"Over and above this it should not be forgotten that we are carrying on Government in the provinces under an irresponsible Centre."

And further he added:

"With the mentality unchanged, the old habits and the practice of subordinating the interest of the people and of the provinces to those of vested interests and needs of the Empire continuing, it is impossible for the Government of the provinces to function with dignity and self-respect under an increasingly active Central Government."

Sir, that is the view of our Finance Minister in Assam who, I believe, tried his best to get some help from this Government but failed. Over and above that, the previous or outgoing Government in Assam borrowed 35 lakhs of rupees and the present Government is forced to repay it to the Centre. Therefore, they are in a helpless condition and they would like the matter to be brought before this House for consideration. I do not know how the Central Government is considering the matter. There is nothing in section 142 of the Government of India Act that prevents them from granting an increased amount of grant-in-aid if it is properly represented to His Majesty in Council. There is only a prohibition for the North-West Frontier Province. I trust that the Government of India will do their best to give us a greater grant and more subvention: otherwise, it will be simply impossible to run the Assam administration properly.

So far for subvention but I should like to speak about our people as well. I am not one of those who are not in favour of industrialisation of the country. We have materials, we have men and we have resources. We want the country to be properly and steadily industrialised. We have so many people unemployed in Assam and unless some sort of industrialisation of the country as a whole and of Assam, in particular, is undertaken, it will be impossible in the future to satisfy the discontent which has been raging and growing in the country day by day. Apart from this, Assam wants a fair share in the appointments of the Central Government. There are about a crore of people in Assam out of 22 crores in British India but I must tell the House that though we are entitled to five per cent., of the appointments we do not get even one per cent. in the Central Services. Have we got any appointment in Indian Agriculture Services, Indian Veterinary Services, Customs, Salt, Opium, Ports and Pilotage, Survey of India, Geological and Botanical Surveys

[Mr. Kuladhar Chaliha.]

and Sugar Technology, Army, Navy, Air, Broadcasting and other services, we have been completely ignored and neglected. In the Posts and Telegraphs Departments, where Mr. Bewoor reigns, we have been tagged on to Bengal and we are absolutely forgotten and we are nowhere in the picture. In the superior services in this department there is not one Assamese. This is a department which forgets Assam altogether. Postal letters are delayed, transport is bad and even when we make personal representations they are forgotten. We get no reply. Such is the state of things in Assam. I represented the matter about the postal delay in North Lakhimpur personally, but nothing has been done and no reply is forthcoming. In such a state of affairs how can we be satisfied? Not only the Government but even our friends here forget that there is a province like Assam in the eastern part of India. But I suppose we will, in future, get some attention as we are very near the Chinese frontier over there, and if there is a war we will be within bombing distance from China. Like the North-West Frontier Province, we will then get more attention. Calcutta itself will be within bombing distance from the Chinese frontier if the Japanese get there.

Sir, I represent the poor peasants of Assam, and, therefore, we need all the assistance we can get from the Central Government. The peasants will have a little consolation if we get a reduction in the duty on salt and postcards. Sir, it has been officially estimated that the average income of an Indian is differently estimated as between Rs. 45 to Rs. 100, but let us see what is the average income in other countries. In Canada the average annual income, per head, is Rs. 1,300, in the United Kingdom it is Rs. 1,100, and in the United States of America it is in the neighbourhood of Rs. 2,000. That shows the appalling poverty of our people in this country. Now, if we take the deposits made in the Savings Banks, what do we find? It is about Rs. 2 per head in India, but what is the average amount of money deposited per head in other countries? In the United Kingdom it is Rs. 270, in Japan it is Rs. 90, and in France it is Rs. 125 per head per annum. That shows again how poor our people are, but what have the Government done to relieve the poverty of the people? Sir, the reduction of salt duty has been discussed on the floor of this House year in and year out, and yet we have not been able to get a reduction of even four annas per maund of salt. I may tell the House that in 1879 when the duty on salt was Rs. 2/12 the average consumption per head was 8.9, in 1882 when the duty was reduced the consumption increased. In 1922-24 when the duty was increased, there was again a decline in consumption. From 1924, when the duty was again raised, the consumption per head further declined, in fact for the last 12 years the average Indian in the villages is barely consuming 12 lbs. per head. Is that enough for human consumption, to keep the body and soul together and in proper health? In England the average consumption is about 40 lbs. per head. Of course, there is no duty there. In Portugal the average consumption is about 35 pounds,—there is also no duty,—in France the average consumption is 20 pounds, and in Italy the consumption is about 18 lbs. but in both France and Italy there is a duty on salt. Whereas, in India, the average consumption is 12 lbs. It shows that the average Indian is consuming much less salt than is necessary for his physical well-being. Salt is also required for his cattle and for many other things, but owing to

its high price the poor Indian has to starve himself in this matter. Therefore, Sir, in order to relieve this appalling misery and poverty of our people, the Central Government should reduce the price of salt by at least four annas a maund. Of course, the Government by so doing will be foregoing about 1½ crore of rupees thereby, but as my Honourable Leader, Mr. Bhulabhai Desai, said the other day, the Honourable the Finance Member keeps certain sums of money secreted to meet any emergency like a war, because in case Hitler makes an attack on India, my friend, the Finance Member, may get all the money that may be needed to meet such a contingency which he has not revealed to us.

Sir, everyone knows that war clouds are gathering in the horizon and a war is imminent any moment. I believe the last war cost India about 200 crores, but this time I am afraid it will cost over 400 crores. Anyway, if there are any sums kept away to meet war emergencies, those sums are not shown in the Budget, but I think, Sir, Government would be doing a great service to the poor people of this country by reducing the duty on salt by at least four annas per maund, thereby the decrease in the coffers of the exchequer will be about 1½ crores.

Now, Sir, I shall just say a few words about the little postcards. Our poor people in villages are clamouring for a reduction in the price of the postcard from nine pies to six pies. That was the price which the poor in the villages were paying for a long time, and after the price had been put up, they have been demanding a reduction in its price. So I suggest if the price of the postcard is reduced from nine pies to six pies, I don't think much harm will be done, because the deficit will be only about 35 lakhs. I, therefore, think, Sir, that in these two matters the suggestions I have made for a reduction in the duty on salt and also in the price of the postcard will commend to Honourable Members opposite and that my friend, the Finance Member, will not have to go to the Viceroy for certification. It is always a bad policy not to listen to the advice given by the House and to throw out the demands, and then get them certified by His Excellency the Viceroy. I think, Sir, in view of the great change that has come over in the mentality of the Government, they should accept our suggestion and accept our amendments in this respect. Sir, it is always a difficult problem for us to bring home to the Government our needs, because our case is forgotten, our representations are always overlooked. But the time has come when they should completely change their mentality and adapt themselves to changing circumstances. Apart from that, the war is imminent, and considerations of prudence should make Government agree to our suggestions conveyed by means of the various amendments. With these words, I oppose the consideration of the Bill.

Mian Ghulam Kadir Muhammad Shahban (Sind Jagirdars and Zemindars: Landholders): Sir, the first point to which I wish to draw the attention of the House and which has been discussed from different view-points is the duty on cotton. Sind can grow long staple cotton if there is a demand for it. It does not take long, as my Honourable friend, Sir Cowasji Jehangir, made out the other day, to grow long staple cotton. If the millowners of Bombay and Ahmedabad place orders for long staple cotton, then I challenge that Sind and Punjab will be able to supply them as much as they need next year. India can grow long staple cotton. Soil is not uncongenial for long staple cotton. Government, by levying a

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small cess or from general revenue, may help the cotton growers by supplying them with good seeds from America, Egypt and East Africa. Fresh seeds should be supplied every year for some time, so that the cotton may not deteriorate. May I request my Honourable friends, Sir Cowasji Jehangir and Sir Homi Mody, to set apart a portion of their income for this purpose? Indian consumers help the textile industry by 45 crores per annum, and it is not too much to request them to set apart four annas per cent. of their income to the development of long staple cotton. There should be harmony between agriculturists and industrialists; they should help each other. If the manufacturers do not help the agriculturists, they will not be able to purchase, on account of poverty or otherwise, the articles which they produce. I earnestly hope that the manufacturers and Chambers of Commerce will not oppose the production of long staple cotton and will make every effort to develop the cultivation of long staple cotton in Punjab and Sind.

Intimately connected with this problem is the question of the Sukkur Barrage in Sind. Who was the author of the Barrage project? The Government of Bombay, and not Sind. Whom did the Government of India advance the money? To the Government of Bombay, not Sind. Sir, the Sind of today is different from the Sind of the old Bombay Presidency. Would you build a barrage in Sind today if there were no barrage now? Would you have built a barrage then if Sind had been in her present state? If the answer is in the negative, then Sind, which had no voice in the matter, deserves to be completely relieved of the burden imposed upon her. If the answer is in the affirmative, then the responsibility would be entirely of the Government of India. Sind would not and could not bear the burden in its entirety,—in part, perhaps. To ask us to pay for Barrage is as much as to ask the United Provinces Government to pay for the Taj.

Sir, it is beyond my comprehension why the Government of India continue to treat Sind as their step child. It is iniquitous that the province should be called upon to bear the entire burden of debt when the benefits of the barrage do not accrue entirely to her. The Government of India also benefits as a result of increase in the receipts of the North Western Railway and the yield from income-tax. The Punjab also benefits as a result of the migration of the Punjabees to Sind. It is iniquitous, however, that the burden of the interest charges remains unmitigated when interest rates have fallen all round since 1929.

Sir, Sind will suffer the paralysis of this debt as long as it remains and it will remain for ever if she is expected to discharge it all her own. India is a country teeming with money-lenders, but it seems to me that the Government of India are the most extortionate money lenders. Were they to realise the ultimate collapse of the economic and financial structure of Sind, under the load of this debt, they would, at once declare a Rooseveltian moratorium to reconsider the question. Sind, under this debt, resembles Germany under the burden of reparations in the post-war period—doing harm both to debtor and creditor. The Government of India are merely postponing the day of Sind's salvation. Very soon they will have to face the facts. Must they insist on seeing the financial collapse of Sind before they come to its rescue? Must they insist on seeing the welfare of the people of Sind touch bottom before they will lend a helping hand?

Let me quote a few figures to illustrate the deplorable state of public policy with regard to economic welfare. In 1937-38 out of a total income of 362 lakhs (including the subvention of 110 lakhs) the amount spent on beneficent departments was 52 lakhs or 14 per cent. In the Punjab, in the same year, the amount spent on similar departments was 312 lakhs out of a total income of 11½ crores, giving a percentage of 27. I ask you, Sir, to estimate the significance of these figures. Expenditure on beneficent departments is notoriously vulnerable so that the impact of any financial misfortune is felt by these departments alone. I look forward to the year 1942-43 with uneasiness amounting to dread, shared I am sure by all Sindhis because it will be in that year that the full force of the repayment of the Barrage debt will be felt. In that year the first instalment of 75 lakhs towards the repayment of capital is due. The amount of interest payable in that year will, in no case, be less than 100 lakhs. This total amount of 175 lakhs is just under 50 per cent. of the present total income (including the subvention) of the province of Sind. It exceeds the subvention by 70 lakhs. It exceeds the payment, now being made, on account of interest, by about 50 lakhs. I ask you, Sir, to weigh the significance of these facts. These sums in mere lakhs may not mean anything to the Government of India, but for Sind—on them rests her existence. The margin of safety in the financial resources of Sind is so narrow that a few lakhs here and there make all the difference between living and mere existence. Is a policy of welfare conceivable under a system which parts with 50 per cent. of its income towards the repayment of debt? We have been in the midst of a slump from which no recovery seems likely in the near future. Taking the estimates of the Sind Financial Enquiry Committee we find that the increase in revenue under normal conditions which means under the best conditions will be absorbed by interest charges till 1942-43; and that under the conditions of the slump all the increase in revenue will be so absorbed till 1952-53. Sir, the slump continues. 1942 is approaching. Are the Government of India determined to commit financial infanticide on an infant province, or are they waiting and waiting in vain for a miracle to happen which will increase land sales and land revenue in Sind and raise the prices of agricultural produce to an extent that will make the repayment of debt possible?

The Government of India, in their telegram to the Secretary of State on the recommendations of the Niemeyer Report, said, with reference to Sind:

"The subventions proposed are equivalent to a capital gift of something like 20 crores, so that in effect a very large part of the Barrage debt is being cancelled."

I maintain, Sir, that this contention is hardly admissible, because like certain other provinces Sind has been given a subvention to make the two ends meet, apart from the Barrage. It is true that the amount of the subvention is greater than what would have been in the absence of the Barrage, but nobody can deny the utter inadequacy of that part of the subvention which is paid on account of the Barrage. The Government of India take back more with one hand than what they pay with the other.

The imposition of the entire burden of the Barrage on Sind violates the principles both of social justice and public finance—of social justice, because the people of Sind had no voice in the imposition of this burden on them; of public finance, because a liability which should be national is made regional, thus, mortgaging the entire future of that region and sealing

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the fate and damning the destiny of a poor people without any fault of theirs. I strongly recommend that Barrage debts should all be written off.

I would like to say a few words about broadcasting. This department is not developing and makes no effort to popularise its activities for several reasons. I enumerate a few of them:

(1) The Chief Controller on account of personal occupation does not give much time to this infant department which requires constant vigilance of the Controller.

(2) The method of recruitment is defective on account of the mentality of some persons to do just the opposite to what is suggested.

(3) The Department should have a Committee of Selection consisting of officials and non-officials and the programme department may be further strengthened and should be more active.

(4) The prices of radio are exceedingly high. A profit of 300 per cent. is usual for radio firms. Apparatus which cost Rs. 45 in London and New York are advertised at Rs. 300 by Indian firms, and they show generosity by giving a discount of 50 per cent. which only means reduction of their profit from 300 per cent. to 150 per cent. The Government ought to take steps to advertise and announce in radio every week manufacturers' price of various apparatus and the prices at which it is landed in Bombay after paying the duties.

The radio ought to be used more extensively for educational purposes as is now being done in various countries. The pronunciation of teachers is usually bad and it is impossible for them to teach the boys good English and good Hindustani. Let the boys, who are learning English and other Indian languages, hear correct pronunciation through radio. Some of them never hear English spoken by an Englishman and the only way by which one can hear is by radio. The Urdu pronunciation is similarly hopeless. Let the boys hear good Urdu pronunciation from Delhi station and also from some other radio stations. Radio can also be used for teaching history, geography and general knowledge and I strongly advocate that greater use of radio should be made for educational institutions and special programmes should be provided for them.

Now, Sir, I take up shipping. Shipping plays an important part in the industrial civilisation of modern times. In this respect India has gone backward rather than forward. Her long connection with the most important maritime power in the world has resulted in the decay of the supreme position which India held as a maritime country in the 18th and earlier centuries. It is pointed out by Moreland that in Akbar's time the great bulk of the commerce of India was carried in ships built in India and that India had also great passenger ships much larger than any in contemporary Europe except the Portuguese ships. As late as the beginning of the last century India retained her position as a great seafaring country. Ship-building was in an excellent condition and Indian ships often sailed to the Thames in company with British ships. It is recorded that in the year 1800 the port of Calcutta alone had about 10,000 tons of shipping built in India of a description calculated for the conveyance of cargoes to England.

Consider the position today. What a sorry fate the history of the 19th century is for Indian shipping? About 99 per cent. of our sea-borne trade carried by foreign ships. What irony is this that a country with a huge foreign trade has no share in carrying it! But come nearer home. Do we have a substantial part of our coastal trade? No, Sir, less than 20 per cent. of this trade is carried by Indian ships.

The coastal and overseas trade of India is estimated as Rs. 550 crores in cargo, stores, etc., with three million passengers and 30 million tons of cargo every year. Would any one believe that the sphere of Indians in this vast traffic is about three per cent. Various Indian shipping companies which had the audacity and courage to try to get a footing in this vast traffic came to grief due to the ruthless hostility of the British vested interests who have monopolised the coastal and overseas trade of India.

Consider now the economic significance of this state of affairs. The absence of a ship-building and navigation industry means the loss of a highly remunerative form of business to the country. A reliable estimate puts the total earnings of foreign steamship companies at 50 crores, of which sum a very small portion is spent in India. This price which India pays for lacking a shipping industry is exclusive of the earnings of other industries allied to shipping like insurance, banking, etc.

It is pointed out by Government that this unsatisfactory position of Indian shipping is due to the shyness of Indian capital and the absence of interest or initiative on the part of Indians to create a mercantile marine for their country. I question this explanation; for the history of Indian shipping enterprise, during the present century, has been one of long struggle not only against severe and unfair foreign competition, which no Government elsewhere would have tolerated, but also against apathetic attitude of the Government. As the Chairman of the Scindia Steam Navigation Co., Ltd., is reported to have said last Thursday, the 16th March, 1939:

"The one supreme difficulty and the unending trouble of the Indian shipping industry was not the fight which it had to face against the powerful odds of the British shipping interests but it was the continuous inability, if not unwillingness, apathy, if not hostility of the Government of India to come to the help of shipping owned, controlled and managed by the nationals of the country and to give it effective support to work out its proper destiny."

This, Sir, is the opinion of a man speaking from the hard facts of personal experience. The case for the application of the principles of discriminating protection to Indian shipping with complete reservation of coastal trade for Indian ships is unassailable.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mian Ghulam Kadir Muhammad Shahban: Sir, continuing my speech, I have to say that most of the maritime nations of the world have reserved their coastal trade for their national shipping companies. In no country has shipping been independent of State assistance. Was not British shipping in its infancy in the hotbeds of navigation Acts? Does not the Japanese shipping owe its present position to the efforts of the Japanese Government? Before 1894 the Japanese ships carried about eight per cent. of Japan's foreign trade. By 1904 her share rose to thirty-seven per cent. and in 1928 it exceeded 65 per cent. Under the present policy of *laissez-faire* of the Government of India, Shipping would never form part of India's industrial and economic structure and to that extent India's naval defences must remain weak and the country will experience absolute helplessness in times of war for imports of essential goods. Sir,

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what is sauce for the goose is sauce for the gander. Even Great Britain has been obliged to subsidise her shipping. The "Queen Mary" could not have been built without State support. The British sense of fairness must come forward for the development of Indian shipping. It is our due and our economic condition calls aloud for a remedy. Stop this unnecessary drain of wealth consequent upon the absence of an Indian shipping enterprise. It constitutes a substantial reduction from our national dividend and the nation's capacity to give employment. I, therefore, urge that the Government should encourage Indian shipping and pass some measure similar to that proposed by Mr. Haji and revived by Sir Abdul Halim Ghuznavi.

Mr. Suryya Kumar Som (Dacca Division: Non-Muhammadan Rural): Sir, I want to divert the attention of the Assembly from the dry facts and figures which the subject of finance generally deals with, and I propose to begin with a quotation from the great Sanskrit poet, Kalidasa, from his well-known book, "Raghuvansa", where he has described the duty of the king and of the finance member towards the king's subjects,—where he describes how the taxes should be levied and how they should be spent, and I shall read that *sloka* now, and I think, every Finance Minister should have a translation of this *sloka* before him when he proceeds to frame his budget. The *sloka* runs thus:

*"Prajanameva bhutyartham sha tavyo valimagrahit,
Sahasragunamutshrutstam adattwey hi rasam ravih;
Prajanam vinayadhanat rakshanat bharanadapi,
Sha pita pitarastasham kevalam janmahetarah."*

"The duty of maintaining, defending, feeding, educating, giving moral instruction and forming moral character, all these things depend upon the King. The parents of a people are simply the cause of their birth. As soon as a man is born as a subject of a certain king, all the duties fall upon the king himself. It says that just as the sun evaporates water from the sea, the rivers and creeks in order to spread showers all over the country, in the same way tax is to be taken from the people not to benefit the king, not to benefit any other country but to spread it and distribute it and to spend it on nation-building activities to benefit the persons from whom the tax is realized."

Then, Sir, it says that the duty of giving them moral training and maintaining them is the duty of the king. Now, with these observations let us see what is the policy which has been followed by the British Government since its inception and, particularly, by the present Finance Member.

An Honourable Member: He is not the king.

Mr. Suryya Kumar Som: He is not the king, but he is more powerful and worse than the king: the king has got his responsibility for his subjects and affection for his subjects. A king is not as cruel as his *naibs* are. They have no responsibility at all. This gentleman is realizing so many taxes for five years. In a month or so hence he disappears when the effect of the taxes will tell upon us heavily, and then you won't get him.

Now, I will proceed to examine the policy of the British Government according to this Indian idea of "king and his subjects" but what do you find? I have no objection if the British people wanted to benefit themselves without actually ruining us. They have, however, destroyed all our industries, they have destroyed the cotton industry, they have destroy-

ed so many things. The famous Dacca muslin, they have destroyed—as my friend described just now, they have also destroyed the maritime industry of India and how? When the Indian silk and Indian cotton fabrics captured the English market, there was tariff after tariff against them and when the tariff also could not get over the fascination of the English people for Indian silk and Indian cotton, Parliament had to enact a statute by which the people were prohibited from wearing Indian silk. When a large number of Indian maritime ships plied from India to England and the English harbours were full of Indian ships, the British Government resorted to various policies, amongst others to prohibit the export or import of anything belonging to any Englishman,—export from England to India or taking it from India to England in Indian ships. This was prohibited by Statute.

This is how they showed sympathy towards Indians and this was how they discharged their duty towards them. What is the effect of all this? The effect of the destruction of all the industries of the country is that they have thrown out of employment a large number of people who find it hard to earn their livelihood. The question of unemployment has assumed this magnitude, simply because there are no Indian industries now, and this question of unemployment can never be solved by this Government unless and until the Indian industries flourish and lakhs and lakhs of people are engaged in them. Far from feeding and maintaining their subjects as that *sloka* enjoins they have intentionally created unemployment in the country. That is how they have obeyed this injunction. Then, there is the duty of educating the people. Let us remember the history of free primary education from the time of the last eighties, from the time of the late lamented Mr. Gokhale. Mr. Gokhale spent all his life crying for free primary education. He moved resolutions and did his best for educating the masses. At that time we did not know so much as we do now that primary education was so essential for the improvement of the nation. But now I find how shrewd were the Englishmen to withhold mass education from the people. Mr. Gokhale could not achieve his object and, subsequently, Surendra Nath Banerjee and Tilak also failed. All these patriots failed to persuade the British Government to introduce primary education in the country. That is how they have obeyed the second injunction.

The third injunction was to mould the character of the people. In this regard, the story of the British Government is rather curious. For this purpose they have introduced the cinemas in the country which are eating into the very vitals of the moral sense of our youths. These cinemas do nothing but excite the sex urge in them. They have introduced these cinemas even in the villages. That is how they are inculcating moral ideas in us. So, you will find, Sir, that on all these points the British Government is following a policy which is contrary to what has been described as the obligation of the king towards his people. Now, Sir, I mentioned one simile referred to in the *sloka*. That simile is that the sun evaporates water from the rivers in order to shower it over the country a hundred-fold, thus allowing the crops to grow and making the people happy, so the king should realise tax and spend the same for good of his people. In that respect, our Government have carried out the opposite policy. All these taxes, the fat salaries of the Europeans, the engagement of highly paid European officers in the Defence Department and even the exchange policy of the Government of India are meant to evaporate the wealth from India to shower it over England. That is what they have done. They have made England,

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a small country, immensely rich, nay, the richest country in the world, whereas the naturally-gifted country, India, has been made the poorest country in the whole world. So, they have obeyed all those injunctions in their breaches.

Now, Sir, whenever we put forward any measure for the good of the people, the inevitable plea is the paucity of funds. On account of the present finance policy of the British Government, no doubt there is a dearth of funds. Now, Sir, let us examine whether this dearth of funds is a thing which is intrinsic in Indian finance or it is a deliberate creation of the bureaucracy. This brings me to the scale of pay that is now being granted to the public servants. It is admitted on all hands that the salary of public officers should have some relation to the economic condition of the masses of the people and it is also admitted by all statesmen that there should not be such a gap between the scale of pay of public officers and those officers who serve in private firms. The result is that because of this high scale of salaries a black bureaucracy has been created which is a class by itself, cut off from the society and cut off from the aspirations of the people. This is an admitted principle, followed by all civilised countries. I will just show to the House how other countries are very careful not to fix the pay of the judicial and executive high officers very high. They always tried not to pay them above the average income of the people in general because if the public officers carry very high pay which is not comparable to the ordinary income of the middle classes, then it generally demoralises the nation. The people in their helplessness begin to look upon these Government officials as demi-gods. Thus, demoralisation sets in, which is the most objectionable feature of this high pay. This Imperialistic Government has purposely made the pay of the public officer so high that a private man cannot imagine to earn it. There is another danger to society. It serves as a clog to the progress of the nation inasmuch as it diverts the most intelligent and capable young men from productive but risky private enterprises to unproductive but secure Government services. In this way also the nation suffers. I say deliberately that this high salary is granted by the Imperialistic Government in India with a bad motive which we now find is acting against the progress of the nation. Honourable Members are aware that the scale of pay for the higher services in India is very high. Everybody here has studied the incidence and yet, I think, it will bear repetition if I quote some figures to show that it is not only high but it is iniquitous and invidious and it is unique with inequity and so high that no decent man can justify it. For that purpose I will cite two or three cases. In order to feel the gravity of this high pay, one has to bear in mind the *per capita* income of the people of this country and also the economic position of the country as a whole. If we keep these two things before our mind's eyes, when we consider the scale of pay as compared with England, America, Japan and France, then the iniquity will appear transparent. The *per capita* income of Indian people has been calculated differently by different statesmen, some say it is Rs. 40 and it has now gone up to Rs. 80. Lord Curzon, our best friend, put it down as Rs. 30. It must have been so at that time. I will take it from Rs. 40 to Rs. 80. In England the *per capita* income is Rs. 1,240, in Japan it is Rs. 145, in America it is Rs. 1,845. Now, Sir, this is the position of India with respect to these three countries. Now, let us see the scale of salaries prevalent in these countries for the civil service. We must remember that the administration of a

country, efficient or inefficient, is not an end in itself. The better administration of a country is a means to an end. The end is the improvement of the condition of the people of the country. The means are the efficient services of people who serve. Here we find this principle is forgotten by the bureaucracy and they have taken the means as the end. Their end is to give as much money as possible to Englishmen with the result they earn lakhs of rupees and quietly retire to England. In order to justify the high scales of salaries to Englishmen serving in India, they throw a few crumbs from their table to our black civilians also. Therefore, I find that the few Indians who have been admitted into the civil service through our agitation also get the same scales of high salary. I must say that Indianisation of services, with English scales of salaries, is a stupendous nonsense. It will do you more mischief than good. We have suffered from white bureaucracy and I appeal to the House not to tolerate a black bureaucracy. I do not call it brown, because Japan is brown or yellow, whatever you might call it. These are the officers by whom we hope to get the objective of the country, namely, improvement of the condition of the masses. Let me now take the scales of salaries paid in other countries. In Japan it ranges from Rs. 64 to Rs. 334, in France it ranges from Rs. 75 to Rs. 1,100. A civilian boy who is recruited to India at the age of 21 gets Rs. 600. In England, the Prime Minister of England used to get £5,000, but now he is getting £10,000. Here in India the Viceroy gets Rs. 21,335 besides many allowances, such as motor car allowance, sumptuary allowance and so on. The Ministers in Japan get Rs. 375 to Rs. 440 per month. In the Punjab the Governor gets Rs. 8,333. The Governor of Korea gets Rs. 441. In Britain a highest class civilian begins at Rs. 340 and ends with Rs. 1,700 per month. Then you come to Cabinet members. Our members get Rs. 6,666 odd; in Japan they get Rs. 375 to Rs. 440. In America the Ministers get Rs. 3,412, half of what our Members get. I am sure these gentlemen will not be able to earn even Rs. 300 in their own country. Then, the Governor of New York which is the richest and biggest city of the world gets Rs. 5,687.

An Honourable Member: Etceteras.

Mr. Suryya Kumar Som: There are no etceteras, those are for our Members and Viceroy and Governors here. Then, the President of the 3 P.M. United States (for whose sympathy England is looking towards America for the last one month) gets Rs. 17,062 much less than the Viceroy of India, who with all his sumptuary allowances runs a subordinate branch of the British Government.

The Honourable Sir Nripendra Sircar (Law Member): I believe it is fixed on the population basis!

Mr. Suryya Kumar Som: I have shown that Cabinet Ministers can run the complicated Government of Japan on Rs. 300 or Rs. 400. Here, a Deputy Magistrate or a munsif cannot live on anything less than Rs. 500 or Rs. 600, and our friends, outside the Congress, are surprised that our Congress Ministers can live on Rs. 500 only. We used to live much happier and better lives when our forefathers used to earn Rs. 50 or Rs. 100 a month. At that time these Rolls-Royces and motor cars and petrol had not come to India. Now, 75 per cent. of a man's income is taken away by these foreign luxuries and, therefore, a man cannot live on Rs. 300.

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But the standard of living in Japan is surely higher than in India and there a Cabinet Minister can live on Rs. 300.

Sir Cowasji Jehangir: Where do you get these figures about Japan?

Mr. Suryya Kumar Som: We have got the Japanese Year Book here and you can refer to that. I can, of course, understand the Baronet from Bombay shuddering to think that a Minister can live on Rs. 300 a month or Rs. 400. Many of his servants perhaps get Rs. 3,000. That is how they have been spoiled. They have lived such a luxurious life that it has done no good either to themselves or to the society or to their country. They have been totally spoiled by unnecessary and vicious luxuries.

Now Sir, I have shown how iniquitous is the scale of pay which is given to these people, and they will not decrease a pice from that. Whenever money is wanted for the good of the country they say there is no money. But I say that this administration can be managed at 50 per cent. less cost and you can have enough money to spend for nation-building purposes. Now, Sir, I have spoken about their kindness, their sympathy and their love for our industries, their sympathy has managed to sympathise them out of existence. There remained one or two cottage industries in the country and one of the biggest was the *khandsari* system of producing sugar by the poor people in the villages. That is an industry which in some shape is still struggling and living. At the last moment the Finance Member thought of making a *shikar* here. I have studied their literature and the memorandum sent by them to the Viceroy. And I make an appeal to the Honourable Members to remember following facts. In the Bareilly district alone these *khandsari* producers maintain 50,000 labourers including the middle classes.

The Honourable Sir James Grigg: Every one of them employed in cottages?

Mr. Suryya Kumar Som: I do not say that; I am coming to that. The Honourable Member knows more than I do although he may not like to disclose it but I am not such a fool as to conceal facts or misstate them. Most of these *khandsari* producers live in the most interior villages where there is no transport facility to the railway station or to the mills. Some well-to-do cultivators set up a centrifugal; the other processes are completed by the cultivators themselves. They crush the cane, they get out the juice and they sell the juice to another man who has got a centrifugal. He has his own measurement and he cannot be cheated as he is cheated in the mills by the weighing bridge. He has a *lota* which is measured, sells the juice, takes his money and goes away. Then by the use of this centrifugal of 5 h. p. or 4 h. p. this *rab* is converted into *khandsari* sugar. Now in Bareilly town, in the town of course, there is a large number of centrifugals set up with the help of electric power. They purchase this *rab* and convert it into sugar in their towns—they use generally 4 to 5 horse power, but in some cases they use even 7 or 8 or 9 horse power. Under this system, the cultivator gets the price for his sugarcane—he gets the price of his crushing and the real price for the weight he delivers, and he gets that in cash. In this way about 50,000 men in one district alone are employed. Previously, there was another process called *khanchi* by which sugar was

prepared from *rab* or *gur*. Subsequently, they began to use this centrifugal process. The previous process required more labour than the centrifugal machine. But this being cheaper and better they have introduced this horse power now. I find they say in the memorandum that by this extra duty they will suffer very much. They cannot pay this eight annas and, therefore, they will revert to the former process and the Government will not get a pice. There may be greater trouble to them by the former process and greater loss of materials also but they cannot stand this duty and, therefore, they will have to revert to their previous methods. So they say: "Do not kill us." Your estimate is Rs. 5½ lakhs: according to your calculations about eleven lakhs maunds of *khandsari* sugar are being prepared in this country. Sir, are you going to kill a cottage industry like that for a mere 5½ lakhs? You can save that Rs. 5½ lakhs by a stroke of your pen. You can do it in many ways. Why do you not stop this gaudy thing—the League of Nations membership on which you spend Rs. 6 lakhs annually? That will save the poor *khandsari*.

There is another difficulty for the *khandsari* producers. These people have to give advances to the cultivators who have nothing but their cane and they are not realised sometimes if the cane fails. All these difficulties do not arise in the case of the mills. Under these difficult circumstances this process has been kept up. Have some kindness for these people, if not for the agitators, at least for the cultivators. I make this last appeal to you and it is a very small one. I understand a deputation wanted to meet our Finance Member but he was very busy and he asked his Secretary to meet them and I hope he will consider their case and save the industry from ruin. But if he ruins them. I say a great calumny will attach to the Finance Member. For that reason I appeal to him not to ruin the industry.

I have only a few more words to say. I find now that the Leader of the Congress Party and the Party itself are crying against the provisions of the Income-tax Bill. I have seen some article by my friend, Mr. Santhanam, pointing out the implications of various sections of the Income-tax Act which will act very injuriously towards the country. But may I remind him as to what he was doing when the Bill was being discussed? Why did he enter into private arrangement and compromise without considering these dangerous things beforehand? Our Finance Member is an English expert and is a shrewd man. He knew that the concession which he was making practically means nothing. On the other hand he kept up his sleeve many other things, dangerous things. At that time we were crying aloud against the provision against Hindu undivided families. Now, I see, my friend, Mr. Santhanam, commenting on it, but when I moved an amendment at the time I was not supported. There are many more dangerous things than the concession you got. You agreed to a concession that accrual basis will be applied to those whose income is more than 50 per cent. earned in India, by comparison with other countries in the world where this company also works. It is madness to think that any big company will earn 5 per cent. in India by comparison with its earnings in America, Germany, Italy and other countries taken together. They were laughing behind their sleeves when you agreed to their proposal. Therefore, I must tell you, that intentionally or without knowing it you have sacrificed the interests of the country during those discussions and by your compromise

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over the Income-tax Bill. I warn you not to come to any decision on any important matter without consulting all sections of the House. You may or may not agree; but hear them and hear their side of the question and then take a responsible decision. After supporting the Finance Member about income-tax obligations, why do you now cry? That shows that you are not intelligent enough to see through their game. With these observations I resume my seat.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, the Honourable Member who has just spoken has been as usual very kind to me and referred to me. He referred to some article of mine. I would only request him to try and read it again. I know that this debate has dragged its weary length and the House is impatient with long speeches. I do not propose to make one; but there are a few aspects of the budget which, I feel, have not been dealt with and I shall attempt to refer to them as briefly as I can. I should like the House to judge this budget by three tests.

The first test I would put is, does it assist a more equal distribution of wealth in this country? This aspect of every budget has become more and more important in recent times. In fact, taxation has become one of the alternative means of social revolution in every country. I have the civil estimates of the British Government for the year 1935. I find that in Class V, which refers to the old age pensions, health, etc., the expenditure was £.68 millions in 1926 and it rose to £.160 millions in 1935. In this way, every country is trying, through its budget, to transfer wealth from the richer to the poorer classes. This brings about three good results: first of all, it increases the purchasing power of the nation as a whole. This aids the richer classes also. One rupee in the hands of a rich man is not of the same value as one rupee in the hand of a poor man; and, therefore, by redistributing wealth so that the poorer people get a better deal, the national purchasing power itself is increased. Secondly, social discontent is decreased and, in some cases, at any rate, contentment with the existing society is increased and, therefore, it tends towards social stability.

Sir, what does this Budget do? That is the first question I would like the House to consider. I have made some rough calculations, and I find that out of the 80 crores of rupees to which this Budget relates, about 35 crores come from the masses. I have tried to allocate the customs expenditure as far as possible, and I find that taking the customs expenditure, salt, excise duties, etc., which may be reasonably attributed to the masses, 35 crores are contributed by the masses, about 40 crores are contributed by the middle and the richer classes of India, and five crores are contributed by the non-Indians in this country. Thus is the total of 80 crores constituted. Now, how is this 80 crores spent? Again, I give this rough calculation, and I challenge the Honourable the Finance Member to give me a more accurate one. Sir, the only part of the budget which is distributed to the masses is the pay given to the Indian sepoys and to the chaprassis. Allowing for all possible expenditure for the masses, I find that out of the 80 crores, only ten crores go to the masses, and the balance of the 70 crores is equally distributed between non-Indians and the Indian richer and middle classes. Taking

the balance sheet, the middle and the richer classes, in spite of Mr. F. E. James' assertion, neither gain nor lose much by this Budget. The masses, on the other hand, pay 25 crores a year through this budget to non-Indians who take it away by various means, either by way of pensions, interest or otherwise. Sir, to this must also be added the interest which we pay from the Railways. If you take the Provincial Governments also into consideration you will find that every provincial Budget transfers part of the money from the poor man to the richer and the middle classes of India, and so taking all things into consideration, the Budgets of both the Central and Provincial Governments mean an annual perpetual recurring transfer of wealth from the masses to the classes of this country and of Great Britain. Naturally, as a consequence, their purchasing power is diminishing year after year. We all know how wealth is disappearing from the villages and is flowing to towns. Sir, in my village, for the last ten years, not a single new hut has been built, while in the city of Bombay palaces are rising rapidly. Where do they get the money from? They get the money from the villages. The Budgets of the Central and Provincial Governments, in spite of the attempt made to rectify this drain from the village to the town, mean a continuous recurring drain from the villages to the big towns and from the big towns to foreign cities abroad. Sir, that is the first test, and judged by that test, I say, this Budget does not satisfy that test to any measure whatever. It means a recurring drain of wealth from the masses of this country which finds its way into the pockets of the foreigners.

Then, Sir, the second test is, does it tend to increase the national efficiency? Every Budget is not only a phenomenon for the present but it is also a portent for the future. To the extent it increases the national efficiency, it increases the future productive power of the people. Therefore, we find that in England instead of 100 million pounds revenue in the beginning of the century they have gone up to a thousand million pounds. National efficiency does not grow by arithmetical progression; it grows by geometrical progression, and we find that while England had a national revenue of one hundred million pounds in 1899, she is today having a thousand million pounds. It probably exceeds this figure. The other day the Defence Secretary said that "your budget consists only of 80 crores. How can you defend yourselves"? We are only too aware that the law of compound interest works both ways. It adds to the riches of the richer man, and it adds to the poverty of the poor man. In the case of India the law of compound interest is acting in an inverse direction, and that is why the country is growing poorer and poorer, because this Budget does not add to the national efficiency, because what it does is, in every post, in every place, in everything which requires skill and efficiency, nothing is left for the sons of the soil. They want an outsider for it. Do you want to administer your insurance law? Get an expert from abroad. Do you want to manufacture something new in Railway workshops, then bring in a new man. Do you want anything which requires skill, brains, ability, and inventive genius, don't utilise the sons of the soil, but bring somebody else from abroad. Sir, this does not mean merely a loss for the present, it means a crime against future generations. It means that not only I shall have no opportunities now, but my son shall not get the necessary skill and knowledge to run things. In fact, wherever skill is wanted, wherever brain is wanted, every Government encourages its own subjects, but what is the position in this country? We have to

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import experts from abroad. Sir, we can offer to make any amount of sacrifices, we can give you any amount of taxes if only you assure us that the path for the future generation will be made smooth. If you want, you can take a crore from us today for the manufacture of locomotives in this country. My friend, the Honourable Sir Thomas Stewart, referred this morning to the speech of Sir Muhammad Zafrullah in 1935 that it would cost more to manufacture the boilers in this country. Sir, I have re-read the speech, and I find he says that it will cost about Rs. 3,200 more to manufacture a boiler here than to get it from abroad. This sum is equivalent to the salary of an ordinary officer of the Government of India for a month. Sir, during the last five years the prices of boilers have been going up, and some have not been delivered to us yet during all this period, but they would not think of manufacturing these things in India. Why? It is not because that it would cost a boiler more by Rs. 3,200, but because they do not want to equip the railway workshops suitably so as to be able to manufacture boilers and engines in this country. In fact they want to protect their future generations at the expense of the future generations of this country.

Sir, take the whole of the defence expenditure. They say they are Indianising certain regiments, but, Sir, I would refer you to page 12 of the Defence estimates, and you find there that all the Indian officers are employed in the various infantry regiments which is not after all only skilled work. When we ask questions here as to how long it would take to produce a Lieutenant or a Captain, they say it would take many years to make a good officer in the army, while in the last war they were very glad to put people through twelve weeks training and make them Lieutenants and Captains. The British Government, during war time, took a large number of university students and made them Lieutenants in a few weeks. They say it takes ten or fifteen years to reach the top in the army, but, when an emergency arises, they are able to produce Captains and Majors after a few weeks' training. But, Sir, you cannot train people in a few weeks as engineers, scientists and chemists who can manufacture arms in factories. Take all these establishments, and you will find that there is not a single Indian in any department which requires skill and ability or long training. What does it mean? It means that not only they would not give training now, but they won't enable us to be fit for it even after 20 or 30 years. They are preventing the future generations of this country from getting the requisite training in these important defence services. That is the greatest defect in this Budget.

Not only is this defect clearly perceptible in the defence estimates, but this process is also taking place in the new civil departments. Take Aviation for instance. It is a new adventure for the whole world. Why should we not have a good start at least in this new adventure? Questions were asked on the floor of the House, and it was found that the Government were determined not to let Indians know the art of making aircraft; it was said that the necessary material was not available in this country, and very few Indians knew how to repair the aero engines. Sir, let me make this offer to my friend, the Defence Secretary. We are prepared to pay a new cess simply for starting a factory to manufacture our engines and boilers, a factory which would develop initiative, skill, brains and ability; we shall gladly pay even a crore of rupees to the Honourable the

Finance Member if he wants to raise it from us by imposing a tax or cess for this purpose, but they will not do it, because they don't want us to learn how to manufacture those things.

Take again Broadcasting, for which we are spending about 30 lakhs a year. The Department concerned is taking all possible steps to see that we do not manufacture cheap broadcasting sets in this country, that we do not manufacture broadcasting materials in this country. They do not want these arts to develop, they want to keep them as close preserves. They want to keep a monopoly in heavy machinery, electrical goods, etc., which require modern technique. They want to keep these as their own preserves and they want to see that this country does not develop the technique, the science, the efficiency, and the skill needed for these things. That is the secret. When I read today that Hitler presented his economic demands to Rumania, I wondered whether he took a lesson from the Government of India. When he presented his demands to Czechoslovakia, he seems to have taken the list of reserved departments of the Government of India and made it his own model. This is how British Imperialism works in this country, and I have shown how this budget is the proper exposition of this British imperialism.

The third test is, do we get full value for the money spent? Before any Government can ask for more money, it must be able to satisfy us that we are already getting full value for the money spent.

Nobody need be a strategist to see that the 50 crores which we spend on the army is a sheer waste. With 20 crores you can have an army which is more efficient, which is as numerous as the present which is inefficient for modern warfare, and in the expenditure of which travelling allowances, kit allowances, separation allowance and so on form a great portion. I challenge the Honourable the Defence Secretary to say that an Indian Army, a nationalised mechanised army, of present numbers with all the present arms cannot be had for 20 crores. If you spend ten crores on the Air Force, and another ten crores on the Navy, we can have all the forces which India will need for probably for another century to defend her against possible aggression. My Honourable friend, the Defence Secretary, said that a capital ship costs ten million pounds, a cruiser costs five million pounds and so on. We do not want capital ships, we do not want to defend our trade routes. Our trade is more important to others than to ourselves. If India's foreign trade is dislocated for ten years it will give her the greatest chance of her life. She will manufacture all her needs, not only for herself, but for anybody who may be in need. (Interruption.) I do not want to protect my trade routes. That may be important to you, and you may protect it or not. We want only a few submarines, some destroyers, some mine layers, and some shore batteries to defend our coasts. We want a few air squadrons to prevent the enemy from coming near us. We do not want to go and bomb Jerusalem, we do not want to go and fight with the Arabs in Palestine, we do not want to go and fight with the Italians in their new found empire. I say with 40 crores of rupees a force which can be more than sufficient for our purposes can be built up, with Indian talent, with Indian skill. We do not get the full value from the defence forces, nor do we get full value from the civil services.

On the question of salaries, so many have spoken that I need not enlarge upon it. But I would like to draw the attention of the House to one point which has never been touched upon,—the so-called non-effective charges. The pensions we are paying are wholly incommensurate with the

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service which we get in return. In the Provincial Government it forms five or six per cent. of the budget, in the Central it comes to ten per cent. and in the defence estimates it comes to 22 per cent. of the total expenditure. When millions of our people are starving, why on earth should we maintain, in luxury, not only those who are serving but those who have retired? By all means, let them not starve, give them maintenance charges, but why should you give them money to live a life of idle luxury? I think the non-effective charges can be reduced a great deal, and if the Finance Member earnestly sets about it, he will find more than the 50 lakhs which he needs in order to balance his budget according to his own calculation.

I shall deal with only one point more, and that is in connection with the new duty on raw cotton, before I finish. It is said that this duty will help the production of long staple cotton. I wish it would. If I were sure that it would, I would not only support it but earnestly request my Honourable friend to double it. But what is the prerequisite condition of encouragement of long staple cotton? It is to see that long staple cotton is being used in our mills. By making it impossible for them to use long staple cotton you are not going to encourage its growth. By all means take a subsidy from the industry and give it to long staple growers. Then, put a countervailing duty on the import of foreign yarn and foreign cloth of finer counts and hand over the proceeds for the development of long staple. But the present duty I am afraid is going to lessen, if not totally annihilate, the use of long staple in our mills so that foreigners will become monopolists of goods of finer counts. If you do not manufacture finer counts, we do not want long staple cotton, and when our mills do not use long staple, how can there be any benefit to the long staple cotton grower? My Honourable friends from Sind and the Punjab do not know what they are saying. It is the business of Sind to see that more and more long staple cotton is used and then it is its business to see that long staple cotton is produced more and more in Sind and in the Punjab. But to eliminate the use of it in our mills is not the way to help the grower of the long staple cotton in Sind or the Punjab. I give you one instance. Coimbatore is a purely yarn producing centre. We have 1,81,000 spindles which use this long staple cotton. They produce yarn in Coimbatore up to the 40s. and all that is spun from only local cotton. The 60s and 70s they spin from long staple bought from Egypt. If, say, even in five years Sind or the Punjab can produce long staple of the variety of Egyptian cotton let them ask the agricultural expert. They cannot. The effect will be that these 60s and 70s will be stopped, and against it Japan and Lancashire will export such yarn and fill up the handlooms with their own yarn. Is that the result my friends want? Do they want to kill our industry without even helping themselves. I say that it is not the proper way of doing it. I shall be asked, is there any alternative taxation to this taxation on raw cotton? I will give one. We have been crying hoarse that some duty on rice should be levied. I know technically they have to get the consent of the Burma Government for this year. I do not think even the Burma Government will refuse if the Government of India approach them for a small duty. The other day we sanctioned Rs. 1-8-0 per cwt. of wheat; I do not want so much on rice. Let them put a duty of twelve annas per cwt. of rice. One million tons come from Burma to this country. How much will it give? It will give 1½ crore by putting in only 12 annas per cwt. on

rice. That will not hit the agriculturist of Burma, it will increase the purchasing power of the agriculturist in India by 30 or 40 times the amount of duty. This duty will benefit the paddy agriculturists of the entire country and there will be no objection from Burma. Not that my Honourable friend does not know all this. He knows, he does not need our advice. But he is going back to England. He wants to say, I have seen Mahatma Gandhi, I have also helped Lancashire. I hope that this House will throw out this duty, and let him take the consequences.

I hope I have proved that this budget has not satisfied any of the three tests and that this Government does not deserve any further help and we should not give it. One last word about income-tax.

I feel that the Finance Member has broken his pledge in altering the rates of duty as given in the Income-tax Committee's Report relating to the joint Hindu families. When the Income-tax Bill was under discussion I put a positive question, are we to go on the basis of the schedule given in the Income-tax Committee's Report? He did not say anything definite in reply, but we took it for granted. We discussed the Income-tax Bill, in reply, but we took it for granted. We discussed the Income-tax Bill, we passed it, we helped him on the understanding that no more taxation than that given in the schedule to that report will be levied. If he had it in his mind to make any change, it was only fair that he should have told us so and not let us be under any delusion about it. Now he has penalised Hindu joint families. He will get nothing out of it. He will only compel Hindu joint families to separate but there is no reason whatsoever why he should use the Income-tax Act to disrupt the Hindu undivided families. I have no objection to the separation of Hindu joint families. I welcome the process but this subterranean method of doing it is not the proper method. I would urge upon him to adopt the recommendation of the inquiry committee so far as the Hindu joint families are concerned, so that we may say that we voted for the Income-tax Bill on the basis of those recommendations and that no additional taxation was contemplated. I hope that even Mr. Som will be inclined to forgive us, if that is done, for the support we gave to the Income-tax Bill. With these words, I ask the House to consider the Bill on its merits and see that no new taxation is imposed on this country.

Seth Haji Sir Abdoola Haroon (Sind; Muhammadan Rural): I want to make a few observations on the Finance Bill and especially the new taxes which have been brought in that Bill. I am of a different opinion from some of my friends. I may be wrong. Now, I come from a province which produces long staple cotton and I know something about cotton marketing. Sind is producing not only short staple, but also long staple.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): The Sind cotton which was originally classed as long staple is now put under medium.

Seth Haji Sir Abdoola Haroon: There are 4F and 277 and many other varieties. My information is that lately, on account of the little demand from the Bombay mills, they are selling at lower price to Japanese exporters.

Sir Cowasji Jehangir: Because the staple is not what it is said to be. That has been proved by the Technological Laboratory in Bombay.

Seth Haji Sir Abdoola Haroon: I cannot say about that, but I know what happened in the market itself. You may have had other reports. I am not dealing in cotton. But I have talked to cotton merchants and they are complaining very much that the Sind long staple cotton is not purchased by the Bombay mill owners. I cannot blame these millowners because we have not got such an abundant supply of long staple cotton that they want. Therefore, they buy from Egypt, Sudan, Uganda and America. They send a telegram for 5,000 bales and they get all they want. That is because long staple cotton is not produced in sufficient quantity in Sind and Punjab. This duty will help Japan and Lancashire to send their yarn and finished goods here. A proposal was made on this side that a subsidy should be given. I have no objection to that but where will the money come from. Within the last so many years neither this side nor that side have come forward to help the cultivator. Therefore, they are unable to grow this long staple cotton. They have got the land, water and everything. Therefore, I am strongly supporting this cotton duty and I hope that Government will do something to help the growth of this long staple cotton.

Mr. Lalchand Navalrai: The tax they get must be given to Sind to help the growth of this long staple cotton. Otherwise it will be useless. It should not be used to cover the deficit.

Seth Haji Sir Abdoola Haroon: It is for the Government to agree to your proposal. I know one thing about the *khandsari* sugar excise duty. At that time Government promised to pay some amount, I don't remember the figure, but they did not fulfill that promise given by Sir George Schuster on the floor of this House. I have no objection if they give this subsidy but I want some direct or indirect help for the cotton growers of Sind. Then again, my friend, Mr. Som, complained about the duty on *khandsari* sugar. I think my friend did not know the figures that have been printed in many commercial papers and trade journals. This excise duty Bill was passed in 1934. At that time, if I am not mistaken, they put the excise duty at Rs. 1-5-0 per cwt., that is, in the beginning, Rs. 1-5-0 per hundredweight mill sugar and one rupee for *khandsari* sugar. Sir, at that time, say in 1934-35, the Government were able to collect Rs. 77,000, in 1935-36, Rs. 60,000, in 1936-37, Rs. 47,000, in 1937-38, Rs. 51,000 and in 1938-39, Rs. 30,000 on *khandsari* sugar whereas—everybody knows very well that in the country *khandsari* sugar is produced to the extent of between 125,000 and 200,000 tons, while the duty is paid only on the fifteen hundred tons of sugar. Why did this happen? I know and I think my friend, Dr. Sir Ziauddin Ahmad, knows very well and many other Honourable Members from the United Provinces also, that there was a Bill which was passed by this House amending some Factories Act to the effect that if any factory employed more than twenty men, they would have to pay this excise duty on *khandsari* sugar, otherwise not. Now, there were many factories at that time in which the men working in those factories were 20, 50, 70 and like that and as soon as this Act was passed, they divided up their labour in the factory so as

to escape the excise duty, and on account of that, within the last five years, instead of increasing the income from the duty, it went down and down. Not only that, but it is unfair competition with the sugar mill industry. Sir, at present the mill industry is paying Rs. 2 per hundred-weight excise duty and, on the top of that, lately the Provincial Governments of Bihar and the United Provinces have passed laws that the sugar mill industry should pay two pies more per maund of cane, whatever they are paying to the cultivators, and that means a cess for the Provincial Government. Two pies per maund of cane will cost about eight annas a hundredweight,—a further excise duty, you may call it, or you may call it a cess. It means the mills having to pay Rs. 2-8-0 per hundred-weight instead of the eight annas on *khandsari* sugar. Not only that but the mills today are controlled by the Provincial Government and the Provincial Government are fixing the cane prices and the sugar mills are bound by such and such prices for the cane, but the *khandsari* sugar people are not bound to pay whatever the Provincial Governments have fixed as the price. On account of that, if I am not wrong, they are getting cane at two to three annas a maund cheaper than the mills are getting. On account of this I do not think that there is any harassment to the *khandsari* industry because the mills are paying Rs. 2-8-0. On the top of that, they are paying the higher cane prices fixed by the Government, but the *khandsari* people are in every way free. (Interruption.) If anyone will meet the people there and ask them what they are paying for their cane, he will find that they are paying a lower price because the cane-growers are unable to send their cane to the mills on account of their being far away from the mills, and, therefore, they are compelled to sell cane to *khandsaris* at the lower price.

The Honourable Sir James Grigg: May I ask a question for my own information? Do not these *khandsari* factories produce sugar from *rab*, and not from cane at all?

Seth Haji Sir Abdoola Haroon: Yes, this thing is correct, that they are producing sugar from *rab*, I know that, but that *rab* is brought by different cultivators and is not only *rab* manufactured by the cultivator direct. There are several merchants, middlemen, who are purchasing cane and manufacturing *rab* also.

My other point is about the salt industry. You will remember that since last year that protection has been taken off by this House and what is the result of that?

Mr. Lalchand Navalrai: Not by this House but by the Finance Member.

Seth Haji Sir Abdoola Haroon: Yes, he did not bring up that salt protection Bill. What is the result of that? Within the last ten months foreign salt has been imported into India to an amount of 157,000 tons, out of which 78,000 tons were from Egypt, 34,000 tons from other countries and 24,000 from Germany, and Aden salt has been imported less. Instead of 257,000 tons, only 141,000 tons were imported of such salt within the last ten months. Not only that but there are some few works in Karachi and I am noticing that they are reducing their staff, they are unable to dispose of their salt and they are on account of that being made unable

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to make both ends meet. Today one month back, I remember, that the price of salt in Calcutta ranged between Rs. 30 to Rs. 33 per cwt. of salt, and what will be the cost of sending salt from Karachi *bunder* including insurance, commission, brokerage? It will cost no less than Rs. 28 or Rs. 29 in Calcutta. That means they are selling for nothing in the Calcutta market and, therefore, they have stopped their works. Sir, they have already sent representations to the Finance Member and I am going to read out a telegram sent by the Karachi Port Trust to the Government of India dated the 27th February, 1939:

"Requests transmission following Board's Resolution to Honourable Finance Member. Karachi Port Trust which has spent a considerable amount on providing facilities for local salt trade very strongly supports representation dated 20th February, 1939, by Karachi Salt Association for introduction of protection and exclusion of Aden from the scheme of protection."

We have heard nothing about this salt protection. I hope the Government of India will give their sympathetic consideration to this matter and will bring into force the Salt Protection Act for some time more. During the last four or five years we had this protection because we were unable to improve our industry on account of the foreign competition. The foreign salt companies of Egypt and Italy have very vast resources at their back and they want to destroy the Indian salt industry. India can supply all the requirements of the Calcutta market without even importing from Aden. If the Honourable the Finance Member wants to ruin this industry of India, then a day may come, as it happened during the war time, when Bengal will be unable to buy salt even at Rs. 200 per 100 maunds. I, therefore, request him to see his way to bring in this protection Bill.

My Honourable friend, Mr. Shahban, has spoken about the indebtedness of Sind and the Sukkar Barrage expenses. I would like to endorse his views and would like to add one more remark. The Sukkur Barrage or the Lloyd Barrage was not built under the orders of the Sind Government. At that time, we were with the Bombay Government. At that time, Bombay had started many schemes including the Lloyd Barrage or the Sukkur Barrage. That scheme had been sanctioned by the Government of India and accepted by the Secretary of State. That scheme was started and supported by the Government of Bombay and they financed that scheme. At that time it was estimated that 18 to 20 crores will be spent on that scheme, which the Bombay Government could recover by selling land and with the revenue that they would be able to get from the barrage they would be able to pay back the money they had borrowed and also the interest charges. But, within the last few years, the tables were turned and that scheme failed financially. Now, it means that the Government are unable to sell the land at the price which they had thought they would be able to realise. Also they were unable to get the same amount of revenue which they had estimated before. The result is that the whole burden has been thrown on the Sind Government and the people of Sind.

Mr. M. S. Aney (Berar: Non-Muhammadan): Was not the Honourable Member one of those who advocated, whenever it was stated that the Sind Province will be a deficit province, that the barrage scheme and

the revenues coming therefrom will be a possible source of income to the province?

Seth Haji Sir Abdoola Haroon: My Honourable friend is bringing in quite a new question.

Mr. M. S. Aney: I am only reminding you as to what was said at that time in justification of the separation.

Seth Haji Sir Abdoola Haroon: The Sind barrage was started in 1926 and at that time nobody knew what will be the result of the scheme. But I trust my friend agrees with me that the yield from the barrage has considerably fallen down.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): The whole capital should be written off.

Seth Haji Sir Abdoola Haroon: My Honourable friend, Dr. Sir Ziauddin, suggests that the whole capital should be written off, but I do not know if it will be accepted by the Government of India.

The Honourable Sir James Grigg: That would mean another crore and a quarter a year of extra taxation at the Centre.

Seth Haji Sir Abdoola Haroon: At present we are being given a subvention of 110 lakhs and they are charging us 120 lakhs in the shape of interest. It should be considered by some Committee or by the Government itself whether Sind alone is responsible for the whole of the loss of that scheme or whether it should be divided between the Government of Bombay, the Sind Government and the Government of India.

Sir Cowasji Jehangir: May I ask the Honourable Member, what were the views of the representatives of Sind in the Bombay Council when this barrage scheme was accepted by the Government of India?

Seth Haji Sir Abdoola Haroon: I know that at that time the Honourable Sir Cowasji Jehangir was a Member of the Government of Bombay and he knows very well that the Sind Members who had pressed for the scheme were in the background, but people who wanted to get through the scheme were His Excellency the Governor himself, Sir Cowasji Jehangir and many other Bombay Members because they wanted to make money from that scheme. But, unfortunately, that scheme failed.

Sir Cowasji Jehangir: Will the Honourable Member also tell the House how many hundreds and thousands of acres the Sind Zamindars got free of cost?

Seth Haji Sir Abdoola Haroon: There my Honourable friend is mistaken. Not a single acre of the barrage area has been given free. But before the barrage, the whole area was barren and the Government was giving it free.

Lastly, Sir, I want to come to the sugar duty which my Honourable friend, the Finance Member, has calculated as an income. My friend has calculated four crores of rupees as an excise duty and 20 lakhs on foreign sugar which was imported this year. But, in my opinion, the income will be not less than 675 lakhs to 700 lakhs for which I can give an account as to what has happened till now and what is expected to happen later on.

[Seth Haji Sir Abdoola Haroon.]

This year, that is 1938-39 the Honourable the Finance Member has fixed 359 lakhs income from excise duty, whereas, up till now, 348 lakhs have already been recovered, that is within 11 months. In March, 1939, according to my information, not less 60 lakhs will be recovered by way of excise duty. Now, it has become four crores eight lakhs instead of his estimate of 359 lakhs. Thus, he will get nearly 50 lakhs more this year than he had estimated. For 1939-40, according to the trade estimates, there is now left in the factories which have not yet paid excise duty about 500 thousand tons which will bring about two crores excise duty from sugar. From November, 1939 to March, next year, he will recover about one crore from the new crop which will be exported from November to the end of March and it is estimated that 2½ lakhs of tons of sugar will be despatched from factories. This means that two crores excise duty till November, 1939, and till March, 1940, another crore. Thus, he will get three crores and not four crores as he estimated.

Sir Cowasji Jehangir: He has already provided for 390 lakhs.

Seth Haji Sir Abdoola Haroon: But he will get only three crores because sugar crop is short and, therefore, there will be less excise duty. That is the Finance Member will get one crore short in excise duty but he will get four crores from Java import duty. The Finance Member also referred in his speech to the shortage of Indian crop and so he was not sure how much Java sugar will be imported into India. The latest information is that Indian merchants have contracted already for more than 200 thousand tons of Java sugar and from British refineries and from European beet-root sugar factories. For February and March consignments, merchants have already engaged steamers and they expect from 80 thousand to 90 thousand tons within three months.

The Honourable Sir James Grigg: Does the Honourable Member mean 90 thousand for the remaining part of this year, 1938-39?

Seth Haji Sir Abdoola Haroon: The February consignment has already reached Bombay and Karachi, but the duties are so high that people will not pay, immediately, cash to the Government. They will bring the goods to the warehouse and they will slowly clear them and, as they are selling, they will pay the duty. The Government will get the bulk of the duty only in April and onwards.

Thus, I can say, that the Government will get from sugar excise duty at least 2½ crores if not three crores. Sugar is the special subject of the Honourable the Finance Member and he is having his own way of taxation with regard to sugar and Indian business has to pay all sorts of taxes, not only of the Government of India but also of the Provincial Governments. With these words, I conclude.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural): Sir, I must confess to a feeling of embarrassment as I rise to say a few words in the course of the general discussion on the Finance Bill. That feeling is due to the obvious fact that the Honourable the Finance Member, who is the architect of this Bill and the author of its

provisions, is leaving our shores within the next few days and it is ungracious to attack a person at this juncture. The ancient poet has said:

"Yathā kāshtam-cha kāshtam-cha,

Sameyatām maho-dadhan;

Sametya-cha, vipeyātām,

Tadvad bhūt samagamah."

"Just as pieces of wood floating on the ocean waves accidentally meet and then part to meet no more, so is the meeting and parting of men in this world."

But the one difference between the parting of pieces of wood and of human beings is that human beings always try to part as friends. I think it is a pity that the Honourable the Finance Member, however attractive his triple personality as a conservative, a socialist and a prodigal may be, as happily described by our Leader, wants to leave this House in a spirit of hostility and almost in high dudgeon.

Sir, the occasion for the discussion of a Finance Bill is such that Honourable Members are allowed to traverse a very wide field; but I propose, as far as possible, to confine myself to the provisions of the Bill as such. It is a curious way in which Governments budget for their expenditure and revenue. An ordinary householder first makes sure of what his income is going to be and then he budgets for his expenditure. If a person in his domestic accounts first budgeted for his expenditure and found that his expenditure would be Rs. 1,000 and then looked at his income and found that it was only Rs. 500, and then started inventing methods for making up the other Rs. 500, he would be regarded as dishonest as he was bound to seek illegitimate ways of making the two ends meet. But the ways and the morals of Governments are evidently different from those of private individuals. And, therefore, after having budgeted for expenditure under over a hundred heads, voted and non-voted, Government come forward with a Bill in order to get the consent of the House for ways and means to meet that expenditure. If Government followed the wholesome law that prevails in ordinary households

The Honourable Sir James Grigg: Of borrowing the rest.

Mr. Sri Prakasa: they would first of all try to economise their expenditure after making sure of what the income can possibly be. Then they would find what an enormous extravagance there is in the expenditure of the Government of India. In the method as followed there is no incentive for economy at all. The non-voted items do not come before this House, but as one of those items has been in the forefront in the public press of late I might just as well mention it. It is about the Political Agents in Indian States. I do not know what purpose they now fulfil. At one time they might have been useful but now they are positively harmful and old military officers rule the roost in the States doing no good to any one. The Government of India should, normally, make provisions for fighting the three public enemies, not the public enemies mentioned by the late Home Member, but the real public enemies of India, namely, poverty, ignorance and disease. But you look in vain into the budget for adequate provisions to meet these enemies. The chief object of Government seems to be that it should protect itself, that it should get as much revenue as possible and distribute that revenue among its own people.

Mr. M. S. Aney: Among public friends.

Mr. Sri Prakasa: So far as I know, the whole object of a Government is to see that the men, women and children in field and factory live and prosper and are exceedingly happy, and it is for that purpose that these costly domes are provided under which we legislate, palaces are provided for the executive to live in comfort, large buildings are raised for the judiciary to interpret the laws. But this main purpose of Government is never fulfilled, so far as our country goes. Here it seems to be clear that it is the people who live for revenue and not that revenue is collected for the people. That was made clear by the Finance Member himself when there was a debate on the necessity of encouraging the making of matches as a cottage industry. Then the Finance Member said that the strain will be too heavy on the revenue even though he had much sympathy with cottage industries. What is the use of the revenue if that revenue is not going to be utilised for the well-being of the people as a whole? It seems as if the principle followed by Government is as described by the poet: "The individual withers but the world is more and more". The objective is that the State should prosper and it does not matter if the individuals suffer and die or remain in bondage.

Coming to the provisions of the Bill itself, I begin with salt which is rather an old sore. If I am not mistaken, the average consumption of salt per head in England where they use fewer condiments than we do, is 40 pounds in the year, while the average consumption in India is only about 11 pounds. And medical advice is that at least 20 pounds of salt per year are necessary to keep the human frame in good working order. As a little boy I used to see big blocks of salt placed by the wayside in my town, and sometimes even in the villages, for the cattle to lick. Now I do not see them, not because men have become less charitable but because salt has become dear. I do not think there is any salt tax in England and I will give a little incident of my own life to show how cheap salt there is. I, like all normal Indian boys of my province, used to be and still am very fond of eating raw peas with a little salt. When I went to England, it being the month of May, I found a good lot of beautiful peas in the market near the house in Hampstead where I was staying. Learning that it was bad manners there to eat raw peas, because everybody boiled the peas before eating them, I purchased some peas and brought them to my bedroom. And then I issued out and wanted to buy some salt because I was afraid of ridicule in going down to the kitchen and asking for a little salt from the cook. When the grocer asked me what amount I wanted, not knowing what the price would be, I asked for a penny's worth, and I got four huge cubes of salt in return for a penny. I did not know where to throw all that salt away, for I had really thought I would get only a little salt for my penny. But here for a penny, roughly an anna, you would only get about half a seer of salt which you can easily secret in your pocket. Salt is a ticklish subject; my Honourable friend knows that one of the causes of the French Revolution was the salt gabelle. He also knows that in our own country we made a big rumpus some years ago over salt. Whether we were successful then or not, Government should know that if they do not revise their policy about salt, trouble may come again any day. If I am not mistaken, large quantities of salt are brought from England to India as ballast on ships that have deposited the raw products that they had taken from our country and are returning empty for more. And

that is the reason why English salt is beginning to sell cheap here. The Finance Member once had a fling at my friend, Professor Ranga, saying that though he pretended to be a friend of the poor he did not like cheap English salt being sold which really helped the poor people. But what we want is that the duty on Indian salt itself should be so reduced that our own salt can become cheaper and be consumed in larger quantities in India.

Then, there is the question of sugar. People who get sufficient quantities of sugar every day of their lives may not realise how important that commodity is for our daily food. In the United Provinces the menu in the jails has, or at least had, no sugar whatever, and from year's end to year's end a prisoner had to go without any sugar; and unless he smuggled—and I must confess straightaway that all prisoners smuggle—he could get no sugar at all. It is in such circumstances that one realises what an important commodity sugar is. The policy of the Government as regards sugar has been disastrous. We find large tracts of land are under sugarcane cultivation, but the tragic fact is that the villagers themselves are getting less and less of sugar. Railway lines run right into the fields, and as soon as the crops are harvested, the sugarcane is put in railway trucks and carried away to the factories. The villager had just a slight hope of having this *khandsari* sugar which also he may be deprived of under the terms of this Bill. Apparently the duty on *khandsari* sugar is being lessened, but because of the further proviso whereby this duty will now be leviable on sugar produced in factories where it was not leviable before, I fear that this provision of the law is also going to hurt the people badly.

Then, there is the provision about raw cotton. I do not understand the problem at all, but I do understand that some persons have been interviewing the Honourable the Finance Member on this subject. I would only just remind my Honourable friend, in this connection, of his own free trade principles, for it does seem to me at least, unsophisticated as I am, that this present duty goes counter to his life-long and oft-repeated principles.

I now come to the post office. The way in which postcards have been treated is a positive scandal. Honourable Members opposite can afford to laugh at postcards. But postcards are an important item in the domestic economy of the poor man. The scandal is that there is no equity about the amount of postage on different articles. A small postcard on which you can write only about 20 lines or so at the most, is carried for three pice, while for one extra pice, that is for an anna, you can write three sheets of an ordinary note paper. There should be some equity and some justice when we fix rates of postage. I think that it is time that Government listened to the repeated demand of this House that the rate on postcards should be reduced. We cannot expect the good old days of a pice postcard to come back perhaps; but we must expect that Government will have the decency to decrease the rate on postcards to half an anna; and if they do not do so, to increase the postage on letters. As Members of Government and other high-placed individuals do not usually use postcards, they do not realise the injustice they are doing to those who do. In order to meet the demands of a very small proportion of the population of the country even the postage on airmails to foreign lands has been considerably reduced. While it used to be about 8 annas sometime back, it is only 2½ annas an ounce now. For 2½ annas you can send an ounce, that is, a tola and a quarter nearly, of matter by air to long distances. When such

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facilities are given to a small portion of the population, I do not see why those who use postcards—and their number is legion—should be penalised in this manner.

That is not the only part of our tale of woe. There is the registered newspaper. A newspaper of the weight of 10 tolas can be sent for a pice. That is all right; but the rule is that only one issue of a newspaper can be so sent. The newspapers in our own Indian languages are very light—they are from about 2 to 2½ tolas, and even they have to pay a pice. Year after year I have been pressing upon the Government the desirability of allowing more than one newspaper to be carried in the same packet at this rate, so that the papers in Indian languages can penetrate the villages. I have tried to explain to this House and I need not repeat my arguments that that would help the post office itself. A certain amount of traffic will be deflected from the railway to the post office and small packets could be sent to the postmasters in distant villages at reduced rates and papers could be distributed thence, bringing more revenue to the department, in the bargain. People can always get their newspapers cheaper from agents than by ordinary post, and so the newspaper agent is always in great demand. But unless the system is economically worked in co-operation between the newspaper and the post office no benefit accrues to anyone. I have some amendments on the order paper in this behalf and I shall call the attention of my Honourable friends opposite to the justice of what I say when I move them. Coming to the income-tax, I may say that when the Income-tax (Amendment) Bill was being discussed in this House we were informed that about 60 per cent. of the assesseees will have to pay less than they do now. At that time I did not realise that 60 per cent. of persons assessed to income-tax had incomes less than Rs. 8,000 a year, for I find, after such calculations as I have been able to make, that there is relief only to persons who have been enjoying incomes up to Rs. 8,000 a year, and that relief is also only due to the fact that at the present moment there is a surcharge. If the surcharge were taken away, then the proposed slab rates would give practically no relief to any one.

Sir, I have no desire to deal with the various aspects of the income-tax administration, though I should have liked to do so, but there is one thing that has greatly hurt me, and to which I must call the attention of my Honourable friend. The other day I tabled a question about the demand made at certain places for the return of the wealth of assesseees accompanied by a solemn declaration of its accuracy. My Honourable friend, the Finance Member, was almost angry while he was replying to the supplementaries thereto. First of all, he said that it would require too elaborate an investigation to give a full answer to my question. But when I asked him whether he could call for the information only from one particular town, he said: 'No, I won't'. Sir, I do not think any elaborate inquiries are necessary to get the information of the situation in a single town; and when I asked whether similar notices were given to Government officers, he said that there was no discrimination in their favour, and when again I asked whether he would be pleased to inquire from this particular office to which I am referring if notices have been sent to any Government officer he again said: 'No, I won't'. My esteemed and Honourable friend, Mr. Satyamurti, asked whether there was any discrimination in favour of Government servants, and the Honourable the Finance Member made an astounding statement. He said, 'obviously as Government officers have

their income-tax deducted at source, that is one kind of discrimination to the disadvantage of Government servants.' How the disadvantage comes in, I do not know

The Honourable Sir James Grigg: They pay the tax earlier.

Mr. Sri Prakasa: And that is an advantage to them, because they know what their net monthly income is going to be; while when at the end of the year there is a sudden demand on us for a big sum of money, which may be more than a whole month's income, to be paid within 24 hours, it results in great hardship which my friends opposite can never understand or appreciate. I make this statement again, and if my Honourable friend wants to lose his temper again, he may do so,—but I repeat that there is always discrimination in favour of Government officers from start to finish in this Government. My friends opposite should realise that Government servants in India form a nefarious brotherhood. They help each other and think the rest of the country to be a legitimate prey that exists only for their behoof.

Then, Sir, referring to the same question, I asked whether it was necessary for an assessee to include in their total wealth the jewellery of their ladies for even that is demanded. The pity of it is that, however long an English official may stay in India, he never knows our social conditions at all. My Honourable friend, the Finance Member, has had the disadvantage of staying with us for only 5 years, and that too he spent mostly at headquarters. But even those who have been here for 30 to 40 years know very little of actual Indian conditions. They live their own lives and their contact with us also is on their own ground. If any one is to blame for that, I think the blame must lie on ourselves. When our people entertain Englishmen, they do not entertain them in their own way. They do not give them their own food, but they are anxious to see that English guests are fed with the food that they like and in the manner they like; and to do them honour our friends also put on the costumes that English people put on when they are dining. In these circumstances, English people can never know the actual conditions of our country, and therefore they are not much to blame for their attitude. I have been, Sir, a consistent foe of Indianisation till Swaraj is won. That is because I know that the process is not of the Indianisation of the Englishman, but the Anglicisation of the Indian. The Indian in high office, though he cannot change the colour of his face, in every other way tries to pretend to be more of an Englishman than an Englishman himself. When he sits in his office, he sees through English spectacles; he forgets the conditions in his own home and pretends to interpret everything in accordance with English life and thought. Sir, I should like to tell my friend that unless one turns oneself into a wife eater, one cannot get hold of the jewellery of one's wife. I do not know if English wives have any secrets from their husbands or not; but I can say this that Indian wives have any number of secrets from their husbands particularly in the matter of jewellery; and if the Income-tax officer wants to know the full details of the jewellery of the assesseees, I think he will never get them any more than he can get a list of the jewellery of his own wife. And I warn the department that if a demand to return my total wealth is served on me, I am not going to give it. The jewellery of my wife that was sealed when she died and which I keep in sacred trust for the ladies that will follow when my sons marry, will not be unsealed however insistent the demand of the Income-tax officer may

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be, and whatever the consequences I may have to undergo. Such jewellery is a sacred trust handed down from generation to generation and comes to the rescue of a family in misfortune. I am going to advise my friends not to surrender to this demand of the Income-tax officer in my home town of Benares. He has been sending out these demands to various persons, a copy of which I have supplied to my friend opposite, which the local Income-tax officer could not have drafted himself, but which must have been drafted at headquarters in which he demands the total wealth of the assessee—landed property, jewellery, etc., under a solemn affirmation. I hope the assessees will have the guts to refuse to oblige the Income-tax officer. I claim it is an illegal demand, and though the Honourable Member opposite refuses to examine the matter and persists in saying that such a demand is covered by the law, I adhere, after further study, to my belief that such a demand cannot be lawfully made. Honourable Members opposite may perhaps derive all their knowledge of Indian homes from Miss Mayo's book but Miss Mayo is no judge if she gives the impression to anyone that India consists of only those who tyrannize over their women folk. Some enthusiastic social reformers also put forward their views in such exaggerated language that they also give the same impression, but I may tell Honourable Members opposite that there are more hen-pecked husbands in India than cock-pecked wives. Any scrutiny in jewellery would be regarded as an act of sacrilege and vandalism and will not be tolerated.

Sir, the privileges that are enjoyed by Government servants in India are so great that there is nothing else that attracts us except Government service, and all this scramble about proportions, etc., in service is entirely due to the simple fact that when one becomes a Government servant, one lives in safety and splendour. If Government service were to be on the same level as any other profession, then there would not be such a scramble and such a demand for it. Nowhere else in the world is a Government servant *qua* Government servant in such a favoured position as in our country. If the Income-tax Department wants to make itself popular and wants to make itself effective, efficient and helpful, it must do something so that the general impression that is abroad, *viz.*, that there is a constant discrimination in favour of the Government servant, is eliminated. As soon as that feeling disappears from the minds of the general populace, there would be very few complaints against the department. If, however, as the Honourable the Finance Member said on that occasion, a demand for the total wealth is necessary in order to assess the income-tax and to unearth possible concealment, then it should be necessary in all cases. Why should it be necessary in the case of only those against whom the Income-tax officer wants to discriminate? My Honourable friend may be satisfied that discretion is properly exercised. I am not so satisfied and it is more important that I should be satisfied than that he should be satisfied; it is the assessee who should be satisfied, not the tax-gatherer. The tax-gatherer is always satisfied with his own exactions; but the persons taxed should be satisfied that they are not being harassed, bullied and tyrannised over, and that only right and proper amounts of tax are taken from them. Before I leave this topic I must also say that I have the unhappy feeling that the Hindu undivided families have not got a square deal and that the recommendations of even the Enquiry Committee have not been followed in this behalf.

My Honourable friend is very solicitous of the Provincial Governments. He says over and over again that all this extra money that he will collect will go to the Provincial Governments. I am not at all interested in the Provincial Governments and I do not see why my Honourable friend opposite should be so interested in them. If a Provincial Government wants more money, let them take the responsibility of taxing the people themselves. The men whom the Centre taxes are the men who live in the provinces; they are not persons who live in the air. I live in a province as well as in the country under both a Provincial and the Central Governments. Taxation falls on me whether the Government of India takes the tax from me or the Provincial Government takes it from me. The name does not matter; money has to be paid in any case. If the Provincial Governments are in need of money, let them levy the tax and realize it as best they may. Why should they come to the Central Government and get the tax by the back-door? I do not understand that at all; and if my Honourable friend is only solicitous of the welfare of the Provincial Governments, he had better give up that solicitude and ask Provincial Governments to look after themselves and get what they want in their own way.

Sir, I cannot close better than by quoting the words of my Honourable friend himself. He said towards the end of his Budget speech:

"For India as for the rest of the world there is no hope save in a release of the stresses which operate between race and race and between community and community . . ."

The Honourable Sir James Grigg: "And between tax-payer and tax gatherer".

Mr. Sri Prakasa: Quite so. In India, the main two communities are the Government servants and the general public. If these stresses are removed between these two communities, we shall be a happy people indeed. My Honourable friend went on to re-state the obvious truth that "without political reconciliation, the Central and the Provincial Governments alike in India must fail in the great task allotted to them of raising the standards of life of the people." That is quite true; but I fail to realize how this particular Bill is trying to raise the standards of life of our people. It taxes salt, it taxes sugar, it fixes a high rate of postage for the post card; it taxes every amenity which goes to the raising of the standards of life of the general masses of the people only to maintain a top-heavy administration; and therefore, Sir, I feel that my Honourable friend convicts himself out of his own mouth; that he is really doing nothing—despite the best of intentions—for the welfare of the general masses of the people. We may be today a nation in a most humiliating position, torn by internal dissensions and crushed by external aggression. Any passing Finance Member or any wanderer in the land may indulge in flings at us in our misfortune; but we dream a dream which we all fondly believe comes through the gate of horn, that our country shall still rise like the Phoenix from her own ashes; and as she lived and was great when others were unknown so shall she live and be great when others after a hectic existence disappear in mutual slaughter harvesting the crop of the dragon's teeth that they themselves have sown. As our great poet Iqbal sang:

*Yunan-o-Misra-o-Romā sab mit gaye jahān se,
Bāki magar hai ab bhi Hindostan hamārā;*

- (b) whether Government propose to set up such a Central Sugar Control Board?

Sir Girja Shankar Bajpai: (a) and (b). The Honourable Member's attention is invited to the replies given to Seth Haji Sir Abdoola Haroon's starred questions Nos. 957 and 958 on the 10th March, 1939.

Mr. S. Satyamurti: Are Government considering the question of getting this ban on the export of sugar by sea outside India removed as early as possible?

Sir Girja Shankar Bajpai: I submit that question does not arise.

Mr. S. Satyamurti: If my Honourable friend will refer to the last two lines of part (a) of this question

"eliminate the possibility of overproduction of sugar" and one of the possibilities which can be explored is to remove the ban on export by sea of sugar from this country.

Sir Girja Shankar Bajpai: My Honourable friend will remember that the other day when he asked me a question on the subject of overproduction in the course of a supplementary in my answer I informed him that the phenomenon was limited to one year.

CONTEMPLATED IMPOSITION OF AN IMPORT DUTY ON WHEAT FLOUR FROM INDIA IN BURMA.

1203. ***Mr. S. Satyamurti:** Will the Honourable the Commerce Member please state:

- (a) whether Government have any information to the effect that the Burma Government contemplate imposing an import duty on wheat flour from India;
- (b) whether today wheat flour is allowed free entry from India into Burma; and
- (c) whether Government propose to cause enquiries to be instituted in the matter and place the information on the table of the House as early as possible?

The Honourable Sir Muhammad Zafrullah Khan: (a) No.

(b) Yes.

(c) In view of the provisions of paragraph 1 of Part III of the India and Burma (Trade Regulation) Order Government do not see any reason to make an enquiry.

With your permission, Sir, I might add that when answering questions with regard to the Burma Trade Regulation Order on the last occasion, I believe it was in answer to Mr. Avinashilingam Chettiar's question that I stated that if notice had to be given it must be given by 31st March. I have since again studied the provisions of the Order and I find that Article VII, though it does prescribe one year's notice, it does not require, as I had mistakenly thought at the time, that notice must start with the end of the year. Notice can be given at any time though its duration must be one year. I owe it to the House to make that correction.

Mr. S. Satyamurti: May I know if the answer, "no", is based on any enquiries made with regard to Burma Government's intentions in this matter?

The Honourable Sir Muhammad Zafrullah Khan: As I have said in answer to part (c) in view of the provisions of paragraph 1 of Part III of the India and Burma (Trade Regulation) Order, Government do not see any reason to make an enquiry. Government have no kind of apprehension that this is likely to be done while the agreement is in force.

Mr. T. S. Avinashilingam Chettiar: May I take it that even though that notice is to be given after 31st March, 1939, Government will come to a conclusion over this matter to give notice of termination of agreement before the end of this month as they originally contemplated?

The Honourable Sir Muhammad Zafrullah Khan: Why I had to reconsider the matter and study afresh the relevant provision of the Trade Regulation Order was that the consideration of this matter was likely to take a little longer than I had originally anticipated. There are so many matters to be looked into and having regard to the time limit which I mistakenly thought was imposed upon us, I was worried, but nevertheless, the consideration of the matter is being pushed forward as quickly as possible.

Seth Govind Das: By what time does the Honourable Member expect to come to a decision?

The Honourable Sir Muhammad Zafrullah Khan: As early as possible.

Seth Govind Das: Will it be before the termination of this Session?

The Honourable Sir Muhammad Zafrullah Khan: I cannot specify any particular date, but there will be no avoidable delay.

CONCLUSIONS ON THE REPORT ON IMMIGRATION INTO CEYLON.

1204. ***Mr. S. Satyamurti:** Will the Secretary for Education, Health and Lands please state:

- (a) whether the Government of India have any information as to the conclusion of the Board of Ministers of Ceylon on the report of Sir Edward Jackson on immigration into Ceylon;
- (b) whether it is a fact that the Board of Ministers have decided that no person should be allowed to remain in Ceylon for more than six months, if he is engaged in any profession or employment in respect of which it is considered that Ceylonese are available who can be employed efficiently in his place;
- (c) whether they have also decided that every immigrant should have a passport or identity card and should present himself to the proper authority as and when necessary;

(d) whether it is a fact that they have also recommended that quotas of Ceylonese employees be imposed in the case of all businesses in Ceylon employing labour other than estates; and

(e) whether Government propose to take up this and other connected matters in connection with trade negotiations between India and Ceylon?

Sir Girja Shankar Bajpai: (a) to (d). Government have no definite information but the Agent in Ceylon is watching developments.

(e) I would refer the Honourable Member to the replies given by the Honourable the Commerce Member to his starred questions Nos. 874 and 1298 on the 9th September, 1938, and the 17th November, 1938, respectively.

Mr. S. Satyamurti: With reference to part (e), may I know whether the position is that Government have decided as regards the date of starting these negotiations with Ceylon and as part of the negotiations they will consider all these matters and others connected with the status of Indians in Ceylon?

Sir Girja Shankar Bajpai: The latter part of the question, I can answer. The Honourable the Commerce Member made it clear in the replies to which I have referred that the scope of the negotiations will not be limited to purely commercial matters. As regards the date of the discussions so far as I know no date has yet been settled.

Mr. S. Satyamurti: With reference to parts (c) and (d), may I know whether Government, if they have no information, will ascertain as early as possible from their Agent as to the allegations contained therein, namely, that every immigrant should have a passport or identity card and that quotas of Ceylonese employees should be imposed on businesses in Ceylon employing labour other than estates?

Sir Girja Shankar Bajpai: I would inform my Honourable friend that apart from the press report to this effect, we had a representation recently on this subject from one of the Indian Associations in Ceylon. Both the press reports and the representation have been referred to our Agent for enquiry and necessary action and report to us thereafter.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have seen a press report that all the people now under the employ of Ceylon Government will be sent out and Ceylonese will be employed in their stead?

Sir Girja Shankar Bajpai: I submit strictly speaking that question does not arise.

Mr. K. Santhanam: May I know whether, when the trade negotiations are started, the Department of the Honourable Member will be associated with these negotiations?

Sir Girja Shankar Bajpai: I do not think that stage has yet been reached to settle the personnel of the Indian delegation, but I have no doubt whatsoever that necessary consultations will take place.

Mr. K. Santhanam: May I know whether the Honourable Member has made it certain that a member of his department will be included in the delegation so that these matters may get proper consideration?

Sir Girja Shankar Bajpai: I do not think my Honourable friend can insist upon knowing how the Government of India are going to adjust their own representation?

Mr. T. S. Avinashilingam Chettiar: May I point out, Sir, that my question which I just now asked does arise? Part (b) of this question reads:

"whether it is a fact that the Board of Ministers have decided that no person should be allowed to remain in Ceylon for more than six months, if he is engaged in any profession or employment in respect of which it is considered that Ceylonese are available who can be employed efficiently in his place."

My question was whether the Honourable Member is aware of a press report to the effect that the Government of Ceylon are contemplating a measure by which Indians employed in Ceylon services will be sent out of service?

Sir Girja Shankar Bajpai: I still submit that this question relates to certain intentions of the Government of Ceylon with regard to immigration. The whole thing arises out of the report of Sir Edward Jackson which relates to the question of immigration, but in order to prevent further supplementaries I can inform my Honourable friend that I have had a representation to that effect and enquiries have been made.

COAL DEPOSIT AT NAMCHICK IN THE LAKHIMPUR FRONTIER TRACTS IN ASSAM.

1205. ***Mr. Kuladhar Chaliha:** (a) Will the Honourable Member for Labour please state if there is a large and rich coal deposit at Namchick in the Lakhimpur Frontier Tracts in Assam, about 20 miles from Digboi?

(b) Have Government given the lease to anybody, and what are the conditions of the lease?

The Honourable Sir Muhammad Zafrullah Khan: (a) It is believed so.

(b) The Government of India have no information as the development of mineral resources is a provincial concern.

Mr. Brojendra Narayan Chaudhury: What is the estimated quantity of coal?

The Honourable Sir Muhammad Zafrullah Khan: It is very difficult to give exact information.

Mr. Brojendra Narayan Chaudhury: Whether the Burrows Coal Committee took into consideration the large and rich coal deposit at Namchick when they estimated the total quantity of coal available in India and the necessity for coal conservation.

The Honourable Sir Muhammad Zafrullah Khan: That, I am obviously unable to say.

Mr. Kuladhar Chaliha: May I know whether in the northern part of Assam there has been a large geological survey recently?

The Honourable Sir Muhammad Zafrullah Khan: I would require notice.

APPOINTMENTS IN CERTAIN IMPERIAL SERVICES IN THE PROVINCES.

1206. *Mr. Kuladhar Chaliha: Will the Education Secretary please state:

(a) the number of appointments in the

- (i) Indian Veterinary Service,
- (ii) Indian Educational Service,
- (iii) Indian Agricultural Service,
- (iv) Indian Forest Service,
- (v) Indian Forest Engineering Service, and
- (vi) Indian Medical Service,

in the different Provinces of India. (Please show separately Province by Province);

(b) the number of appointments held by the people of the Province;

(c) the number of appointments held by Indians from outside the Province;

(d) the number held by Europeans;

(e) the number of such appointments held by Indians and Europeans from the Provincial Services by promotion; and

(f) whether there is any quota for different Provinces provided other test conditions are satisfied?

Sir Girja Shankar Bajpai: (a) to (e). A statement containing the information is laid on the table of the House.

(f) No.

Statements regarding appointments in certain Services.

Service.	Province.	No. of appointments.	No. of appointments held by the people of the Province.	No. of appointments held by Indians from outside the Province.	No. held by Europeans.	No. of posts held by Indians and Europeans from the provincial services by promotion	Remarks.
1	2	3	4	5	6	7	8
<i>Indian Veterinary Service.</i>	Madras . . .	2	...	...	2	...	Information for columns 4 and 5 is not available but one post is held by an Indian.
	Bombay . . .	1	...	...	1	...	
	Bengal . . .	1	...	...	1	...	
	U. P. . . .	1	...	...	2	...	
	Punjab . . .	3*	...	...	1	...	*Includes one officer on leave preparatory to retirement. On leave preparatory to retirement.
	Bihar . . .	1	...	...	1	...	
	Sind	1	...	...	1	...	
	Total . . .	10			9	...	
<i>Indian Educational Service (Men's Branch).</i>	Madras . . .	14	4	3	3	2	4 posts are vacant. 4 posts are vacant.
	Bombay . . .	20	9	2	5	3	
	Bengal . . .	9	3	3	3	1	
	U. P. . . .	8	1	4	3	...	
	Punjab . . .	8	3	2	3	1	1 post is vacant.
	Bihar . . .	9	2	4	2	2	
	Orissa . . .	2	1	1	...	...	
	C. P. & Berar . .	7	...	1	6	...	
	Assam	4	1	1	2	1	1 post is vacant.
	N.-W. F. Province.	1	...	...	1	...	
	Total . . .	82	24	21	28	10	
<i>Indian Educational Service (Women's Branch).</i>	Madras . . .	5	1	...	3	1	1 post is vacant.
	Bombay . . .	1	...	...	1	1	
	C. P. & Berar . .	1	...	...	1	...	
	N.-W. F. Province.	1	...	...	1	1	
	Total . . .	8	1	...	6	3	
<i>Indian Agricultural Service.</i>	Madras . . .	10	...	...	4	2	2 posts are vacant. 1 post is vacant.
	Bombay . . .	7	...	...	3	2	
	Bengal . . .	3	...	...	2	...	
	United Provinces.	8	...	...	3	...	1 post is vacant.
	Punjab . . .	9	...	...	3	...	
	Bihar	3	...	...	2	...	
	Central Provinces.	6	...	...	3	1	1 post is vacant.
	Assam	2	...	...	...	...	
	Total . . .	48	...	...	20	5	

Information for columns 4 and 5 is not available, but 23 posts are held by Indians.

Statement regarding appointments in certain Services—contd.

Service.	Province.	No. of appointments.	No. of appointments held by the people of the Province.	No. of appointments held by Indians from outside the Province.	No. held by Europeans.	No. of posts held by Indians and Europeans from the provincial services by promotion.	Remarks.
1	2	3	4	5	6	7	8
Indian Forest Service.	Madras (including Coorg).	47	13	9	22	2	8 posts are vacant.
Combined cadre.	Bombay	18	1	3	14	1	
	Sind	2	...	...	2	...	
	Bengal	22	5	1	12	...	4 posts are vacant.
Combined cadre.	United Provinces.	38	5	5	18	5	10 posts are in abeyance.
	Punjab	28	11	2	11	3	1 post is vacant.
	N.-W. F. Province.	...	...	...	3	...	
Combined cadre.	Bihar	18	1	5	5	1	
	Orissa	...	...	3	4	1	
	Central Provinces.	26	2	10	14	2	
	Assam	15	1	6	4	1	4 posts are vacant.
	Total	214	39	44	109	16	
Indian Forest Engineering Service.	Madras	1	...	...	...	...	Post vacant.
	Bombay	1	...	...	1	...	
	Punjab	1	...	...	1	...	
	Total	3	...	...	2	...	
Indian Medical Service.	Madras	34	...	...	21	...	Information for columns 4 and 5 is not available but 85 posts are held by Indians.
	Bombay	24	...	...	16	...	
	Bengal	36	...	...	21	...	
	United Provinces.	26	...	...	16	...	
	Punjab	33	...	...	17	...	Officers of the Provincial Medical Services are not eligible for promotion to the Indian Medical Service.
	Bihar	20	...	...	11	...	
	Central Provinces.	13	...	...	7	...	
	Assam	12	...	...	8	...	
	N.-W. F. Province.	9	...	...	6	...	
	Sind	3	...	...	3	...	
	Orissa	3	...	...	2	...	
	Total	213	...	...	128	...	
GRAND TOTAL		578	238	...	302	34	28 posts are vacant and 10 in abeyance.

Recruitment to the Indian Educational Service, Indian Agricultural Service and Indian Veterinary Service has ceased since 1924 and the Indian Forest Service and Indian Forest Engineering Service since 1931.

NOTE.—The figures in column 7 are included in the figure in columns 4—6.

Mr. Abdul Qaiyum: With reference to clause (d) of the question, may I know what percentage of these posts were filled up by Europeans?

Sir Girja Shankar Bajpai: As my Honourable friend will see, the question relates to six services and I cannot give information about them all.

Mr. Abdul Qaiyum: I want the total for these services and the total number of Europeans.

Mr. President (The Honourable Sir Abdur Rahim): That is not the original question. The Honourable Member can make up the total.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member aware that there is dissatisfaction in the different provinces, particularly in Assam, that the province is not adequately represented in these services?

Sir Girja Shankar Bajpai: My Honourable friend perhaps knows, and if he does not know I may inform him, that with the exception of the Indian Medical Service recruitment to all these services has ceased.

Maulvi Abdur Rasheed Chaudhury: May I know whether there is any Assamese in the Indian Agricultural Service?

Sir Girja Shankar Bajpai: My Honourable friend should read the statement for himself, but speaking from memory I will say that there are only two services in which there are Assamese.

INJUSTICE TO INDIANS IN MALAYA.

†1207. ***Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state if it is a fact that Indians in Malaya have no equitable assignment of a certain proportion of jobs in the services for such of them who are otherwise equally qualified with Malaya and Chinese? If so, why not?

(b) Is the Honourable Member aware that the Chinese who are not British born or British subjects, obtain more favourable treatment than Indians? If so, what is being done by the Government of India to put a stop to such injustice to Indians?

(c) How many Indians are there on the numerous Legislative Council and public bodies of Malaya? If none, why not?

(d) Is the Honourable Member aware that there is an impression in Malayan circle that if India does not restore the *status quo* as a result of the present negotiations with the Malayan Delegation, they can either replace the Indians with Chinese population or hold such of the permanently resident Indians in Malaya as hostages for the future good behaviour of the Government of India and Madras? If so, what is the action taken or proposed to be taken to thwart such an idea?

Sir Girja Shankar Bajpai: (a) Appointments in the Malayan public services are not allotted in proportion to racial populations.

(b) No.

†Answer to this question laid on the table, the questioner being absent.

(c) One each on the Straits Settlements Legislative Council, the Federal Council and the Nagri Sembilan State Council.

(d) I must ask the Honourable Member to wait till the present negotiations with the Malayan Governments are completed. Government have no information on the point mentioned in the first part of his question.

DISABILITIES OF INDIANS IN BRITISH GUIANA.

†1208. ***Mr. K. S. Gupta:** (a) Will the Education Secretary please state whether it is a fact that agriculturist Jews are allowed to settle in one-ninth of the total land surface of British Guiana?

(b) If so, is it a fact that any idea of settling Indians on the land in the interior is to be permanently shut out?

(c) Is it a fact that Indians in British Guiana today are unable to fetch an economic price for their produce?

(d) Will a Jewish ghetto be created in British Guiana also? If so, how do the Government of India propose to protect the Indian professionals?

(e) Are Government contemplating to put an end to further emigration from this country to foreign lands, until Indians overseas obtain their civic, economic and political rights? If not, why not?

Sir Girja Shankar Bajpai: (a), (b) and (d). Government understand that no definite scheme has been formulated. Certain areas are to be surveyed with a view to ascertaining their suitability for refugee settlement. Government have asked to be kept informed of any concrete proposals that may emerge from these surveys; when this information is available they will consider whether legitimate Indian rights or interests are likely to be affected and take such action as may be necessary in the light of that consideration.

(c) Government understand that, as elsewhere, the prices of the agricultural products of this Colony have fallen in recent years: this fall affects Indians as well as others.

(e) There is no large-scale emigration at present to any colony. There is no practical need, therefore, for the sort of action suggested by the Honourable Member.

APPOINTMENT OF A NON-OFFICIAL INDIAN AS AGENT IN BURMA.

†1209. ***Mr. K. S. Gupta:** (a) Will the Education Secretary please state how long the present Agent in Burma is to continue?

(b) Is there any likelihood of an Indian non-official to be sent to Burma as India's Agent? If not, why not?

(c) Is it a fact that the committee of Federation of Indian Chambers of Commerce and Industry recommended an Indian non-official as the Government of India's Agent in Burma? If so, what is the decision of Government in the matter?

(d) Is the Honourable Member aware that recent events in Burma have created an impression in the minds of Indians in Burma, that the Indian Government are helpless in securing an effective assurance from

†Answer to this question laid on the table, the questioner being absent.

the Government of Burma regarding the safety of life and property of Indians in that country? If so, what measures were taken by the Government of India, subsequent to the recent recrudescence of anti-Indian activities culminating in the burning of an Indian cotton mill and the looting of Indian shops, to safeguard the Indian interests in Burma?

Sir Girja Shankar Bajpai: (a) and (b). The attention of the Honourable Member is invited to the reply given by me to Sardar Mangal Singh's starred question No. 710 on the 24th February, 1939.

(c) Yes. The matter is under consideration.

(d) The first part is a matter of opinion. As regards the second part, the measures taken by the Government of India from time to time have been explained to the House previously.

INDO-BRITISH TRADE AGREEMENT.

1210. ***Mr. S. Satyamurti:** Will the Honourable the Commerce Member please state:

(a) whether his attention has been drawn to the statement of the British Premier wherein he says:

"..... the President of the Board of Trade has more than once stated that the Government would not be prepared to accept any new trade agreement with India unless it gave a satisfactory deal to the Lancashire cotton trade";

(b) whether the Government of India have equally made it clear to His Majesty's Government that they will not accept any trade agreement with England unless it gave a satisfactory deal to Indian industry and trade as a whole; and

(c) if so, when and how?

The Honourable Sir Muhammad Zafrullah Khan: (a) Government have seen press reports to that effect.

(b) and (c). Yes, in the course of negotiations.

Mr. S. Satyamurti: Have Government seen any result of their representation as suggested in clause (b) that they will not accept any trade agreement with England unless it gave a satisfactory deal to Indian trade and industry as a whole? Are they satisfied that they have got a fair deal to Indian trade and industry?

The Honourable Sir Muhammad Zafrullah Khan: Government would not have come to an agreement if they were not so satisfied.

Mr. S. Satyamurti: May I take it that they will abide by the verdict of this House as to the agreement being satisfactory or otherwise to Indian trade and industry?

The Honourable Sir Muhammad Zafrullah Khan: I have answered that on several occasions before.

Mr. Manu Subedar: What were the reasons which induced Government to differ from the views of their un-official advisers on this matter?

The Honourable Sir Muhammad Zafrullah Khan: That does not seem to arise out of this question.

Mr. Manu Subedar: Sir, when it is a question of satisfactory deal.....

Mr. President (The Honourable Sir Abdur Rahim): That cannot arise on this question.

Mr. S. Satyamurti: How did Government satisfy themselves that it will satisfy Indians? These unofficial advisers were not elected by the House or anybody else but were appointed by Government, and they have differed from them. I want to know what are the considerations on which they are satisfied that it is satisfactory to India, when they differ from their own selected unofficial advisers.

The Honourable Sir Muhammad Zafrullah Khan: First, as I have said, it does not arise out of this question. Secondly, the Honourable Member is aware, as the whole House is aware, that there is going to be a debate on this subject next week.

INSTRUMENT OF ACCESSION.

1211. *Mr. S. Satyamurti: Will the Honourable the Leader of the House please state:

- (a) whether any time limit has been fixed before which the Princes to whom Instruments of Accession have been sent should send their replies;
- (b) whether the attention of the Government of India has been drawn to the speech of His Highness the Maharaja of Jaipur on the 28th February at the banquet given in honour of His Excellency the Viceroy, in which he referred to the time limit before which the Princes have to reply to the Instruments of Accession which have been sent to them;
- (c) whether any revised Instruments of Accession have been received by the Government of India; if so, from whom; and
- (d) whether any correspondence is going on between the Government of India and the Princes or the Governor General and the Princes in respect of these instruments of accession?

The Honourable Sir Nripendra Sircar: (a) Yes, Sir.

(b) The Government of India have seen reports in the Press of the speech referred to.

(c) and (d). No, Sir.

Mr. S. Satyamurti: With reference to clause (a) of the question, may I know whether a six months' limit has been fixed?

The Honourable Sir Nripendra Sircar: So far as I recollect, these communications were sent some time about the 27th or 28th January (approximately) and they have been given six months which I presume will run from the date of receipt of the communication. It will take us to the end of July or thereabouts.

Mr. S. Satyamurti: With reference to clause (d) of the question, may I know whether there is no correspondence at all going on between Government or the Governor General and the Princes in respect of these Instruments of Accession?

The Honourable Sir Nripendra Sircar: That I am unable to disclose.

Mr. S. Satyamurti: May I take it then that, so far as the Government of India are concerned, there is no correspondence going on between them and the Princes?

The Honourable Sir Nripendra Sircar: My Honourable friend can take it in any way he pleases but I cannot give any information.

Mr. S. Satyamurti: My Honourable friend answered the question in two parts. I am taking the answer to the latter part, and I am asking for an answer to the former part of the question.

The Honourable Sir Nripendra Sircar: To the former part the answer is that I cannot give any information.

APPOINTMENT OF AN INDIAN AS VICE-CHAIRMAN OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

1212. *Mr. C. N. Muthuranga Mudaliar: Will the Secretary for Education, Health and Lands be pleased to state:

- (a) whether Sir Bryce Burt, Vice-Chairman of the Imperial Council of Agricultural Research, is going on leave preparatory to retirement;
- (b) whether a vacancy will be caused thereby on the 1st April, 1939; and
- (c) whether it is contemplated to appoint a non-Indian in the vacancy; if so, why an Indian is not selected for the post?

Sir Girja Shankar Bajpai: (a) and (b). Yes.

(c) An Indian has been appointed.

Mr. S. Satyamurti: Who is he?

Sir Girja Shankar Bajpai: Mr. Kharegat.

GRIEVANCES OF INDIANS IN JAMAICA.

1213. *Mr. C. N. Muthuranga Mudaliar: (a) Will the Secretary for Education, Health and Lands be pleased to state whether the attention of Government has been drawn to an article in the *Hindustan Times* of the 8th February, 1939?

(b) What steps, if any, have Government taken to redress the grievances of Indian resident in Jamaica?

(c) Do Government propose to call for a report from Mr. J. D. Tyson to whom the Indians of Jamaica have presented a memorandum?

Sir Girja Shankar Bajpai: (a) Yes.

(b) I would invite the attention of the Honourable Member to the reply given by me on the 17th of this month, to parts (c) and (e) of Mr. S. Satyamurti's starred question No. 1121.

(c) Government will consider the suggestion.

AMENDMENT OF THE GOVERNMENT OF INDIA ACT, 1935.

1214. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Leader of the House state:

(a) whether Government are aware of the news published in the *Hindustan Times*, dated the 4th March, 1939, that the Government of India Act, 1935, is going to be amended by Parliament;

(b) whether it is true, and if so, in what particulars; and

(c) whether the Government of India have been consulted in the matter?

The Honourable Sir Nripendra Sircar: (a) Yes.

(b) and (c). I lay on the table copy of a question asked in the House of Lords on the 2nd March, 1939, regarding the proposed legislation to amend the Government of India Act, 1935, and of the reply given by the Secretary of State. I have nothing more to add to the information contained in the Secretary of State's reply.

HOUSE OF LORDS.

Thursday, 2nd March, 1939.

GOVERNMENT OF INDIA AND GOVERNMENT OF BURMA ACTS.

Lord Snell: My Lords, I beg to ask the noble Marquess, the Secretary of State for India, the Question which stands on the Paper in my name.

[The Question was as follows: To ask whether it is the case that His Majesty's Government contemplate early legislation with the object of amending the Government of India and Government of Burma Acts, 1935, and, if so, whether they can give any indication of the scope and purpose of the contemplated Bill.]

The Secretary of State for India (The Marquess of Zetland): My Lords, the reply to the noble Lord's Question is as follows: It is the case that His Majesty's Government contemplate the introduction at an early date of a Bill to amend the Government of India Act, and they hope to secure its passage before Parliament rises for the summer recess. The object of the Bill is to remedy certain defects which practical experience has disclosed in the working of the Act, the remedying of which is a matter of some urgency. It is not surprising that an enactment of the length and complication of the Government of India Act should, when put to the practical test of administration, be found capable of improvement in a number of respects. But the contents of the proposed Bill have been intentionally confined to cases in which the Act, if unchanged, will lead to serious practical inconvenience. The amendments proposed in no case raise any new question of principle, or will alter in any material respect what are believed to have been the intentions of Parliament when the Act was passed, but I should perhaps add that the proposed amendments include one which is designed to remove, in the event of war, serious deficiencies which the preparation of drafts of the emergency legislation which might then be required has disclosed in the powers intended to be made available by Section 102 of the Act to the Central Government.

In two instances the amendments proposed affect provisions which appear in the same terms in the Government of Burma Act, and in those instances proposals for amendment of that Act will also be made.

Viscount Samuel: My Lords, I should like to ask the noble Marquess two questions. I gather from what he has said that the Bill will not touch in any important particular the question of the establishment of a Federal Constitution in India, but perhaps in order to prevent misapprehension in India the noble Marquess will say a word on that. The second question I should like to ask is whether we are to understand that the Bill will be introduced in your Lordships' House.

The Marquess of Zetland: My Lords, I think I can assure the noble Viscount that it will not in any way affect the Federal provisions of the Act. With regard to the House in which the Bill will be introduced, I am not at the moment in a position to give the noble Viscount the information for which he asks.

Mr. T. S. Avinashilingam Chettiar: What are the subjects in which amendment is sought to be made?

The Honourable Sir Nripendra Sircar: As I said, the Honourable Member will find that from the statement of the Secretary of State which I have laid on the table and I can neither add nor subtract so far as that statement is concerned.

Mr. President (The Honourable Sir Abdur Rahim): As the statement was made elsewhere, the Honourable Member might read out that statement or give a gist of it if it is too long.

The Honourable Sir Nripendra Sircar: No, Sir; I would rather read the statement. (Reads.)

Mr. T. S. Avinashilingam Chettiar: May I know whether the Government of India were consulted in this matter of the amending Bill?

The Honourable Sir Nripendra Sircar: Certainly.

Mr. T. S. Avinashilingam Chettiar: May I know whether this Bill was introduced on the initiative of the Government of India or on the initiative of His Majesty's Government?

The Honourable Sir Nripendra Sircar: It has not been introduced.

Prof. N. G. Ranga: May I know whether the Government of India have advised the Government in England through the Secretary of State that there is a need for amending this Government of India Act in regard to the creation of new linguistic provinces and also the abolition of these excluded areas?

The Honourable Sir Nripendra Sircar: I am afraid I cannot disclose the communications between the Government of India and the Secretary of State.

Mr. K. Santhanam: Will the Government of India give an opportunity to this House to express its opinion on the Amending Bill which is proposed to be introduced in the Houses of Parliament?

The Honourable Sir Nripendra Sircar: No.

Mr. K. Santhanam: May I know if the Government of India accept it as reasonable and just that the constitution of this country should be decided even without consultation of the people of this country?

Mr. President (The Honourable Sir Abdur Rahim): That is a matter of opinion.

Seth Govind Das: Is the Amending Bill going to be exactly of the nature as the Government of India have suggested?

The Honourable Sir Nripendra Sircar: I am afraid I cannot give an answer to that question.

PROSECUTION OF RAILWAY ADMINISTRATIONS FOR DELAYED PAYMENTS
MADE TO RAILWAY STAFF.

†1215. ***Mr. Muhammad Azhar Ali:** Will the Honourable Member for Labour please state:

- (a) whether the Inspector appointed under the Payment of Wages Act for Railways ever prosecuted the Railway Administrations for delayed payments made to the Railway staff under Rs. 200; if not, why not; and
- (b) whether he will lay on the table a list of offices inspected by that Inspector since 1st April, 1937, together with the results of those inspections?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. I would refer the Honourable Member to the answer I gave to Mr. N. M. Joshi's question No. 878 on the 9th September, 1938.

(b) The number of offices inspected by him personally was 153. I do not think that any useful purpose will be served in printing a list of them in the proceedings of the House. I am, however, prepared to supply a copy to the Honourable Member if he desires. The irregularities detected were brought to the notice of the Railway Administrations for necessary action.

EXPERIMENT TO MANUFACTURE CATTLE FEED FROM MOLASSES.

1216. ***Prof. N. G. Ranga:** Will the Education Secretary be pleased to state:

- (a) at what stage is the experiment to manufacture cattle feed from molasses;
- (b) what is the estimate of the value of cattle feed which can be manufactured out of a maund of molasses;
- (c) when is it expected that the experiment will reach a commercial stage;
- (d) what work is being turned out by the Statistical Section of the Bureau of Agricultural Intelligence;
- (e) whether it has published any bulletins or books and if so, what they are; and
- (f) whether any of its publications are available for the public and whether they will be supplied to members of the House?

†Answer to this question laid on the table, the questioner being absent.

Sir Girja Shankar Bajpai: (a) Reports have been received from five out of twelve stations where experiments with molasses and bagasse as a cattle feed are being conducted. Tentative conclusions arrived at as a result of these experiments seem to show that:

- (i) the feeds containing molasses and bagasse are not as efficient in nutrition as other common but more expensive Indian feeds; and
- (ii) that they are less palatable and are refused until animals become accustomed to them.
- (iii) such feeds have been successfully fed to cattle however and further experiments are in progress.

(b) No definite information is available at present.

(c) It cannot be stated definitely whether, and, if so, when the manufacture of cattle feed from molasses will reach a commercial stage. Further experiments are in progress at the Imperial Institute of Sugar Technology and at various Agricultural and Veterinary Research Institutes.

(d) The principal work of the Statistician of the Imperial Council of Agricultural Research is to aid in the planning and interpretation of field experiments and other biological experiments. He is not concerned with the compilation of agricultural statistics.

(e) A list of published papers is laid on the table.

(f) These publications are available to the public. Some have been published in scientific journals. Copies of all the publications are available in the Library of the House.

List of publications of the Imperial Council of Agricultural Research (Statistical Section).

- (1) Analysis of manurial experiments in India published by the Imperial Council of Agricultural Research (3 Volumes).
- (2) The Statistical basis of the total production of a crop published in Agriculture and Livestock 1932.
- (3) The method of covariance applicable to the utilisation of previous crop records for judging the improved precision of experiments—published in Indian Journal of Agricultural Science—1934.
- (4) Application of statistics to field technique in Agriculture by Rao Bahadur M. Vaidyanathan, published in Current Science, January, 1936.
- (5) Size and shape of Sugarcane Experimental Plots based upon Tonnage Experiments with Co. 205 and Co. 213 conducted in Pusa, by Wynne Sayer, M. Vaidyanathan and S. S. Iyer, published in the Indian Journal of Agricultural Science, 1936.
- (6) Two new statistical tables based on Fisher's 't', by Rao Bahadur M. Vaidyanathan, published as Miscellaneous Bulletin No. 13 of the Imperial Council of Agricultural Research.
- (7) A Review of the 'Principles and Practice of Field Experimentation', by Wishart and Sanders, published in the Current Science, September, 1936.
- (8) Sampling methods in cotton experiments.—Cotton statistics paper No. 2, Conference of Scientific Research Workers on cotton in India, 1937.

USE OF AYURVEDIC MEDICINES FOR CATTLE.

1217. *Prof. N. G. Ranga: Will the Education Secretary be pleased to state:

- (a) if any attempt is being made by the Veterinary Investigation officers in different Provinces, who are financed by the Imperial Council of Agricultural Research grants, to ascertain the utility and extent of actual use of Ayurvedic medicines for cattle;
- (b) if so, in which Provinces and to what extent and in what direction;
- (c) whether he is aware of the work of the Andhra Ayurvedic Veterinary College at Angalur in the Kistna District;
- (d) whether he knows that there are a large number of Ayurvedic Veterinary Dispensaries, organised and run by those peasants who were trained in that college and that the local board give them some grants;
- (e) whether he is prepared to see that the Madras Veterinary Investigation Officer is asked to conduct researches into the applicability and utility of Ayurvedic medicines for cattle; and
- (f) whether Government are prepared to supply free all their literature on cattle and agriculture to this college in order to enable it to be in touch with what is being done by Government?

Sir Girja Shankar Bajpai: (a) and (b). The Veterinary Investigation Officer, Madras, is to co-operate in a scientific study of indigenous drugs likely to be of therapeutic value in veterinary practice. In addition, an Officer of the Madras Veterinary Department has been selected for an investigation into the efficacy of indigenous systems of treatment of cattle in India and the collection of relevant literature.

(c) and (d). No.

(e) I have already stated that the Veterinary Investigation Officer, Madras, will co-operate in a scientific study of indigenous drugs, likely to be of therapeutic value. The question whether, in this work, he can be of any assistance to the College named by the Honourable Member will be referred to the Officer for consideration.

(f) The Imperial Council of Agricultural Research will be prepared to consider a free supply of veterinary and agricultural publications to the Andhra Ayurvedic Veterinary College if the Principal of the College will indicate the type of literature required by him.

ENQUIRIES REGARDING CATTLE AND PRODUCTION AND CONSUMPTION OF MILK.

1218. *Prof. N. G. Ranga: Will the Education Secretary be pleased to state:

- (a) if the village enquiries regarding cattle and production and consumption of milk have been completed;
- (b) if so, whether any report (final or interim) has been issued thereon;

- (c) if so, whether that report will be supplied to Members of the House;
- (d) what are the main conclusions of the investigations;
- (e) whether any annual report of the work on studying and supervising the work of grading stations for agricultural produce is issued; and
- (f) if so, whether it will be placed on the table of the House?

Sir Girja Shankar Bajpai: (a) to (d). The attention of the Honourable Member is invited to the Report on a village enquiry regarding cattle and the production and consumption of milk in seven breeding tracts of India issued by the Imperial Council of Agricultural Research, copies of which are available in the Library of the House.

(e) and (f). The attention of the Honourable Member is invited to the Annual Reports of the Agricultural Marketing Adviser, copies of which also are available in the Library of the House.

Prof. N. G. Ranga: Will copies of these reports be supplied to Members of this House?

Sir Girja Shankar Bajpai: No. I do not think that all Honourable Members are interested in what was after all a technical investigation.

Mr. Manu Subedar: Will it be supplied to those Members who are interested and who ask for it?

Sir Girja Shankar Bajpai: If Honourable Members who are interested will approach me in the matter, I shall see what I can do to oblige them.

INDIA'S MEMBERSHIP OF THE INTERNATIONAL INSTITUTE OF AGRICULTURE, ROME, AND IMPERIAL AGRICULTURAL BUREAU.

1219. *Prof. N. G. Ranga: Will the Education Secretary be pleased to state:

- (a) what special advantages are sought to be derived by India's membership of (i) the International Institute of Agriculture, Rome and (ii) Imperial Agricultural Bureau;
- (b) whether the Rome Institute serves the whole world and costs us only Rs. 14,123/5/4, per annum, and our membership of the Imperial Bureau costs us Rs. 27,825; and
- (c) if Government are prepared to drop their membership of the latter, and if not, what are the reasons therefor and whether Government propose to ask for a reduction in their contribution to the Imperial Bureau?

Sir Girja Shankar Bajpai: (a) and (c). The main object of the International Institute of Agriculture, Rome, is the collection, study and publication of statistical, technical and economic information in regard to agriculture and the provision of facilities for the study of all questions bearing on agriculture; the work of the Imperial Agricultural Bureaux is essentially scientific and not statistical, more specialised and more definitely directed to the study of particular subjects of importance to agricultural research workers. The organisations are complementary and

membership of both is of advantage to India. As the Imperial Agricultural Bureaux are financed on a co-operative basis by the participating Governments, no reduction in the present contribution is feasible.

(b) Yes.

Prof. N. G. Ranga: Can the Honourable Member indicate any direction in which so far India has been benefitted by this membership of this Imperial Agricultural Bureaux?

Sir Girja Shankar Bajpai: It is not possible for me to indicate that in the compass of an answer to supplementary questions. I gather that the literature produced by the eight bureaux which are working is of very great value to people engaged in scientific research in this country.

†1220‡.

POSTPONED QUESTION AND ANSWER.

COST OF MILITARY SENT TO CUTTACK FOR THE MAINTENANCE OF LAW AND ORDER IN ORISSA STATES.

965. ***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Leader of the House state:

- what has been the cost of military forces that have been sent to Cuttack for the maintenance of law and order in the Orissa States (reference starred question No. 345, dated the 13th February, 1939);
- whether the cost has been allocated between the States and the Government of India;
- if so, in what proportions; and
- what are the principles which govern this allocation of cost?

The Honourable Sir Nripendra Sircar: (a) The cost is still being worked out.

(b), (c) and (d). For a full reply on these points I would invite the Honourable Member's attention to the reply to question No. 974 by Mr. Mohan Lal Saksena given on the 10th March, 1939. In the particular case now under consideration no allocation has yet been made between the Government of India and the Crown Representative.

Mr. K. Santhanam: May I know whether any general principles have been accepted by the Government of India as to the distribution of cost in such cases?

The Honourable Sir Nripendra Sircar: Neither any general nor any particular principles have been laid down. As I have said in my last answer, the matter is left to the discretion of a particular individual and he has got to exercise his discretion, not necessarily on the same principles in every case.

†Cancelled.

‡Vide page 1890 of these debates.

Mr. K. Santhanam: May I know whether that individual has intimated to the Government of India that he proposes to act on any general principles in this matter?

The Honourable Sir Nripendra Sircar: My last answer implied that there cannot be any general principles.

Mr. T. S. Avinashilingam Chettiar: May I know whether the discretion invested in the Crown Representative is not only to supply the troops, but to supply troops free of cost? Are there any rules governing the allocation of cost?

The Honourable Sir Nripendra Sircar: Every matter is included in his discretion.

Mr. Badri Dutt Pande: Is it a fact that a new cantonment is to be created among the Orissa States?

The Honourable Sir Nripendra Sircar: I do not think that arises out of this question and I cannot satisfy the Honourable Member's curiosity: I have no information myself.

Mr. K. S. Gupta: I am sorry, Sir, I was unavoidably late. May I ask the questions in my name, which were passed over?

Mr. President (The Honourable Sir Abdur Rahim): No. The Honourable Member ought to have been in his place.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the motion moved by the Honourable Sir James Grigg, that the Finance Bill be taken into consideration.

Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): Sir, this is the fifth and last year of the Honourable Sir James Grigg's stewardship of the finances of this country, and I think, Sir, I am doing no injustice to him, if I ask the House to consider and pronounce its verdict on his five years' stewardship of the finances of a great country, and I think, Sir, I am not unfair to him either, when I lay down the following tests, and I ask the House to judge of his stewardship from those tests. Are the people now, five years after he took charge of his great office, more prosperous than they were before he took charge? Has the purchasing power of the millions of this country increased to any appreciable extent, and, last but not least, to apply his own test which he laid down in the concluding sentence of his speech,—have the standards of life of the people of this country been raised? It does seem to me that the Honourable the Finance Member must abide by the verdict of this House on these questions, because, in season and more often out of season, he has professed very loudly his concern for the agricultural masses of this country, the "consumers" as he calls them. I should like to know what he has done for them. I venture to suggest that the people of this country have not become more prosperous at the end of these five years,—that their purchasing power has not increased

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): It has gone down.

Mr. S. Satyamurti: . . . and that their standards of life have not risen, and, as my friend, Professor Ranga, reminds me,—thanks to the general fall in the prices of primary products in the world and in this country,—their purchasing power has even become lower.

And what has he done for the teeming millions of this country for whom his heart bleeds, whenever he thinks of the big industrialists of this country? Only one gesture was made by him in making a grant of a crore or more for rural uplift in villages, and, I believe, then he had a lot of money to play about with. Mahatma Gandhi had then started the work of the All-India Village Industries Association; the Congress was going to the villages, and so my friend, the Honourable Sir James Grigg, had to try to do one whit better than Mahatma Gandhi. He also gave a crore or more to the Provincial Governments for rural development, and he has stopped it now, but the Gandhian Association is growing from strength to strength, and if anything has been done for the villagers in this country, it has been done by Provincial Governments, and mostly by Congress Provincial Governments which are introducing the policy of prohibition regardless of the cost to their own income. I do not know what the Finance Member's reaction, personal and financial, is to the doctrine of prohibition but, Sir, I believe so far as the financial aspects of it are concerned, he must be very angry. Roughly to the tune of 20 crores, the Provincial Governments are going to sacrifice revenue out of this vice of drink, and so long as the Congress Governments remain in office,—and I think there is no chance of any alternative Government being in the offing in the near future,—this prohibition policy will be in force. Does the Honourable the Finance Member approve of it, and if so, has he taken notice of this, which is a very important matter to the future of Provincial Finance *versus* Indian finance?

Then, Sir, the Provincial Governments, both Congress and non-Congress, have done something striking to benefit the masses by their administrative and legislative acts for scaling down rural indebtedness. What has the Honourable the Finance Member done? What has the Reserve Bank done? The Reserve Bank was heralded forth as a great institution which will deal with agricultural credit, which will make money available to these people on easy terms, and relieve them of their unbearable burdens, but what has it done? Nothing. Question after question is asked, and no answer, no satisfactory answer, is forthcoming.

Then, Sir, the second test which I want the House to apply to the Honourable the Finance Member's stewardship of this country for the last five years is,—what is the position of India's foreign trade? Where is her favourable balance of trade? Some years before he took charge, our balance of trade was highly favourable. It went down very rapidly later. There has been some rise since, but whether it is a permanent one, or whether our balance of trade is going to be increasingly favourable to us, is a matter on which no prophecy is possible, and it does seem to me that to this country more than to any other, with her annual Home charges of about 60 crores, the retention and the expansion of a favourable balance of trade for India should be the first concern of any conscientious Finance Member. I ask the Honourable Sir James Grigg what steps he has

taken, during all these five years, to see to it that our balance of trade remains favourable and becomes increasingly favourable? I suggest, Sir, that he has done nothing.

Then, the third test is, whether the Honourable the Finance Member has been able to introduce retrenchment in expenditure. The first year when he had money with him,—3.89 crores,—he restored the cut in salaries, a very foolish act to have done. I am sure he himself realises, now that vested interests are up against any further cuts being introduced, what a mistake he made when he restored the cut, and lost money to the tune of two crores for both the Railways and the General Budget. I agree, Mr. President, that during last year he has wielded retrenchment with some strength and made a saving of more than a crore, but that is grossly inadequate, and I should like to ask him what his own position is with regard to cuts in salaries of these highly paid servants of this country? He may perhaps share his disappointment with us and tell us that while he fought for cuts in salaries, vested interests were too powerful for him. I invite him to make that confession. Moreover, Sir, apart from high salaries, there are too many highly paid appointments in this country. We do not want such a highly paid or such a highly numerous bureaucracy. We must reduce their number and their salaries, but I do suggest that the Honourable the Finance Member has failed to produce any effective or permanent retrenchment. So far as defence expenditure is concerned, he has been absolutely helpless. It seems to me, Sir, that no Finance Member can be congratulated on his stewardship, unless he is able to stand up to the Defence Department and say,—we cannot afford this ruinous annual expenditure of nearly 50 crores, because that is the figure and it works out more than 22 per cent of the entire revenue of this country. And I say, judged by all these three tests, the Finance Member has failed.

But beyond and above all this, Mr. President, I suggest there are specific failures in certain specific matters which I want to bring home to him through this House. On the Rupee ratio question, Sir, I think his only contribution to the discussion of that subject is the coining and circulating of a phrase—"no monkeying with the ratio",—and I believe I am right in saying that Sir Osborne Smith, the first Governor of the Reserve Bank, was asked to go Home, because he would not agree with the Finance Member on the need for the present ratio; and, Sir, with an obstinacy worthy of a better cause, the Honourable Sir James Grigg has never cared to take the House or the public of this country into confidence and discuss with them the reasons why the ratio should be kept up and not reduced. I am not one of those who feel like dictating or saying something final about this ratio, but it does seem to me, Sir, that there is a case for an objective examination of this ratio. They have an economic adviser. Why should not the Honourable the Finance Member take the House and the public into confidence and lay all the cards on the table and convince us that the present ratio is right? He says—"I know the ratio is right; if you do not know it, it is the worse for you,—I am for the present an autocrat, and, therefore, I will maintain the present ratio". Does he suggest that all people in this country are selfish, that all of them are speculators, all of them are foolish, and, therefore, do not and cannot appreciate his arguments? It does seem to me that on this question of ratio, he has shown more obstinacy than statesmanship or wisdom.

Then, Sir, he set forth in his first Budget speech that the revenue tariff in this country is too high, too complicated, and acts often as a restraint

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on trade and industry. Has he been able to do anything in this direction? Five years are not a short period in any Finance Member's life, and he has spent this period here, and at the end of it he goes back to a congenial office in his own country where he will be discussing other things, and forgetting all about India,—and yet, he has not been able to carry out his own set purpose which he laid down in his first Budget speech, that he was going to have a revision of the revenue tariff in the downward direction.

Then, Sir, I remember that in the meetings of the Public Accounts Committee he showed his anger against the unsatisfactory state of railway finance, and his anger was so real, and so potent, that I believed he was honestly angry with railway finances, and he laid down that we must get the railways to pay their way, to pay the interest charges, and to pay something more to general revenues. We wanted an expert. The Wedgwood Committee was the result, a gross failure. They re-echoed their "Master's Voice" of the Railway Board, and the railways are making no payments whatever to the general revenues. My own feeling, Mr. President, is that the Indian railways, considering the money invested in them, considering that they pay no income-tax whatever, considering that they pay very low local rates and considering the fact that they received land and other things at nominal prices—the Indian railways cannot be said to work satisfactorily, financially, unless they pay, over and above their working expenses, depreciation fund and interest charges, at least three crores more a year, which is now set apart for the avoidance and reduction of debt, year after year. It seems to me that on that matter also the Honourable Sir James Grigg has failed. He has left it to his successor to introduce a new convention on railway finance to replace the separation convention of 1924. Five years he has stayed here and he has not had the time, energy or the inclination to tackle this problem of railway finance, on which the general finance of this country is also based. If we get three crores from the railways a year, that will go to the credit of the general taxpayer in this country. On that, he has not satisfied this House that he has applied his mind at all to this problem, and railway finance remains in the same parlous condition, in which it was when he took charge of it.

Then, the *London Times* congratulates Sir James Grigg on having inaugurated Provincial Autonomy on an even keel. The keel may have been even, I doubt it, but it is no longer even, and his failure to summon the annual Conference of Finance Ministers this year, on the ground that he had no time, seems to me remarkably like his running away from a very difficult and delicate problem. It is not fair to his successor, it is not fair to the Provincial Governments, it is not fair to the House, or to the Government of India or to the country, that after five years of accumulated experience and knowledge, he should run away from the one problem which any Finance Member ought to face or try to solve. Why does he not summon the annual Conference? He says, on account of his preoccupations. Yes, you are always preoccupied, I agree, but it seems to me that it is a count on which he ought to be charged, that he has run away from a problem to the solution of which he ought to have contributed his best. My Honourable friend quoted a paragraph from the judgment of the Federal Court on the sales-tax. Sir James Grigg said:

"So far as excises are concerned a delicate situation has been created by the judgment of the Federal Court, which amounts to saying that there is concurrent power in the realm of internal indirect taxation. The full implications of this judgment

are not yet apparent to me but one of the most important of them has been pointed out by the Chief Justice himself viz., the need for mutual forbearance in this sphere lest the taxing authorities should by the simultaneous exercise of their powers raise the price of the article taxed to a height at which consumption is seriously curtailed. There is also the reminder of the Chief Justice that, in the absence of this mutual forbearance, the ability of the Centre to continue to make or to make new devolutions under section 140 of the Government of India Act will be jeopardised."

The only answer that the House could get from the Honourable the Finance Member on this very important subject is that the Government have not yet made up their minds whether to accept the advice of the Federal Court or not! and they are also leaving the whole questions covered by sections 137, 138 and 140 of the Government of India Act, which touch very intimately and very directly on the question of provincial as related to federal finance, wholly untackled and certainly unsolved. He has done nothing to promote a spirit of "mutual forbearance" between the Centre and the Provinces. I submit that, on that also, he is a failure.

Then, on this question of defence expenditure, Sir James Grigg patted himself on his back and said, in the course of his speech, that there is no other country in the world which has not increased its defence expenditure, and, therefore, we ought to be happy that our defence expenditure has not increased. But I want to give him one set of figures. The defence budget in 1935-36 was 44.98 crores; it is now 45.18 crores. The difference is small, but small as it is, it is an increase of defence expenditure in the period of five years of his office, and it is in addition, Mr. President, to the three items for which we ought to have been given credit. I refer to page 8 of his printed speech. The Government of India received an addition of £500,000 to the Garran contribution, four British battalions have been transferred to the British Exchequer, and he has drawn on the sinking fund to the extent of 49 lakhs of rupees. Therefore, the increase is much greater, and it seems to me that, not only has the defence expenditure absolutely increased but it has had the benefit of all those concessions, which taken together, would amount to more than two crores. Then, if you take credit for the loss on the strategic railways, concessions to military passengers and luggage and all other indirect expenditure including ecclesiastical, I suggest that the expenditure on the defence of this country is nearer 50 crores than 45 crores. But comparing it with the expenditure of other countries on social services, I would quote for the information of the House what Lord Halifax, once a Viceroy of this country, said in a speech in England recently:

"The figures of British rearmament are so formidable and have received such sensational publicity that they have sometimes obscured the huge sums which are each year devoted to social services. Of the total current Budget, defence accounted for 26.8 per cent. and social services for a percentage of 29.6. Of the total expenditure in the Budget at a time of unexampled expenditure on armaments, social services are still substantially ahead in the Government's apportionment of money available; and even in the estimated figures for next year's Budget, the amount actually allocated to social services will be £28 millions more than the amount, loans apart, which was proposed to be devoted to the rearmament programme."

The Honourable Sir James Grigg (Finance Member): Loans apart. They are 300 millions.

Mr. S. Satyamurti: I confine myself to current revenues. What is the money spent on social services in this country? A former Governor General of this country, the Foreign Secretary of his own country, says they are spending 28 millions more on social services than on defence expenditure out

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of current revenues. It does seem to me that to say no other country is spending so much on defence services is a very small part of a very big argument. After all, we also read newspapers, we know what is happening in other countries. The defence expenditure of this country is wholly out of proportion to the money spent on social services and, therefore, is criminal.

What about the banking and credit structure of this country? There was recently a serious banking crisis in South India, and opinion in this House and outside has been insistent that Government ought to undertake a comprehensive banking legislation so as to place Indian banking on a sound basis and give it a chance of development, but nothing has been done. And the position of the scheduled banks *vis-a-vis* the Reserve Bank remains more or less the same, that is, very difficult. So, I suggest, Mr. President, that, judging him from any of these points of view, he has, on the whole, been a failure, and he has not developed or put into practice any striking, or original, policy, or a policy of lasting benefit to the country. In his first budget, he had a revenue of 90.19 crores and expenditure was 88.69 crores. He had a surplus of 1.50 crores and a non-recurring balance of 3.89 crores. Today, he leaves this country on his own showing, with a deficit of 50 lakhs. Then, Sir, when he had that money he not only restored the cut in salaries but he did the equally foolish act, for which he has now made amends, of removing the surcharge on income-tax. It does seem to me that at the time of his first budget, he was not showing any of his latter-day socialist tendencies. On the other hand, he was benefiting the rich at the expense of the poor. I shall comment in a minute on this later conversion.

That year, when he had this non-recurring surplus of 3.89 crores or a revenue surplus of one crore and a half, he might have reduced the salt duty. He might have given the poor man of this country a half anna postcard, or increased his grant for rural development. He did none of these things, and, therefore, I say, he started by framing that budget more with a view to benefit the rich than to serve the poor. On the question of the provision for the reduction or avoidance of debt, he has now put down three crores a year. It may be too high or too low, but I suggest, as I have said before, that whatever amount is set aside for reduction or avoidance of debt in the annual budget, must come more or less completely out of the railway surplus. So far as the future of the railways is concerned, it does seem to me it is very dreary in view of the bankruptcy of policy on the part of the Honourable the Finance Member in respect of railways. I must incidentally, Mr. President, point out one of the characteristics of the Honourable the Finance Member, and I know it from intimate knowledge—*niz.*, his impatience of audit and audit criticism. I quite agree that, in a fully responsible Government where the Government can be turned out for any major financial mistake, audit may well confine itself within the limits which the Honourable the Finance Member envisages, but let me tell the House from my experience that today audit is about the only control of the waste and extravagance on the part of the Government; and yet, the Honourable the Finance Member is notoriously impatient of audit, and he has entered into a concordat with the Auditor General of the consequences of which I am genuinely afraid—a concordat which will have the

effect of brow-beating the Auditor General into admitting the Finance Member's mistakes as no mistakes at all. I wish to make a public appeal to the Auditor General that, in spite of this concordat, he will stand up to the Finance Member and his tribe and show them their place and point out all mistakes leading to waste and extravagance or want of sanction on the part of the Government, in respect of expenditure.

Then, Sir, his first act in the first budget was to remove the additional import duty on salt. Then his heart was bleeding for Bengal. Bengal is not manufacturing salt and outsiders were coming. But today Bengal wants to manufacture her salt. The Government of Bengal want to do it. Surely, there are Indians who will do it and yet, he will not restore the additional import duty. Then, Sir, on the question of the deficit many Honourable Members have addressed the House. I do suggest one comment. There will be more expenditure on defence forces this year than he has budgeted for—at least one crore of rupees more. There will be more expenditure on the North-West Frontier but I venture to suggest there will be no deficit at all because some money is coming to him under income-tax. I do not know whether it is bashfulness or shyness or desire to be told afterwards that he is less optimistic than he might have been; but I have no doubt in my own mind that the Government is going to get more money from income-tax than he has budgeted for; and as for sugar, I want to read to this House a few sentences from his speech, which excels almost anything I have read as to its power to conceal thoughts behind words:

"On a careful review of the various conflicting and indeterminate factors in the problem I have come to the conclusion that I should not be justified in assuming a total revenue from both Excise and Customs duties on sugar of more than 4,20 lakhs. I have not made any attempt at a precise apportionment of the revenue to these two heads; the figures under Excise and under Customs are alike nominal."

Why, Sir, may I know? Why should not the Finance Member take this House into his confidence and say "I expect so and so from excise and I expect so much from import duties"? That is because the Government of India have been trifling with the sugar industry of this country. The Government have not done anything yet to implement the recommendations of the Tariff Board, and the Honourable the Finance Member, therefore, puts before the House an intriguing situation; and, I say, even there he has grossly under-estimated revenue. Therefore, there is not going to be any deficit. Assuming he is right and I am wrong, what is the financial unorthodoxy in leaving a deficit of 50 lakhs in a budget of hundred crores unprovided for? Deficits are not, after all, unknown to the world and a deficit of 50 lakhs would not have upset the credit of this country or of the Government of India. Therefore, he wants to levy a duty on the import of raw cotton by doubling it. I suggest that it is a dilemma. If the revenue is going to remain stationary, the Indian agriculturist will get no benefit out of it. It will take several years for the Indian cultivator to get the benefit of it, but, in the meantime, as has been pointed out this is a present by the Honourable the Finance Member with his left hand behind the back of the Indo-British trade negotiations, to his countrymen and their Japanese cousins of a preference on yarn to about six or seven per cent. and of cloth to four per cent. I do not know whether the Honourable the Commerce Member agreed to this. I do now know how the Executive Council agreed to this and how the Indian Members agreed to this. Is this intended to promote a fair consideration of the Indo-British Trade Agreement at all, by making a present in advance, knowing it to be a

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present? It is a present which will last for at least one year, unless this House is able to throw out this duty altogether. I appeal to my Indian friends who somehow think that the Indian cultivators are going to benefit by it. I am entirely agreeable to the duty being doubled, if Indian cotton can be substituted today, if it is grown here and if Indian mills can consume them. It is merely a gesture which will not benefit our countrymen for four or five years. I would say to you: 'Levy this duty by all means if you want to', but there are sufficiently patriotic Indians and I appeal to their patriotism to see that these higher counts of yarn and of cloth are not consumed in this country; and, in any case, it seems to me that the Honourable the Finance Member was thinking more of doing something for Lancashire before he left this country and something also for Japan than of benefiting the Indian agriculturist. In a rhetorical mood which my friend rarely indulges in, he said, the other day, when we were absent, that Lancashire sold 2,000 million yards some time ago and now it is only 200, and that if the Government want to do something for them, they would have done most. Can they compel us to buy Lancashire cloth at the point of the bayonet? I warn the Finance Member that his attempt will fail. I put it to my friend: If you want to help the Indian agriculturist and not harm the Indian industry, why not put a countervailing duty on British import of yarn and cloth of those counts? What is your answer? It does seem to me that you cannot walk away by saying that you want to help the agriculturist. The truth is that he wants to help his own countrymen.

He claimed in his budget speech that he will see that Provincial Autonomy is inaugurated under beneficent circumstances. So, it has been, and in spite of difficulties it is working, but I venture to prophesy one thing, that this Provincial Autonomy is going to break on the rock of finance, and not on any other rock. There is no money in the provinces. They have taxed to the uttermost in spite of "unpopularity", and the Congress Governments are foremost in this direction; but there is no help coming from the Government of India and it does seem to me that no Indian Finance Member can ever be acquitted of responsibility for the failure of Provincial Autonomy, which is bound to come, unless the financial problem is satisfactorily solved, unless he reduces the defence expenditure by half, and distributes them among the provinces according to their population and taxation. I, therefore, think that that problem has not been tackled by the Honourable the Finance Member. He claimed that his alone was the path of prudence, and he made the further triumphant claim that he would give further alleviations to the taxpayers. I would leave it to my Honourable friend, the Leader of the European Group, to answer whether there has been a further alleviation to taxpayers. So far as we are concerned, take income-tax for example, we are entirely in favour of taxing the rich, but what for?—for serving the poor. What do you do in this country? You tax the rich in order to benefit the richer. You take this money and you spend forty-five to fifty crores on Indian defence, so-called, which is the defence of British imperialism. In this country, you pay yourselves fanciful salaries, and the bulk of the expenditure is spent on defence charges, high salaries, interest charges, debt charges, the cost of collections and pensions, all non-votable; and barely ten to twelve crores are available for real expenditure of any kind for the service of the nation.

Moreover, the question of the future sources of revenue has not been tackled by the Honourable the Finance Member. It depends on 12 Noon. customs and now on Central excise duties, but if this country is to become industrially more and more self-sufficient, at least to the extent that these duties are protective, they must yield less in return, and also to the extent to which we are compelled to have provincial taxes on the present basis of the Federal Court Judgment, the scope of Central excise taxation becomes also limited; and now I want to know how the future resources of the Central Government are going to be tackled. And there has been no consultation, and no opinion has been given to this House as regards the financial part of the negotiations between the Government of India and the Princes in respect of federation. How much is being given away to these Princes by way of financial resources or financial receipts, and what will be the results to the federal finances after these negotiations go through?

Then, Sir, the other thing which my Honourable friend will leave behind as a permanent legacy behind him, I hope only as a memory, is his well-known antipathy to protection to Indian industries,—and, Sir, his heart bleeds—I repeat that sentence—for the consumers of this country. But may I ask him what is his conception of the future of this country,—viz., that we should all become hewers of wood and the drawers of water, that we should export all our raw materials to his country and to Japan, that they must manufacture the goods and dump them on us? I want to know whether, in that case, we shall have the purchasing power to buy even his own country's goods. Sir, it does seem to me that we, in this House, must stand up to this challenge to our industrial development. We are in favour of a few large industries and a very large number of small industries and cottage industries and this country must have a proper economy to reconcile the claims of both of these. While undoubtedly we shall tax our Indian industrialists, protect the interests of the consumers, and of the wage-earners, and all relevant interests, we are not going to be a party to this new theory of free trade,—which his own country does not accept, which nobody else in the world accepts, but which my Honourable friend hugs to himself as a delusion.

An Honourable Member: Only for India!

Mr. S. Satyamurti: I want to know whether even from the point of view of the agriculturist, they have done anything to give effect to the Gandhian ideal of the revival of villages on the basis of cottage and village industries. They have so far not shown any great anxiety to co-operate with the Planning Committee of the Indian National Congress. We shall plan it, but so far as the Finance Member is concerned, except for this antipathy to Indian industry, he has no constructive contribution to make towards the industrial development of this country, either on a small or on a large scale.

Moreover, the tariff policy of this country today is decided by *ad hoc* Tariff Boards, composed mostly of politicians who have lost their occupation or are friends of the bureaucracy, and who send down reports to them to suit their own pre-conceived notions. Sir, I represent the sense of all sober and sane-minded people in this country when we say that we ought to have a permanent Tariff Board, composed of men of the status of High Court Judges, in whose impartiality and integrity the country can have absolute confidence, and not of those friends of the Government, who just send in reports to suit their own pre-conceived

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notions. The country is quite willing to pay even for this, though the inquiries are few and far between. The Fiscal Commission's report is now out-of-date, and we must have a re-examination of the entire tariff policy of this country, but nothing has been done. Moreover, under the high protective wall, foreigners are now coming and squatting in this country and swamping the so-called Indian companies, the bulk of whose capital, whose direction, and whose profits are earned here but are spent in other countries. Sir, the External Capital Committee made a report on this, that has got to be re-examined, and we must compel the Government to have a law which shall prohibit the development of foreign companies here, except on conditions of a minimum Indian directorate and capital, and a guarantee for the bulk of the profits to be spent or retained in this country.

There is one other matter,—the Posts and Telegraphs Department. My friend has no policy even there. The Telegraphs are the spoilt children of this Government. The Posts and Telephones earn but spend it on the Telegraph Department. I should like to know why there is no retrenchment in this Department. Sir, it is a joke in the Government of India that some Departments of Government are called "commercial Departments"—like the Railways and even the Posts and Telegraphs,—but they are commercial whenever they want to spend what they like; when, however, it comes to retrenchment they are not commercial Departments but Government Departments. Sir, it does seem to me that there should be a retrenchment in the Telegraph Department, and we should earmark such surplus as we can earn in the Postal Department for the reduction of the postcard. On Broadcasting and Civil Aviation, I merely want to say one word. These Departments are not being Indianized as rapidly as they ought to be. There is a great future for both these Departments, but only provided they are completely Indianized.

I will now say a few words on the Departments administered by other Honourable Members, colleagues of the Honourable the Finance Member. The Honourable the Law Member is leaving this House shortly, and I hope he will find the quiet that he deserves in his own province, but on the question of the life of this Assembly we are not told anything. They will not make up their minds, and they refer us again and again to the astrologer whose existence it is now for other astrologers to tell us about. And it seems to me that so far as the future Federation with Indian States is concerned, the less said in this House the better, because we get nothing, no change, out of this Government, and I want to say on the floor of this House that the Government of India as a Government have ceased to exist. There is no Government of India at all. The Secretaries run the Departments, the Members do not discuss any major problems, the Council meetings are held, occasionally, for discussing certain pieces of legislation, and the Government of India, as such, have ceased to have a mind of their own. Once they had a mind, but such a thing has now ceased to exist.

There is another point. I shall merely content myself with saying on that matter that we are optimistic in spite of them and we feel that satisfactory and lasting solutions of the problems of Federation and of Indian States will soon be found. As for my Honourable friend, the Commerce Member, he has given us a night present of the Indo-British Trade

Agreement. As we shall discuss it next week, I shall say nothing about it, except this that he has chosen to differ from his own selected non-official advisers and this House is not going to tolerate that nonsense. He has not been able to proceed with his inquiry into the minor industries which are competed with by Japan, he has not been able to negotiate bilateral agreements with other countries, and, on the question of Indian shipping, he is as helpless as we. Questions are asked almost every morning, and he refers us to the British vested interests of shipping.

As for my Honourable friend, the Communications Member, I have said enough about his Departments, but I will only now say this that he is leaving the Railways in the hands of another Member very soon, and so far as the Indian Railways are concerned, the Federal Railway Authority is not coming, but they act as if they are already not controllable by us, or responsible to us.

As for my Honourable friend, the Home Member, it seems to me that there is no need really for a Home Department of the Government of India now. "Law and order" now is an entirely provincial subject, and what is my Honourable friend doing here? He is not even here, but what is the Department which he administers,—law and order in Delhi, what is the Department which he administers,—law and order in Delhi, Ajmer-Merwara and Coorg! And yet his Department has not been retrenched, and its expenditure is not cut down. I want to know why it is kept up. I want to ask him one or two questions. Why is the Department of my Honourable friend still having the Criminal Intelligence Department in the various provinces? To whom are they responsible? Do they report to the Ministers or through the Ministers? This is a matter which wholly concerns Provincial Autonomy, and I hope the House will have some information on this matter. On the question of books being proscribed, the Home Member has no policy of his own. I suggest that there are no educated men and women who read these books. Some half-educated men, who know some such words as socialism, communism, educated men, who know some such words as socialism, communism, fascism, look at the covers of these books and they reject them. I do suggest that if these books are to be proscribed we ought to have better educated men to deal with the matter. Then, as regards these Centrally Administered Areas, they are costly and they give us nothing. Therefore, they ought to go. They ought to be absorbed in some province or the other.

As for External Affairs, we have no policy of our own. We are tied to the chariot wheels of Mr. Chamberlain, who was tied till yesterday to Herr Hitler's chariot wheels. Thanks to God, they are now waking up. I hope this awakening is permanent. Even a worm will turn, and I do hope that this turning is not of a temporary nature. But, so far as we are concerned, we refuse to have anything to do with this supine, spineless, indifferent, and undignified foreign policy which is really dictated by others, because he has really no foreign policy of his own. As for ourselves, we have no enemies, we have no territorial ambitions, and we want to conquer no country. We only want to be economically and politically free and self-sufficient. We shall export what we must, and we shall import what we must in exchange. Let us keep alliance with all our neighbours and a free India will set an example as to how to establish peace on earth and goodwill to all men.

As for my friend, the Defence Secretary, the other day he indulged in an eloquence which we did not suspect he was playing the part of Anthony, in Shakespeare's Julius Caesar who used to repeat after every

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sentence "They are all, all honourable men". He said: "Your ramshackle Empire must go: therefore, co-operate with us. We won't trust you: therefore, co-operate with us." But, while he was talking in that vein and in spite of himself, a grim truth came out, namely, that the Defence Department has not and will not take us into its confidence. That is a natural inference of his long wail: they will not take us into their confidence. He said, "you cannot defend yourself." That is, I think, a true epitaph on British rule in this country. For a century and a half, you have taken the blood out of us, taxed us to the utmost capacity, and more, and fed yourselves with handsome salaries and now, when the time has come for you to quit, you say: 'You cannot defend yourselves.' No, my friends, we can defend ourselves. When we have seen the last of you, we will be able to defend ourselves. Four hundred million Indians, men, women and children, with their stout hearts and their patriotism will defend this country against all external aggressors, when we cease to be attached to you.

Then, Sir, I come to the Department of Education, Health and Lands. I think the name of the department ought to be cut down to something shorter. Let there be retrenchment at least in name. I suggest that the position of Indians in South Africa, in Kenya, in Burma, and in Ceylon will serve as an acid test of the powers of this Government. The position there, as my Leader said the other day quite correctly, has seriously deteriorated. They say they are doing their best. I am reminded of a German pianist on the top of whose piano was written: "He is doing his best, please do not shoot him". I do suggest that this 'doing their best' by the Government of India leads us nowhere, and I think this House has a right to say that they have not done as much as they ought to have done, by Indians overseas.

Turning to the provisions of the Finance Bill itself, I want to ask on the income-tax provisions one question. Will not the removal of the entire exemption of company-tax adversely affect all smaller companies? That is a matter which this House ought to consider seriously. Then, the putting of the duty on *Khandsari* sugar, in all places where it is manufactured, will affect the cottage industries wholly disproportionately. These are the points which I desire to make on the Honourable the Finance Member's last Finance Bill.

I will conclude on this note. I am glad Sir James Grigg met Mahatma Gandhi, not once, but twice. I am reminded of a great meeting between two great men as it is depicted in Ramayana. When Visvamitra went to see sage Vasishta and was received by him and given all the bounties of this earth and of the next, he wanted the cow—the Kamadhenu, the giver of all. Even so, the Englishman came into this country, and we gave him all that he wanted. But he wants the Kamadhenu also. He was refused the cow by Vasishta and he fought Vasishta. Vasishta resisted simply placing his Brahmadandi before Visvamitra's arrows and weapons. Then, Visvamitra was defeated and said:

"*Brahma tejo balam balam, dhik Kshatriya balam balam.*"

"Fie on mere material power! The power of the Brahman is much greater than that of the Kshatriya."

So, I think that Sir James Grigg will be able to say before Gandhi one day, if he meets him again: "Fie on the material strength of England, and of such military nations;—Yours is the greatest strength". But perhaps he has met him too late, and I do not think there is any immediate prospect of any such conversion. If there were any such prospect of his conversion, he would have withdrawn the Finance Bill this morning and said: "I do not want all this money. I will deduct 25 crores from the defence expenditure, and I will reduce all the salaries by 50 per cent. I will remove the salt duty and I will reduce the price of the postcard to half an anna. I will also have no duty on *khandsari* sugar manufactured in small cottages". But, Sir, he has not done that, and, therefore, this House ought to reject this Finance Bill, which is the Bill of a British Imperialist, who merely wants to exploit this country as long as he can. But I must say in fairness to him, if I may, that, after all, the system is as much to blame as he himself. He knows the future of this Bill. We shall finish the speeches today, and we shall begin moving the amendments tomorrow, and the next three or four days. When we have carried any or all of our amendments, this is what he will say: "Sir, I do not want to make my motion of the third reading of the Bill." He knows, too, that he will go to a building, not very far off where the form is already ready, and then the Bill will come to us in a recommended form. We will then carry another amendment and reject the recommended Bill. Then, he will take it to another place and get it passed and will have a certified Bill. But if my Honourable friend did not have this power in his hand, he would be a different man. He would be more amenable to the wishes and the sense of this House. In that case, he would have gone home earlier. But it does seem to me that if he has this power, this House cannot, simply because he has this reserve power over the head of this House, give support to this Finance Bill. It is only when we have real responsible Government in this country, a real responsible Minister, that we can have a real Finance Bill which will be based on the ancient principle of Kalidasa:

"*Prajanameva bhutgartham sa tarqo.
Balim agraht.*"

The King has a right to collect taxes from his subjects only for the material welfare of the people who pay the tax. That principle is conspicuous by its absence in this Bill. Therefore, I suggest that this House should reject this Bill. We can do so merely as a gesture, but this gesture will be one of the few last gestures. The hour is the darkest before dawn.

This country will soon have Purna Swaraj, complete independence, and when that time comes, we shall pass the Finance Bill of a real responsible Finance Minister of a Sovereign Government in this country, interested in the welfare, the happiness and the prosperity of this country. Let us reject this last and the fifth Finance Bill of Sir James Grigg, and let him go back home to think over his past and to make some reparation for all his wrongs to this country, by getting the War Office to reduce our defence expenditure.

Mr. A. Aikman (Bengal: European): Sir, as has been pointed out by a previous speaker in the course of this debate, the general discussion on the Finance Bill affords an opportunity for discussing not only the country's finances, but the whole range of the Government's activities and as far as I can see for their lack of activity also.

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I do not, however, propose to take up the time of the House on matters only remotely connected with finance but I would like to take advantage of the occasion to make a brief, a very brief, survey of the general financial position, particularly as we have almost reached a not unimportant milestone—one which I gather many Honourable Members are not unpleased to see coming nearer—a milestone that marks the close of a Finance Member's term of office,—a term of office, Sir, that is outstanding and always will be outstanding in the country's history, for, during it, we have seen the finances of India during one of the most difficult periods of her existence re-established on absolutely sound foundations.

The finance policy that has been followed during the last five years and for which the Honourable Sir James Grigg's great ability and experience are largely responsible is one for which, no matter what they say, even his greatest critics, in their hearts, cannot but have sincere admiration and respect.

In my speech on the budget I commented on certain aspects of finance policy and showed how the Honourable the Finance Member had been successful in achieving what he set out to do at the beginning of his term of office. I also dealt with the great importance of a balanced central budget and with certain other matters notably the close inter-relationship of Central and Provincial finances. And here I would like to quote an epigram of the Finance Member's—with which I completely agree. He said that the Provincial finances may be unsound while the Central finance is sound, but no Province can be sound financially if the Centre is financially unsound.

I do not propose again to go over the ground I did a few days ago but it is obvious to all of us that the finance policy of every Government is the foundation upon which all its policies are based. Looked at from almost any angle it is evident that at no period since the Great War has the Central Government been on so sound a financial footing as it is today, nor has its general policy in other directions given a greater feeling of confidence. It is, of course, recognised that the general level of taxation is much higher than it was 20 years ago but against that we must not forget the very large sums distributed to the provinces, for example, the subsidies to Sind, Orissa, the North-West Frontier Province and 1½ crores for rural development.

Over and above the large contributions now being made to Provincial Governments, under the Niemeyer award, we should remember the financial effect on Central revenues of the separation of Burma, and the surrender by the Centre to the three jute growing provinces of 62½ per cent. of the proceeds of the jute export duties. During the general discussion on the budget reference was made to the increase that has taken place in Central taxation and some critics sought to make political capital out of this.

In fairness to the Government, therefore, it must be stated that there is no great country in the world in which taxation has not enormously increased since the Great War, and increased in most cases to a far greater extent than has been the case in India. Nevertheless, increase of taxation is never welcome to those who have to pay it even though they may recognise how necessary the payment of the tax may be. It is the duty, therefore, of those who represent the taxpayers to scrutinise with greatest care those policies of Government that are based upon its general scheme

of taxation. It is also their duty to remind Government that the burden on the taxpayer ought not to be greater than he can bear or heavier than the circumstances of the case demand.

And this brings me to the Finance Bill itself. I remember, when I was a small boy, reading a book in which occurred a phrase which has stuck in my memory ever since and which I think is applicable no less to the framer of a budget and a Finance Bill than to many other active individuals. The book was entitled "Letters of a self-made merchant to his son" and the phrase which so struck me was this: "When a boy's face shines with soap, look behind his ears". Well, Sir, the boy I am concerned with is called 'Bill',—Finance Bill. His face has many admirable features but I propose now and then to take a peep behind his ears.

First of all, Sir, the boy has been accused of having more in his pockets than he says he has. The Leader of the Opposition has accused the Finance Member of under-estimating. He argued this in some detail and arrived at the conclusion that with a cut in salaries of two crores, next year's result would show a surplus of six crores, that is four crores without the cut. Now, I think, he has left out a lot of factors, but I have no doubt he believes what he says—he indicated in his speech that he must not be accused of misunderstanding finance matters. But I imagine that the result of next year's working, on the basis of the Finance Bill before the House, will produce a result that will be nearer breaking even than a surplus of 25 lakhs.

I suppose the Leader of the Opposition will say I am hopelessly wrong. What then are the odds against my being right, if his arguments are so sound—50 to 1, I suppose.

I trust my Honourable friend will be prepared to support his opinions in the usual way in a proper place.

Mr. S. Satyamurti: Not here.

Mr. A. Aikman: To return to an examination of the composition of the present heavy burden of taxation we must remember that during the financial crisis, in 1931, certain emergency taxes were imposed. Almost all these taxes have continued, at least in some part, until this day and there can, I think, be little doubt that the budget is based today on a level of taxation that is high. The decision of my Honourable friend, the Finance Member, to adopt the slab system and the scale of rates shown in Appendix II of the Income-Tax Enquiry Report of 1936 has had an effect that may broadly be summed up as follows:

The income-tax to be paid by those with incomes of less than Rs. 12,000 per annum will, in almost all cases, be less than this class of taxpayer has paid during the last two financial years, and the reduction is roughly equivalent to the removal of the surcharge on incomes below that figure. To that extent, therefore, the Government of India have now redeemed their pledge to remove the emergency surcharge on income-tax as soon as it felt that the immediate financial crisis had passed. The relief will be welcome to a large body of taxpayers and the fact that this has been done is one of various indications that go to prove the general soundness of the finance policy pursued during recent years. On the other hand the balance of the surcharge has, in effect, been incorporated in the new rates to be applied to all incomes of over Rs. 12,000, while in

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the case of the higher incomes the rates on income-tax and super-tax now to be paid are higher than they were last year. This will fulfil the ambition to which the Honourable Member has given expression, or more than one occasion, namely, to increase the taxation upon the richer class in this country. Certainly no one will quarrel with the argument that all classes should pay in accordance with their capacity but, at the same time, I cannot let pass without comment the tendency to impose a high level of taxation and maintain it.

When all is said and done it is from the more well to do class of the community that capital has to come for the development of trade and industry and if this class are mulcted, unduly, for the purpose of the State they will not be able to provide as much as they otherwise could for productive purposes. Their present burden is onerous in the extreme and if it were not for the dangerous international outlook which has imposed such great demands for Defence expenditure, I feel that there are many who would protest most vigorously against the scale of rates for income-tax and super-tax that Government now seek to impose.

The retiring President of the Bengal Chamber of Commerce speaking at the Annual Meeting on the 2nd of March said in this connection:

"In years to come it may be necessary to remind the Government that at a time of reasonable prosperity in India they perpetuated the levy of an emergency tax and, therefore, the strongest protests might have to be made if there were proposals to necessitate further the so-called emergency taxation".

Apparently, the Chamber President considered the last year a reasonably prosperous one, but the Finance Member may prefer to budget according to his ideas of what the next year is to bring. Nevertheless, I hope, he will favour me with a dictum dealing with this declaration.

Before I leave the subject of income-tax, I should like to refer to the removal of the exemption from company super-tax of the first 50,000 rupees of the income of companies. While it is no doubt true that the system under which only income in excess of 50,000 was liable to pay such tax gave rise to some abuse, it must also frankly be recognised that the abolition of the free minimum will be a definite burden to many small companies. When the Income-tax Amendment Bill was under consideration we pressed upon the Government the suggestion that as in the case of Excess Profit Duty and the National Defence Contribution tax in the United Kingdom, so a corporation-tax, as this tax has now become, should be allowed as a charge against the profits of a company, prior to assessment for income-tax purposes. I trust the Government of India will reconsider the proposal that company super-tax now being a corporation-tax should be allowed as a charge against the incomes, profits and gains of a company for income-tax purposes.

This tax has always been a heavy burden on industry and the tendency everywhere at this time is to increase this burden. Certain Provincial Governments now seem to think that there is scarcely any limit to the extent to which they can increase the already heavy taxation borne by industries. It is clear that this tendency if not checked is bound to react sooner, rather than later, to the detriment of the industrial development of this country upon which this House has laid such stress during the last two decades or more.

The reduction in the excise on *khandhari* sugar is welcome and it is satisfactory to note that in future this tax will be paid, as it was intended that it should be paid, by all sugar of this class manufactured by factories. As the Honourable the Finance Member has already explained it is not proposed that the tax should be paid by any except factory-made *khandhari* and it will not hurt the very small sugar maker.

After giving effect to these proposals for dealing with the taxation of income and broadening the scope of sugar excise at a lower rate there remains a deficit which the Government propose to make up by doubling the duty on the imports of raw cotton. It has been suggested that the new duty will prove a serious burden to the cotton textile industry. The pros and cons have been fully discussed and nothing is to be gained by going over the ground again, but it is obvious that any new taxation must inevitably place some additional burden on those who have to pay it.

We, on these Benches, consider it of paramount importance that the Central Budget should be balanced. This is imperative in the interests of the Provinces as well as the Centre. In these circumstances we are prepared to accept the proposed duty as a method of achieving that object.

At a time when there is so much uncertainty in the world and so much cause for anxiety over the difficulties and burdens that confront Indian industry, it is a matter for satisfaction that India's credit is so good and that the securities of the Government of India rank as high as they do in the investing world. Surely, it is in the interests of every Member of this House to support the finance policy designed to maintain that highly satisfactory state of affairs.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I am not going to review the Finance Member's work for the past five years as my Honourable friends on my right have done, but I would confine myself to a few remarks which are necessary on this occasion.

When the budget is passed and certain amounts sanctioned, the necessary corollary is that the income side should also be voted upon. But we have also to see whether or not the whole budget has been passed by the House. If the budget has been passed as a whole by the vote of this House, then it cannot consistently refuse to pass the Finance Bill because, disallowing the income would hardly be consistent with sanctioning the expenditure. But this House has no power on the large sums of the budget which are provided therein and they can make no change in that. Therefore, the responsibility of this House to sanction the income, on the basis of having sanctioned the expenditure, does not arise. But most of the items in the budget are such as the House has nothing to do with them and, therefore, this House can only indirectly exercise its power by rejecting the further income of Government or stopping expenditure on items over which they have no power. That is the constitutional position and I must say it is a very bad position, because, the House may feel some expenditure to be unjustified but not having the power of vote on that it cannot express any resentment or any opinion except by refusing supplies in other ways. That is the critical position in which the House has been placed by this constitution. It may be argued that this House was responsible at least to this extent that the votable expenditure has not been curtailed to any substantial extent: that this House wasted about

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four days in cutting down the Demands for Grants to the extent of Rs. 600 or Rs. 700. All the labour of those four days achieved only this result: that petty sums of Rs. 100 here or there have been cut down and this may probably be sanctioned by the Governor General in exercise of his powers. But this House, instead of exerting its collective influence to see that substantial reductions are made, has chosen for the past several years to attack on questions of policy. We could have decided to set apart one or two days out of the four to discuss general questions of policy, but we have never paid any attention to making any substantial reductions in expenditure. The House ought to have adopted that policy, and the Government ought to have taken the House into confidence in making retrenchments. What are we faced with today? Our expenses exceed our revenues by Rs. 55 lakhs, and this is sought to be made up by new duties. If the House had exerted its influence, this 55 lakhs could have been got by reduction in expenditure instead of by an increase in the cotton duty. That would have been something beneficial, but the House, as it is constituted, has got no co-operation among those who do not belong to the Government Benches. If there had been only two Parties—Government and the Opposition—that result could easily have been achieved; but, unfortunately, we find that though there is one Opposition, there are many other Members who do not form part of the Opposition because the Opposition does not want them to be in the Opposition unless they merge themselves and their ideas along with them. No point can be gained in this House until and unless all the other Parties become one, though different in name, and become as one united, as different human beings are united into one party. This is the only possible course, but, unfortunately, the majority Party, which has got the largest number, calls itself the Opposition and ignores the duties of the Opposition and does not require the help of those who have not merged themselves with them. As long as this continues, it will be useless wailing of my friend, Mr. Satyamurti, that this or that has not been achieved. Instead of approaching the Government to be good, we should all unite ourselves into one party. Unity cannot come by forcing other persons to go along with you but by showing the way and the method of how they can join hands with you. The only possible way is to extend the hand of friendship and make compromises with others so that we can unite together. That is the only possible way, if we are to take ourselves seriously and achieve some good for our country, instead of abusing and accusing the Government: the Government certainly takes advantage of that position of disunity in the House as much as they can. A minority Government must live on the existence of discord and disunion amongst the majority who could, otherwise, keep them under control. This is what I have to reply to the long and brilliant speech my friend, Mr. Satyamurti, has made. I would request him not to make this speech to the Government, who are not going to listen to him, but to try and convince his own followers to act accordingly and to have the co-operation of all sections of the House. Others will never refuse their hands if your hands are extended sincerely, seriously, honestly and properly.

Let us now see what are the budget figures. I would have liked that some kind of retrenchment had been made by the Parties. But when they have failed to do so, if the Government had appointed a Retrenchment Committee then we will join hands. Some friends have said that this duty on cotton is going to help Lancashire. I feel myself that it is going

to do so. I have no doubt, in fact, that it will. But I have to see also whether it will benefit me or not. If Lancashire benefits while I also benefit, I shall bear no grudge. But if Lancashire benefits at my expense, then, certainly, I have grounds for grievance against Lancashire. I find that Mr. Satyamurti and others have laid it down that it will not benefit the Indian cotton grower immediately and that, therefore, this duty should not have been imposed, at least this year. I suppose it means that full warning should have been given to the cotton growers, at least a year beforehand, that this duty is going to be brought in a year later and they should start growing long staple cotton now so that it may be available in the market later. I say that thing would have been absolutely impossible. No Finance Member can ever do that. What he has done now will certainly help the cotton grower in India to grow long staple cotton for his own benefit: and he will start growing that cotton and it will give an impetus to that. It may be said that it will hit hard somewhat the mill-owners of this country who compete with Lancashire. I have no doubt that it will do so, but the creed of my friend, Mr. Satyamurti, is not the mills, it is the *charkha*

Mr. S. Satyamurti: Both.

Sir Muhammad Yamin Khan: *Charkha* is the only effective weapon which can defeat the mills, and, therefore, *Charkha* also must come in. That will afford employment to thousands of people who have got no work to do, and as my friend said, a lot of work will be found for people in the villages and the villagers will also be taught to use the hand-made goods in preference to millmade articles. In this connection, I may point out, Sir, that the Indian millowners have so far failed to make use of Indian cotton, and to that extent we cannot sympathise with them. Although all the clothes that I am wearing at this time are of foreign material,—not a single thing that I have on me is made in India.

Mr. S. Satyamurti: What a shame!

Sir Muhammad Yamin Khan: Although all my clothes which I have on me are of foreign manufacture, still I shall be happy to see the Indian markets flooded with Indian made goods, and I look forward to the day when that will be the case. My friends come here and advocate things which are self-contradictory,—they want the handloom industry as well as the mill industry to exist, side by side. That cannot happen. The two things cannot co-exist. But when I am asked to extend sympathy for the millowner at the expense of the cotton grower, I cannot agree there, and refuse it. Why should you injure the cotton grower in order to benefit the millowner?

Mr. S. Satyamurti: Where is the injury?

Sir Muhammad Yamin Khan: The injury is this. Cotton that is grown in this country is not used by the mill industry, and by raising the price of foreign cotton, it will give an impetus to the cotton grower to grow long staple cotton

Mr. S. Satyamurti: Five years hence!

Sir Muhammad Yamin Khan: It will come next year. I think, if the Congress Governments are vigilant enough and if they discharge their duties properly and see that this long staple cotton is encouraged, then India will become absolutely independent of Lancashire before very long. Even at the risk of losing the customs duty, they must encourage the growth of this cotton.

Mr. S. Satyamurti: Will Sir Sikandar do it in the Punjab?

Sir Muhammad Yamin Khan: Of course, he will do it, but I want to know what my Honourable friend's colleagues in the provinces are going to do. Sir Sikandar will take full advantage of the opportunity which is afforded by this taxation.

Then, Sir so far as the income from *khandsari* sugar is concerned, I think it should be welcomed by everybody and I do not think that any Member of this House would oppose the reduction in the excise duty on *khandsari* sugar. I shall go into this question more carefully when we come to deal with the clauses and say what the definition of a factory should be. We do not want to deprive a large number of people who are engaged in this industry, but we will examine the position later on.

With regard to the question of income-tax, I have heard that only those who have an income of over a lakh of rupees have a grievance. I find that the first Rs. 5,000 are to be taxed in one particular way, but there also allowance will be given for the first Rs. 1,500, then the next Rs. 5,000 will be taxed a little more, then the next Rs. 5,000 will be taxed a little bit more, but then comes a sudden jump of Rs. 70,000. I think, Sir, it is preposterous for the Government to have proposed such a long jump. That should have been done gradually and in proper grades. I think my friend, Mr. Aikman, said that if this scale of taxation is kept on, there will be no rich people left in this country who can do some good to the poor people. I do not want that my country should consist only of labourers and no people with substantial incomes to patronise the arts and industries or to develop them. There must be rich people in every country because it is they who feed a lot of poor people by giving them sufficient work. But I do not think that those rich people whose incomes exceed a lakh and fifty thousand should have any cause to grumble to pay seven annas in the rupee.

Then, Sir, my friend, the Leader of the Opposition, said that 6½ per cent. of the income would be taken away, but he forgot to mention the fact that the 6½ per cent. will come, not out of the assets, but, out of the income which is over and above a certain sum which is left to him as his net profits. Therefore, his arguments in this matter do not appeal to us. I think, on the whole, the income-tax proposals are quite sound, except for the big jumps which have been shown. There ought to have been smaller slabs shown in the beginning so that the assessee may be charged equitably. It is not fair to charge the poor people and then jump up all of a sudden to Rs. 70,000 income.

Then, Sir, as regards salt, this question has become a hardy annual. I have heard it in this House since 1922. It was not so much discussed in 1921, but since 1922 it has been discussed almost every year. I remember once my friend, Mr. Neogy, quoted my speech of 1922 when I had opposed the salt duty. Certainly, I had opposed it, because, the salt duty had

been raised to Rs. 2-8-0 a maund, and so I had to oppose such a heavy increase in salt duty, but the present rate is quite satisfactory and there need be no cause for any kind of grievance.

Then, my friend, Dr. Sir Ziauddin Ahmad, said, he would like to examine the figures before he was satisfied that a reduction in the price of the postcard would not neutralise the effects of the loss or gains. If the loss will be equal to the gain or something approaching to it, then the reduction must be made, but if the loss by reducing the price of the postcard is going to be considerable, then we should not think of reducing the price of the postcard from nine pies to six pies. But if the loss is a great deal and cannot be made up in any other way, then I think nine pies postcard is not causing much hardship to the poor people as is alleged. It is causing hardship mostly to those merchants who send in their advertisements and use postcards in very large numbers. In the villages there is hardly one letter a year which the villager one out of a hundred writes. He writes only on marriage occasions, or when they have some relation or other working somewhere else. But that is very, very occasional. So, I think it is mostly sentimental, and, probably, some people who want to benefit themselves want to come in the garb of benefiting the villager, but really the intention is to benefit themselves. So I do not agree. If people cry because they have to pay large amounts of income-tax it is their own fault. When the zemindars were taxed heavily, they never made common cause with them, they tried to shift the burden on to the poor zemindar with the result that now, whatever losses have to be made up, they have to be made up from income-tax because the zemindar has no more to give. If in the beginning they had shown some sympathy towards the zemindars and did not shift the burden on to them they would not have found themselves in this unhappy position in which they find themselves today or will find in future. I warn my friends of the European Group that they will find themselves in a worse position within a few years' time if they go on showing this attitude. When they require help they come to us and when we go to them for help they refuse it. Mutual help will come only if it is generously given by each other when the occasion arises, but help will not be forthcoming in future, to those who do not help others in times of need. They found that they had a take things as lightly as they are doing now. They found that they had a sympathetic Finance Member and they benefited, but the future is not so bright as they may think.

I agree with my Honourable friend, Mr. Satyamurti, that the policy which has been adopted in respect of the Tariff Board is absolutely wrong. We must have a permanent Tariff Board of the type advocated by Mr. Satyamurti so that it may give proper attention to the development of Indian industry and it should not be composed of people who may have to be provided for somehow or other. I think the Tariff Board policy is wrong and that a proper kind of Tariff Board should be appointed.

I have taken more time of the House than I had intended to take, but I will conclude my speech with this that, although we do not agree with any and every kind of taxation, in this particular case, as the cotton duty is bringing some benefit to the country, I, at least,—I am not talking on behalf of my Party, because on this question we cannot give our decision today. (Interruption.) I have always said I, and I will say this that at least for me it is a good duty which has been imposed and I

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have got no objection to supporting that duty personally. As the Finance Member will be soon leaving us I wish him all joy and happiness in the new post which he is going to take up in London very shortly for which I congratulate him, and I hope that he won't be obstructed in proceeding to London by any war which may come before he leaves this country.

Mr. N. V. Gadgil (Bombay Central Division: Non-Muhammadan Rural): Sir, in the course of the last three days, this House has been listening to criticisms of the present Finance Bill as well as criticisms of the general administration, ranging from military policy in future to the other extreme, the Archaeological Department which concerns with the past. The Finance Member, I am sure, will not grudge if, after five years of his stewardship, this House is going to take a review of what he has done, for he will agree with me that it is in no sense a personal matter, but in every essential particular, if he is criticised, he is criticised as representing the system of government which has been here in this country for the last 150 years.

My Honourable friend, Mr. Santhanam, laid down certain tests whereby the budget may be judged, and some more tests were laid down by the Deputy Leader of my Party, Mr. Satyamurti. We may lay down any tests. Those tests are good if the budget is moved in a sovereign legislature. Unfortunately, this Legislature is not a sovereign legislature, and it is a wrong approach to the whole discussion if we judge this budget by canons which are available in other countries. For my part, I will not blame the Finance Member if he budgets more for the military expenditure and less and less every year for social services, because I am certain, and it will be very difficult for him to contradict this proposition, that all his ideas about managing India's economic and financial matters proceed from one and only one consideration. His object is, and quite naturally it has always been and will continue to be, whoever follows him, hereafter, how to perpetuate the economic domination of Britain over India. Political domination of one country by another is hard in itself. One can understand it, but the economic dominance of one country by another is harder still. Not only does it affect the top but it pervades every walk of public life and all private and economic concerns. If you go carefully through all the proposals of taxation which the Honourable the Finance Member has made in the course of the last five years, you will find that all of them have been integrated to one common objective and that is how to advance the industrial cause of Britain and how to cripple the industrial advance of this country. It is not as it were in a fit of absent-mindedness that he has doubled the cotton duty. No, Sir. It is wrong to say that the present Finance Member has no plan. There is a plan and it is not a new plan which we have seen during the last five years, but it is a plan as old as the existence of the British people in this country. It is there for the last 250 years. From the time the first Britisher put his foot on the sacred soil of this country. In the course of the last five years, it has been the persistent effort of the present Finance Member to remove as many advantages as he could, which, according to him, were calculated to advance the industries of this country.

The one industry that, in the course of the last 60 years, after great sacrifices on the part of the consumers, was built up by the efforts of

pioneers was to be destroyed. It was one of the greatest industries which stood in the way of England's economic domination of this country. The history of the textile industry in this country is a history of which India may be proud but about which, at the same time, England will have to hang its head in shame. Early in the 80's of the last century, when this industry was first started, for nearly 30 years it was running at a loss and when it started making some profits it was a curious thing to find that an excise duty was levied on textile goods manufactured in India. There was no parallel to this sort of duty anywhere under the Sun. Why was this duty levied? In the beginning of the 19th century, we have read in history that the Bengal weavers were made to cut their thumbs, so that they might not manufacture or prepare goods which would stand competition with similar goods produced in England. You will be surprised to learn that similar prohibitions and restrictions were also placed so far as building ships beyond a certain measurement was concerned.

Very recently, Sir P. C. Ray has published his autobiography and you will find in it that in one of the issues of the *Calcutta Gazette* a notification was issued that no builder should build a craft or a ship beyond a certain measure, and if he did, the punishment was thirty stripes. That was the ancient method of preventing India's industry. The modern method is the excise duty, and the Griggian method is to double the duty on raw cotton in the year of grace, 1939. The form may change, but the spirit remains.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. N. V. Gadgil: Mr. Deputy President, when the House adjourned for Lunch, I was making the point that all the legislative activities of the present Finance Member were directed from one point of view, *viz.*, how to perpetuate the economic dominance of England over India, and from that point of view it would be worth-while to examine the proposals which have been embodied in the present Finance Bill.

So far as the income-tax proposals are concerned, you will find that the anxiety is not so much to tax the rich as the anxiety is to tax that portion of the profits or wealth which would otherwise have gone to the expansion of industrial finance, and it was that fear, Sir, which some of us entertained while the Income-tax Amending Bill was being discussed in the House. I was one of those who then said that there was absolutely no desire on the part of some of us not to tax the rich so that there would be a more equitable distribution of wealth, but that, situated industrially as this country was, it was necessary to see, at the same time, that that portion of the profits or that portion of wealth should not be taxed which would go and which would be utilised for the industrial expansion of this country. But we find, Sir, in the Finance Bill that has been introduced in this House this time that the limit for super-tax has been so reduced that the small industries will have to pay that tax, with the result that during the course of the last ten years, in several places in this country, where there has been a considerable growth of small industries, that

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growth will be seriously hampered. I may tell this House, Sir, that I have received a number of letters from Bombay and from other towns in my provinces including letters from the Secretaries of the Mahratha and the Maharashtra Chambers of Commerce, that this proposal of taxing the smaller companies is sure to hamper the growth of the small industrial concerns. I want to say, Sir, that this is exactly what the Finance Member wants to do. I cannot absolve him of this intention, because a man is presumed to intend the consequences which naturally follow from his acts. It could not have been absent from his mind, when he framed these taxation proposals and embodied them in the present Finance Bill, that such a thing was sure to hamper the industrial growth in this country. I put it to him, that if that was not his intention, then, surely, he should make a declaration that these portions of the Finance Bill will be taken out.

Then take the cotton duties which have been doubled, and we have been told that the apparent object of this extra levy of duty, on cotton imported from abroad, was to encourage the growth of the long-staple cotton in India. I do not think that this is a commodity which can grow so quickly as the ideas of the Finance Member seem to grow. It will take a long time. I will formulate another proposition for him, firstly, that if he wants to show that this duty has not been levied for the benefit of the Lancashire industry, he should agree to a corresponding countervailing duty. Secondly, it has been represented by the persons concerned in this industry that in the course of the last few years Indian mills have been manufacturing textiles of higher counts with the cotton imported from abroad, not merely for the use of the Indian people, but they have been able to some extent to export these finer textile goods, outside India, and that portion of the world's market which is being steadily captured by the Indian textile interest will disappear. If the Finance Member is really sincere, he can show his sincerity by another way which I may suggest to him, viz., that the textile exports from India of the higher and finer counts should be given a rebate so as to neutralize the effects of the extra duty which he proposes to impose here. One more argument in connection with the cotton duty. I think that the agreement, the text of which was circulated to us only last evening, will seriously affect the prospects of the textile industry in India. I am not concerned so much with those who have shares and who run or control the industry concerned. But I am concerned more in the welfare of the labourers concerned. Very recently, I think since eight months ago, the Bombay mills had to accept an increase of twelve and a half per cent. in the wages of labourers and a Committee was appointed which made an *ad interim* recommendation to that effect. The same Committee is still in session and is collecting further statistics and taking further evidence and has been asked to make permanent recommendations and, if possible, lay down a minimum standard of wage. I do not know what will be the reactions, but if the Lancashire goods are to be given such preferential treatment in terms of the proposed agreement, it will be only proper to conclude that it will affect the prices of the textile goods in India, with the result that the labourers will be asked to lose even what they have been given so far: and that means that the lives of nearly six lakhs of people will be affected. Sir, as I stated, this industry has always been

the eye-sore of English industrialists. They did their best, from every point of view, to cripple it and yet their exports to India decreased to such an extent that we were told, two years ago, that they did not go beyond two hundred and fifty million yards. It is only a natural consequence when India is trying to find its feet in the industrial sphere and I think it is wrong for anybody to try to cripple further not only this industry but other industries. Sir, as I have stated, it has been the persistent object of the present Finance Member, for, as soon as he arrived here, he made it plain that he stood for free trade—a doctrine which no longer held any place in his own country, but it seems nowadays that even certain principles, like prophets, are not honoured in the land in which they are first mooted. Of course, during the last five years, in spite of his repeated expression about the love for free trade, he has not been able to do much towards the scaling down of tariff. As a parting present he has been able to do something and in such a manner that I am reminded of the story of a village officer in my province. He had quarrels with three villages and he committed suicide on the borders of all the three villages so that all the three villages might be involved in the investigations which were sure to follow after his death. So, at the eleventh hour, in fact, at the twelfth hour, when he is about to go . . .

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Where has he committed suicide?

Mr. N. V. Gadgil: You follow the point of similitude. Although you are a hill man, you can do it. He has done it at such a time that he has prejudiced a fair consideration of the Indo-British pact. He has given such a blow—I do not say a death-blow—to the textile industry and he has given such a blow, which is almost direct, to the labour interests in my province. Anyway, there will be more trouble for us, for Mr. Joshi and for those who are interested in labour, because, as a result of this, I am sure the wages will be reduced. If he was really anxious to do good to India, there were many opportunities for him to lessen the burden, but, as I said, the predominant note was to perpetuate the economic dominance of England.

In the course of the last five years, a reference to the bank rate will show that the money was cheap, yet what has he done towards the conversion of national debts? It was possible for him to advise the purchase of railways from the private companies. The contracts of some of them expired, during the course of the last five years. But he did nothing of the sort. There are many sins of commission and omission of the Finance Member and if I were to detail them, to borrow a Sanskrit simile, then, even if you take the whole surface of the earth as paper, all the bamboos in the world as pens and the water of the ocean as ink, it will not be possible to exhaust them. And yet we have to deal with them. Another question that I would like to mention relates to the exchange ratio. When all the eight Finance Ministers from the Congress Provinces represented that the ratio should be restored to 1s. 4d. and every time that this subject was mooted out, out came a Government communique that it was not in the best interests of the country and that the trade balance was favourable. A closer analysis will convince that this policy of having the exchange at 1s. 6d. has resulted in immense harm, both to

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the trade and to the agriculturist. In the first place, it has meant 12½ per cent. preference to English manufactured imports in this country. If the Finance Member is so anxious to show that any return to the former exchange ratio was likely to benefit the money speculator, there are ways and ways to circumscribe it and to prevent it. But because a certain policy is likely to benefit a few more along with benefiting the many, it is no argument to say that it should not be followed. In the Government communique that was published on the 15th of January, it was stated therein that the balance of trade was steadily increasing. But the real point is not the balance of trade in that particular month or months. We have to take the entire course of the balance of trade from the time when this exchange ratio was fixed a few years ago and we have to read it in terms of the falling prices as they have been evident during the course of these few years also. On this point the Finance Member seems to be adamant and naturally. He said, as I have stated, that the balance of trade is in favour of India. I want to know what will be the result of the proposed trade agreement? Will not the balance of trade be affected in favour of England more than in favour of India? But, Sir, as I have stated, reason and argument have no value with our present Finance Member. He is wedded to one doctrine, the doctrine of a partisan and a patriot. He cannot judge any question by the mere and absolute standards of right, justice and equity. He must judge them by the only standard by which an Englishman is supposed to judge, whether it is beneficial for his own country or not. If it is beneficial, then it is just, proper, equitable and good and it is in the interests even of those against whom it really operates. My submission is that he has richly illustrated this trait of the Englishman.

Then, it was possible for him to decrease the salaries and to reduce the effects of the Lee-loot concessions. It was possible for him to save two crores of rupees but he has not done it. Sir, there are other aspects of his stewardship which deserve more condemnation than he has actually got during the course of the last five years. The Deputy Leader of our Party referred to the grant of one crore for the first two years, 1935-36 and 1936-37 and my Deputy Leader suggested that there was a rivalry between Mahatma Gandhi and the present Government of India to win the confidence of the masses. I do not think he is entirely right and I most respectfully beg to differ from him. The real object was to show that the Government of India was more anxious so that in the general elections that took place, in February of 1937, the Congress might not be returned in majority. The moment the election results went against the wishes of the powers that be, quietly, in the budget presented for 1937-38, that grant of one crore of rupees was omitted.

It seems now, after the inauguration of Provincial Autonomy, that the conception of the Government of India seems to be that the State is a mere police State. There is no obligation on the part of the Government of India to spend anything on social services. If we analyse the figures, which I do not want to do in greater detail for want of time, we are told, that nearly fifty crores are consumed by the military department, and yet, are we getting all that we wanted? Sir, on one occasion I made a calculation about the cost which the Government of India had to incur in connection with their policy in the tribal area and, from the

various Government reports, I calculated the figure that in the course of the last fifty years, the Government spent more than 400 crores over their military expeditions in the tribal areas and the country adjoining those areas. If, instead of spending these 400 crores in mere smoke and noise, if they had utilised even one-tenth of this big amount in a more constructive manner, I am certain that that area would have been more happy and peaceful. During the course of the last two or three years and especially in the course of the last few months, you cannot but find that every week there are raids, looting of shops, kidnapping of persons both Hindus and Muslims, loss of life and property and yet crores are being spent. The tribesmen are not even so well armed as the Germans were and we are told that the Government of India are unable to put them down. In the first place, I do not justify this policy. In the second place, assuming that that policy was correct, what is the result of this policy? No life is safe, no property is secure. I do not want to discriminate between Hindu and Muslim life or between Hindu property and Muslim property. You are spending nearly a third of the military budget for putting down the tribal revolt or uprising, whatever you might like to call it, and even today's papers say there are raids and lootings, and you are able to do nothing in spite of that heavy military expenditure. Is that a proof that your army is being utilised to the best advantage? If it is not, if you have failed in the course of the last 20 years to establish peace and goodwill on the frontier, will you not consider for a while that, after all, you may be wrong in following the policy which you are doing? You may consider the whole world to be in the wrong for some time, you may consider some people to be wrong for all the time to come, but you cannot consider the whole world to be wrong for all times. It is just possible that you may be wrong in your policy, you may be radically wrong and the time has now come when you ought to change that policy. If you change that policy the result will be that there will be a good deal of saving in expenditure in the military department. There are ways and ways in which, if you want really to do good to the country, you can do. But your predominant policy has always been to perpetuate the economic dominance of England and for that you must have an army of occupation in such proportions as to make that thing perfectly safe. You can replace necessity of maintaining 50,000 British troops here? You can replace them by Indian rank and file and officers and you will be able to effect a saving of 13 crores, according to the findings of the Capitation Tribunal which consisted of Justice Shadi Lal and others. If you really want to do that, then there is nothing to prevent it. As I said in the beginning of my speech, the whole policy is dominated by one consideration, by one objective, one note and that is how to secure and how to perpetuate the economic domination of the British nation. I remember, Sir, one of the Lieutenant Governors stated before the Simon Commission that the economic existence of the British people in India was the first concern and their political existence was merely secondary and ancillary and I think that correctly describes the entire position. This has been their general policy throughout. This has also been the policy during the last five years of the present Finance Member's stewardship. I will not judge him by the test laid down by some of my Honourable friends here: whether the purchasing power has increased? It can never increase. To believe for one moment that the purchasing power of the Indian ryot can increase, so long as the British people are following here the same policy which

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they have followed during the past 150 years, is a contradiction in terms. The ryots will be happy when the Englishman leaves the shores of India; unemployment will go when the English bureaucracy will leave India. Indian industries will flourish when the English industrialist ceases to have any voice in the tariff management of the country. This is a perfect equation and those who do not understand it do not understand the essentials of Indian situation. During the course of the last five years all that he has done is—apart from the general considerations I have just laid down before this House—merely to follow a policy of living from hand to mouth. Has he laid down the principles of any long range policy? Has it ever occurred to him that in view of the fact that the old village economy in India has been completely destroyed, that as my Honourable friend, Mr. Santhanam, has said, that in his own village no house has been built in the course of the last twenty years, has it ever occurred to him that the villages are becoming a matter of disgrace to this country, that there are nearly five crores of unemployed here in this land, and has it ever occurred to him that something must be done towards setting matters right? If that was so he would have entered on a policy of planned economies. He would have borrowed a leaf from the books of U.S.S.R. where they have successfully run two five-year plans.

Sir, I do not want to take up the time of the House. I will only conclude that when the Honourable the Finance Member came to India the Indian people were under-fed and under-clad and utterly uneducated and, when he is leaving India, there has been no change. He has not been able to add one morsel more to their food, one inch of cloth more to their clothing and one letter to their knowledge. I submit his stewardship has been a complete failure. I am not casting any personal aspersions on him because he tried to follow the policy of the Government of which he is part and parcel. In his speech he made an appeal for political reconciliation. It would be a joke, Sir, if in the course of the discussion of the Finance Bill, he does not implement it by agreeing to some of our proposals and by that test his sincerity will be judged.

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, we have been discussing the Finance Bill and the general situation and administration of this country during the last three days. The discussion on the Finance Bill gives generally a considerable latitude to the speakers and we do take advantage of that to bring to the notice of the Government many points which otherwise remain almost untouched. My Honourable friend to my right began his speech with a homily to the Congress Members. My Honourable friend, the Deputy Leader of the Congress Party, was not present when he opened his speech. In the course of his speech, he regretted that the discussion on the budget generally turns upon discussions of policy and no substantial advantage is derived by the people on account of want of co-operation between the Congress Benches and his own Group. I really do not know what exactly was in the mind of my Honourable friend when he made that complaint. He probably is under the impression that any effective cut that he would suggest on the merits to the demands for grants would not be supported by the Congress Party. If that is his idea I think he is quite wrong.

Sir Muhammad Yamin Khan: That was never my idea.

Mr. M. S. Aney: If that was not his idea then I really do not know where the ground for complaint is that there is no mutual co-operation among us in dealing with the demands for grants. The demands for grants are there and if they are not considered on the merits it is because of the general knowledge that they are put in there for the sake of being carried as they are. Even when you move a cut on the merits and get it reduced next time when they come before you it will be restored in the proper way. I can assure my friend that it has taken place like that before. So, it comes to this, that we do not generally enter into the merits of any particular demand but we want to give the other side an impression or a repetition of certain important views which the Opposition holds as regards policies. We think that that is a more effective way of reminding them of the urgency of changing their policies on certain important and vital matters than to tinker with small grants here and small advantages there. It is because of that that the Congress Party does not take that line of action. But I can assure my Honourable friend that if any of my Honourable friends really had any cut on the merits of any one of the demands, not only the Congress Party but the other Parties also,—I cannot speak of my Honourable friends on the European Benches,—would have willingly supported it if it could be properly supported on the merits and there would be no want of co-operation so far as that was concerned.

Sir, the Finance Bill, as I have already stated, is generally intended to secure for Government the money that they want for the expenditure of the year and it generally comes up after the budget demands are passed by the House. But this is also an occasion for us to consider the whole aspect and the general nature of the stewardship of the country by the Treasury Benches. If we look at the thing from that point of view and consider the amount of capacity shown by the Treasury Benches in dealing with Indian affairs, there are one or two tests which would be of some use to us in judging them. There are certain departments, as my Honourable friend, the Deputy Leader of the Congress Party, has shown, which are known as commercial departments. I take that as a test of a man's capacity for managership.

Leaving aside the other departments, those departments which are known as the commercial departments can be certainly taken as affording a proper test for knowing the capacity for efficient management of those who are in charge of it. What has been the position of these two important departments? We know that the Railway Department and the Posts and Telegraphs Department and the Irrigation Department have been described as commercial departments in our budgets and we also get their accounts kept in the commercial manner with working expenses, balance-sheets, and so on. But what do we find? We find that these commercial departments are not being run at a profit at all. For some years they were being run at a profit, particularly, the Railway Department, but during the last three or four years we find the whole thing has changed and the concern is being run at a loss. All the reserves have been swallowed up and the other funds have been spent up. Moratoriums have been asked for in regard to all debts and we find that these departments, the Railway Department at any rate, are not being run successfully at all. If there is a manager of a particular company, who, at the end of the year, presents a balance-sheet showing a loss and no profit, and if this state of affairs goes on year after year, either that commercial concern would be wound up or the manager would be dismissed. But the railways are an

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important national asset and, of course, the question of winding them up cannot arise; but the managers deserve to be dismissed. And now the remedy which they have found out is this that they are going to keep it and hand it over to a manager who shall no longer be responsible to this House in any form at all. That is the solution that they have devised in order to get rid of the necessity of rendering any accounts to this House in this matter. So, also in the case of the Posts and Telegraphs Department, a department that is running at a loss is being linked on to a branch which is running at a profit. Why is it not possible for the Postal Department to make the Telegraph Department successful? What stands in the way of the Postal Department changing their schedules and the rates at which telegrams are charged and so on, so as not to allow them to remain a permanent liability on the Postal Department and deprive a large number of customers of the advantages which they are entitled to get on account of the profits which the Postal Department is actually making? But somehow or other we find that though the postal and the other branches of the department are really running at a profit, the total result, at the end, is one of loss, and that dead loss is due to the costly manner in which the Telegraph Department is being run. I submit, Sir, that as good managers they ought to see that this costly department is self-sufficient and is no longer a liability on the other branches of the Postal Department. This point mainly strikes me as important for this reason that the charges as regards cards and envelopes, etc., having once increased there is no tendency to bring them down to a reasonable level. That is a requirement of the poor man. It was wrong on the part of my Honourable friend here to say that the postcard is a thing which is not used by the villagers. It is not used by the villager because he cannot afford it, and it is necessary that it should be brought down to a level which is within his means. If he is sending one postcard now, at the end of the year he will be sending two; and you can imagine a poor man living in Bombay or elsewhere sending two cards in the course of one year to his distant relative. It means a good deal of more happiness to the people living separate from them than to compel them to send one card only. For these unhappy and miserable people, who live in distant villages under the most pitiable conditions, to receive two letters from their relatives in the year, instead of one, would mean doubling their happiness. Why do you deny them that happiness? Is he not entitled to it? He is certainly entitled to that. When we are thinking of doing some service to the poor villagers, let us not forget that this is one of the ways in which the conditions of these persons can be made a little bit better. This is one social service you can really render. I look upon the postal department as a social service department more than a commercial department; and I think, if my Honourable friend, Mr. Bewoor, and the Honourable Member whom he has to serve, will look at the problem from this point of view, they will certainly see the immediate necessity of doing something in this direction, in spite of the pleading that this will mean a good deal of loss to the revenues and, therefore, beyond the capacity of the department to think in that direction: I hope that they will try to find out some ways to give effect to some of the suggestions so that the postal cards can be had more cheaply by the people than now.

Another thing which I want to suggest, when I am discussing this general administration, is the peculiar tendency of the present Finance Member during his career of five years. If it can be characterised in

any way, I would say that it has been a retrograde tendency to undemocratise the finances of this country. What I mean is this: the degree of control which this House used to have over the finances has been consistently reduced during the period of his stewardship. For that purpose, if we take the voted and non-voted items we shall certainly find that, excluding the working expenses of the Railways and the Irrigation and Posts and Telegraphs, out of a total expenditure of 104 crores, about 75 crores are non-voted and about 25 odd crores are voted. I really feel that to place only 25 crores before this House for voting, out of a total of 104 crores, is really to deny the House any effective voice as regards three-fourths of the expenditure incurred in this country. That is a thing which has always struck me as one of the most objectionable features of the Indian financial system that exists at present. The second thing is that there used to be a Standing Finance Committee working ever since the Montford Reforms came into force, which was associated with the Finance Department, and matters of new expenditure used to be placed before that committee and their opinions were taken thereon before being formally incorporated in the budget. For some reason or another the present Finance Member found that it was not a proper committee and its functions were not according to his ideas and he thought of replacing the Committee by something else: and he wanted to substitute for it a sort of committee that nobody wanted to have, and thus, for the last two years, it has gone on like that and this is the second budget which has come before the House without any assistance of this House being taken in its preparation. Thus, even the little control which this House used to exercise, in the preparation of the annual budget, particularly in the matter of new expenditure, has been removed, and now it is solely a matter within the discretion of the Honourable the Finance Member to prepare the budget as he likes. If nothing else, the mere fact that the degree of control which this House used to have, the degree of association which was sought by his predecessors in the matter of making financial arrangements for the year no longer exists; and, in fact, he never thought it to be a useful arrangement and, ultimately, succeeded in getting the entire control in his own hands so far as the preparation of the financial statement is concerned. That is the second service or disservice, whatever you may call it, that he has done.

Coming to the Finance Bill, I shall not deal with the points which have been very ably dealt with by the Honourable the Leader of the Opposition and also by many friends as to the estimates of receipts and so on. I agree almost entirely with him in thinking that the receipts have been underestimated. I feel like that; but leaving aside that question, we have to come to the point of the specific suggestions or provisions made in the Finance Bill. In that connection the only new provision or new duty which he has imposed on cotton, naturally figures very prominently. He himself has placed it before us as a purely revenue measure; and he casually suggested that it may be of some help to the cotton growers in the development of long staple cotton cultivation in this country. That is a pious hope. In the first place, let me assure him that if he really wants to do anything in that direction, a mere revenue duty of this kind will not be of much use because there ought to be a consistent policy, at least for a number of years, before the cultivators of this country can think of taking advantage of it. There is also the difficulty that the Provincial Governments may make use of this thing with a view to the development of this kind of cultivation in any particular part of India. A

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revenue duty which is intended to cover a particular deficit may disappear in the next year and nobody is going to risk anything on a mere flimsy assurance of that nature. From that point of view I do not give any serious attention to that suggestion at all; but, at the same time, I want to bring a few facts to the notice of this House and also of the Government of India. I am not going to deal with the bigger question which the new trade agreement raises. There will be proper time to have a full dress debate over the agreements with regard to which certain papers have been supplied to us—I am not going to deal with them now; but I want this House as well as the Government of India to consider seriously the position which has arisen with regard to cotton cultivation in this country.

In the first place, it is not a question confined to a few people here and a few people there. It is a question in which lakhs and lakhs of the population in certain provinces are engaged and we find that the sort of cotton that they grow is having no demand because one of our best customers is practically going out of competition. The total amount of cotton grown in India is about 60 lakhs of bales, including long staple and short staple. Of that amount, about 40 or 45 lakhs is short staple the other qualities are known as long staple, although there are certain varieties which are medium quality; and the long staple properly called does not go beyond nine lakhs of bales if we do not include the varieties which are not classed as long staple by certain industrialists. Of this total of 40 or 45 lakh bales of short staple cotton, annually produced in this country, about 25 lakhs of bales used to be exported to Japan. That was the position before. Now Japan's demands have fallen down to the extent—it is admitted even in the papers—of more than 35 per cent. That is the position. What is to be done to the cotton that is being grown? I press this question, because, I feel that those who are engaged in the Indian textile industry as well as the Government of India ought to seriously consider the problem. It is no use telling those growers that that kind of cotton, which they are producing now, is no good and that they should replace it by something else. Sir, this is an industry in which millions and millions of people are engaged in a number of provinces, and if they grow that particular quality of cotton, something has to be done to see that the raw produce that they produce is properly consumed and it finds a suitable market somewhere else. It is an important point to be considered. I do not want that a market should be found for it at the cost of our national industry, but that is a problem which even those who are engaged in the textile industry ought to take into serious consideration. In this connection, I should like to bring to the attention of the House one point. Japan purchases this very cotton, and all that quantity is used by them for various purposes. Why is it that the Indian industrialist cannot think of the various uses to which the Japanese put this short staple cotton? Sir, when I discussed this question with the Delegation that came out from Lancashire here last time, I brought to their notice certain passages from the reports of the Central Cotton Committee and other text books to prove that it is possible for England to consume something like 13 lakhs of bales of Indian short staple cotton, because, so many are the uses to which this very cotton is put by Japan, but their complaint was that they had no suitable machinery and so on. My point is, that if steps are taken, even the short staple cotton can be used for producing better and finer cloth. This is a point to which the Indian industrialist has not, unfortunately,

paid any attention so far. Still today the Indian mills are our best customers, because, about 27 lakhs of bales are consumed by them, but, thereby, you cannot solve the whole problem. There is the question of surplus, and if there is surplus, it will lie idle in the godowns of India and there will be no consumer at all, with the result that the fate of those who are engaged in producing this short staple cotton will be entirely hopeless. In fact, those who know the present condition of the Indian cultivator in those tracts which mainly depend upon cotton growing, particularly, the cotton growing tracts of the Central Provinces, Berar and Khandesh, with which I am fully familiar, cannot but admit that no peasantry is hit so hard today as the cultivators in these parts. For them various kinds of laws are enacted by the Provincial Governments to relieve them from indebtedness, and yet one-third of their land has actually gone out of their hands owing to their inability to pay the Government arrears and their debts during the last few years. Nearly one-third of the land in one district has already gone out of the hands of the cultivators, and the position is really very precarious. You have to deal with a problem in which millions of Indian cultivators are involved, and it is no use sitting ostrich-like completely callous and indifferent to the actual state of affairs. Although I may not be able to accept the proposals that may be made, I do not think that the present cotton duty is going to deal with the problem effectively, and so I shall oppose it. But it is a problem to which my friends who are fortunately circumstanced and engaged in the textile industry of India, the Governments of the various provinces as well as the Government of India should pay their immediate attention, otherwise it will create a situation of unemployment unparalleled in the annals of this country. Today the situation has become almost hopeless. I do not want to enter into further details and statistics in regard to this matter, because, I think the whole subject will be discussed one day before this House, when I shall deal with it exhaustively, but it is a problem of urgent importance to which this House and the Government of India as well as the Provincial Governments ought to pay immediate attention. The Government of India should not say that it is a provincial matter. It is not a provincial matter. The fate of the cotton grower is a matter of Imperial and national concern and if the Government of India treat it as a provincial concern it is really very wrong because if the trade is ruined, if the cultivators are ruined, we shall be dealing a death blow to one of the greatest national industries of this country, with the result that the serious problem of unemployment in India will arise and Government will have to face it, which will be a national calamity.

Then, Sir, I shall come to another question which is more or less of a local nature. Many Honourable Members have tried to press the claims of their own provinces.—and I also wish to press the claims of my own province,—the Central Provinces and Berar. If Berar is taken out of the Central Provinces,—and the Central Provinces has got 14 districts,—and if the Central Provinces Government are called upon to carry on their own administration without the Berars, then take it from me that they will not be able to run the administration even for one day, because, it will have to face a deficit of 25 or 30 lakhs of rupees! It is because of the revenues of the Berar, they are able to show the surplus budgets and they are able to carry on their administration somehow. If there is severe famine, drought

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or some such calamity in Berar, then the Central Provinces administration will have to produce a deficit budget or the needs of the Berar people will remain uncomplied. This difficulty was already known to the Government of India, and, therefore, there is some responsibility placed upon the Governor there to look after the special claims of Berar. We do not want the Governor to interfere with our affairs at all, but the question which the Government of India have to consider is this. Berar allowed their surpluses which come to the tune of 40 or 50 lakhs per year from the year 1903 up to the year 1939, a period of over 35 years, to be used by the Central Provinces Government without any return to her at all. What is the result? This drain has told upon the people of Berar, and now, as soon as you find a series of years with failure of crops, there will be absolutely no power of resistance left in those people and they will go to the wall. In these circumstances, if the local administration is to do any justice to the people of Berar and also to the cultivators of the Central Provinces; then the Government of India ought to run to the rescue of the Central Provinces Government. The point is that the claims of the Central Provinces must be considered more liberally by the Government of India than is done today. I am sorry that the Government of the Central Provinces stated to the Government of India that they had a surplus budget forgetting the fact that these were artificial surpluses, were more or less due to the surplus produced by Berar revenues, and the Central Provinces Government also forgot the fact that the position of Berar was going from bad to worse every year. This being the case, I warn the Government to consider very seriously the fact that there is no possibility of expansion of any kind of revenue in the Central Provinces hereafter. With great difficulty they have tried to tap three or four sources this year and have been able to find about nine lakhs so as to make both ends meet, and they have shown a surplus of half a lakh or a lakh in this year's budget. The *Times of India*, Sir, has a very proper criticism on it. Therefore, I want to emphasise the point that if the Central Provinces Government were to maintain its proper standard of administration and carry on the work of nation building efficiently and help the people in the onward march of progress, it will be necessary for the Government of India to go to their rescue and give them a grant or subsidy or subvention of not less than 25 lakhs annually; unless some such arrangement is made, I do not think it will be possible for the Central Provinces Government to carry on their administration efficiently hereafter. Of course, a hint to that effect has already been thrown out by the Finance Member of the Central Provinces, but he has couched it in a different language. I feel he should have called upon the Government of India to give them a proper subsidy just as the Governments of Orissa or Sind are getting in this matter. Those are also miserable provinces, impoverished provinces, but the conditions in the Central Provinces cannot be said to be better than those in Orissa and Sind.

Now, Sir, having tried to press the claims of my little province, and as I find that most of the other points which I wanted to touch upon have already been dealt with by my other friends, I do not wish to waste the time of the House by repeating those things again, and I think it will be only proper for us to allow the Honourable Member in charge also sufficient time to give a reply to a debate which has gone over three days. 1½ hours would not be too long for him. So I want to tell him that his

financial administration will be remembered as having placed Indian finances, not on a very sure footing or a sound footing as has been characterised by some of my Honourable friends, but as having placed them on a very slender and very deceptive foundation. That is my reading of it. If I prove a false prophet I shall be very glad, but I am afraid the finances of this country have come to such a position where it is no longer possible for the Government of India to rest content with the idea that we have got strong and sound finances and whatever danger may come, we are prepared to meet it. If they remain in that confidence, they will be faced with a calamity the nature of which I cannot describe today. With these few remarks, I oppose the Finance Bill.

Sir Abdul Halim Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): This morning I listened with great attention to the indictment of my Honourable friend, Mr. Satyamurti, against the Honourable the Finance Member. Sir, it reminded me of what had happened some years ago. My political *Guru*, Mr. (afterwards Sir) Surendra Nath Banerjea, used to say, "I would do this, I would do that, I would bring milk and honey to Bengal and to India if I had the Government in my hands." Government came into his hands, and he became a Minister. I went to him and enquired: "Sir Surendra Nath, now the Government is in your hands. Where is the milk and honey? Where are the promises that you made that you would do this, would do that, and the other?" He replied: "My dear Ghuznavi, it cannot be done." As soon as my friend, Mr. Satyamurti, would be on the Treasury Benches, and my friend, the Finance Member, would be on the Opposition. . . .

An Honourable Member: He won't be here.

Sir Abdul Halim Ghuznavi: . . . I would advise him to come back here and be elected through the European Constituency. Then, he would make the same sort of indictment against my friend, Mr. Satyamurti. Not that I say that he does not deserve some sort of indictment, but the indictment that my friend made is not appropriate to the purpose. During the five years of his service as Finance Member in this country, he has, if I may say so, in adjusting his finances, always taken the interests of the United Kingdom first.

Mr. S. Satyamurti: That is not an indictment! I can say no more, I have said no more.

Sir Abdul Halim Ghuznavi: I feel that the interests of the United Kingdom were his first consideration.

Mr. S. Satyamurti: *Et tu Brutus!* Then, fall, Caesar!

Sir Abdul Halim Ghuznavi: If he had got the interest of India at heart and attempted to solve the financial difficulties of this country, the economic problems of India, he would have gone back to his country with the blessings of India. One of his last acts was the amendment of the Indian Income-tax Act. He got it through.....(Interruption).....for the benefit of England, as I shall explain presently. He got that Bill through

[Sir Abdul Halim Ghuznavi.]

through the kind efforts of the Congress Benches. The Leader of the Opposition, discussing this Finance Bill, said, as reported in the *Hindustan Times*:

"He has not merely made up the lost income by being the protector of the poor and taxing the rich, but has taxed the rich to an extent for which the only plea he can put forward is—'All of it I am not going to get, a part of it is going to the provinces'."

Sir James Grigg: All of it.

Mr. Bhulabhai J. Desai: Except the corporation tax, and I shall come to it presently—but I quite agree that, except the corporation tax, all of it will go to the provinces, but whether he did it as a friend of the provinces (*mark the words*) or whether he did it in order that the industries of the country might well bear the strain a little more, he had a choice of two arguments."

This is somewhat strange coming from my Honourable friend, the Leader of the Opposition, who, against our opposition, gave the Honourable the Finance Member all possible support. I say that Sir James did not do it in the interests of the provinces; he did it in the interests of the United Kingdom. The Indian businesses abroad will be strangled by this heavy taxation. Taxation on accrual basis was introduced in England in 1932 long after England had firmly established its business all over the world. England gave every encouragement for establishing its business throughout the world, and then came the accrual basis. But what about India? We are still in a stage of infancy in the matter of business, and you are strangling it. Which Indian would go outside to risk his life and his money and make a profit, of which 50 per cent. will be taken over by the Government for doing nothing at all, for giving no help at all for safeguarding their interests abroad. My Honourable friend says, I have given relief to the poor. But how can the poor go on unless the rich are there to help the poor with money? The poor have no money to carry on trade abroad, unless the rich people give them money, and you have killed the rich. No rich men will now go to foreign countries or put in their money there, 90 per cent. of which is always lost, and when they make a profit, the Finance Member here wants 50 or 75 per cent. or the whole of the amount that he makes. That is not done in the interests of India,—in any event. Surely, it is in the interests of the United Kingdom. Again, going through the Finance Bill, what do we find? The smaller companies will be absolutely hard hit. In the case of an individual up to Rs. 2,000, there is no income-tax, but in the case of a company, it is not so.

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

In these days of unemployment, in these days when we advise our friends and relations to go into business, it will be cruel to tax their very small income without any exception and exemption. If individually I make two thousand rupees, I pay no tax at all. If it is a case of two poor fellows who want to pool their resources together and start a limited liability concern, in order to earn their livelihood, they are immediately liable to income-tax. Not being content with 4½ pies, the Honourable the Finance Member increases it to 2 annas 6 pies. I ask—is it fair that these poor companies, of whom 9,700 are in existence, should be taxed in this way? Many of them will collapse. This is not solving unemployment or encouraging enterprise. I say, these small businesses ought to get a certain reduction up to a certain amount. Give relief up to Rs. 2,000, and then you can tax the rest. I can quite understand if Tatas, who make 5 crores and 75 lakhs profit, do not get any remission. In their

case, you can tax from one rupee upwards. But in the case of smaller companies, it will be a great hardship if you tax them on the same basis as Tatas, and I would ask the Finance Member to seriously consider whether he cannot give some relief to these poorer companies.

The next point I want to raise and on which a considerable amount of attack was made on the Finance Member was in regard to the doubling of the duty on raw cotton. Yesterday, when my friend, Sir Abdool Haroon, was making his speech, my Honourable friend, Sir Cowasji Jehangir, interjected that the kind of cotton imported was not grown in India. It was said that it would take years before the cotton in question will be available in India. I say that cotton is grown and available.

An Honourable Member: No.

Sir Abdul Halim Ghuznavi: I am quoting authority on the subject. Mr. Thakersey, Chairman of the Millowners Association, made a statement only the other day during the Annual Meeting. This is what he said. The Chairman referred to the Central Budget where provision is made for a new tax on raw cotton, and said that the new taxation is an indirect subsidy to Japan and Lancashire. Now, whatever taxation will be brought by the Finance Member, some sinister motive will be attributed to him. It will be said that he is doing something to help somebody and that this is an indirect *baksheesh* to Lancashire and Japan. Poor fellow, whenever he does anything, he is told he is helping Lancashire or Japan. Now, it is said that this indirect subsidy to Japan and Lancashire will be of no immediate assistance to the cotton growers of this country for the reason that the types of cotton on which the duty is imposed are not available in sufficient quantity in this country.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): May I interrupt the Honourable Member. I think the Honourable Member did not hear me or understand me. I gave figures to prove what quantities were grown in India and what quantities were suitable for the lower and higher counts. Either the Honourable Member did not listen to me or did not understand me.

Sir Abdul Halim Ghuznavi: It is available in this country, but not in the quantity that the mills require. This duty will help the cultivators to grow them even next year. So you will have it in abundance. I have got another strong circumstance in my support. When the first duty of half an anna a pound was imposed in 1932, the quantity of long staple cotton grown in the Punjab and Sind was in the neighbourhood of 20 thousand bales. Last year, it reached 4½ lakhs of bales. This is practically conclusive. Undoubtedly the import duty will help in this development, and very soon too.

Now, Sir, I shall turn to another matter and ask what have the Government done about the protection of our Indian shipping.

An Honourable Member: Select Committee.

Sir Abdul Halim Ghuznavi: The share of foreign interests in the passenger line is 92 per cent. and the share of Indians is 8 per cent. In cargo lines, foreign interest is 80 per cent. and Indian interests 20 per cent.

An Honourable Member: Whose figures are these?

Sir Abdul Halim Ghuznavi: This is Mahatma Gandhi's statement about the national shipping in this country. My friend, Mr. Satyamurti, after his great indictment of the Finance Member for all his sins of omission and commission during the last five years, forgives him because he has seen Mahatma Gandhi,—not once, but twice. He concluded by saying "You are a good boy. You have seen Mahatma Gandhi,—not once, but twice."

Mr. S. Satyamurti: I said nothing of the kind.

Sir Abdul Halim Ghuznavi: If he had paid the visit once every year, perhaps this indictment would not have taken place.

An Honourable Member: He would then have been a different Finance Member.

Sir Abdul Halim Ghuznavi: Sir, I have shown that the Government have taken no steps whatsoever in the matter of the Indian shipping as against British shipping. Then, again, there is the Defence Secretary with fifty crores of rupees for "the defence of India". What has he done? Nothing at all to help the building up of the Indian Navy, the Indian Mercantile Marine, which is the second line of Naval Defence, the Indian Aircraft, the Indian Territorial Army and the Indianisation of the officers in the Army. The rate-wars in coastal and Haj traffic are going on. Even the Haj traffic is not immune from attack.

Rate cutting has gone on between Indian companies and a so-called Indian company which is not an Indian company at all. They call it "the Mughal line". The joke of it is that there is no existence of "Mughal" at all; it was a "Mughal" line years ago. But the "Mughal" was strangled and taken over by the British interest. It being a Haj line, the name has to be kept so as to deceive the Hajis that perhaps it is a Muslim company, this Mughal line. What is the Mughal line? What happened only the other day? They circulated that "we shall carry Hajis from the ports of Karachi and Bombay for Rs. 40"; and thirteen hundred Hajis, after the last Scindia boat had left for the Haj, got stranded in Bombay and Karachi:

Mr. B. R. T. Greer (Bombay: European): I challenge the accuracy of that statement.

Sir Abdul Halim Ghuznavi: They sent in petition after petition to the Ministers in Bombay and Karachi, and ultimately they had to make arrangements, not for all, because they had not the money, and at a higher rate they had to go. What have the Government done to stop this rate-cutting and not put this Indian company into liquidation which the Asiatic line wants to? Sir, eight crores of Indian capital has been lost in the Indian shipping and ninety-three and a half lakhs of the capital of the "Scindia" has been sunk owing to the British competition. Where there was a freight of Rs. 18, it was reduced by the "British India" to Rs. 8, and there went on competition for years and years, and all these eight crores of money and the companies have been wiped out. Sir, Government have done nothing.

What is the position of our nationals in Burma? A very serious one. What have the Government of India done to safeguard the Indians in Burma? Here is a pathetic story. Sir, I have received letter after letter from Burma and from Madras showing what has been happening in Burma. Here is one:

"I am enclosing herewith a cutting from the *Hindu* of the 28th February, giving a heart-breaking account of the wanton destruction by fire of seventy Indian houses by Burmese mobs. It is most unfortunate that the Government of India should be so callous about the interests of the Indian nationals abroad. Nice, polite, unoffending speeches seem to be the order of the day even in such matters of life and death. How one wishes that the Government of India shake off their supineness and indifference for once and take a bold line of action. We are, I am afraid, having the first fruits of separation; probably worse is in store. One's blood literally boils at this wanton and inhuman destruction of Indian life and property which is becoming almost a daily occurrence there."

Then comes a report, which I need not read out, as that would unnecessarily take up the time of the House: "Indian Houses attacked. Incendiarism in Shwebo. Police open fire on Burmese mob", and then we find "loss of life and loss of property enormous". Still, sweet words are heard in this House, and nothing is done. Sir, when Burma was being separated, I opposed it and my Leader also took the same view; but, of course, it was separated. After the separation, there was not the Governor General's Agent there till last year in September. The separation took place long ago, but they did not even then send a representative of the Governor General there to look to the interests of the Indians,—and who are the Indians? Muslims 70 per cent., and Hindus 30 per cent., coming from various provinces, but particularly from Bengal and Madras. Nothing is being done. They come to us, and all that we can do is to come before this House—which also will not be possible in a few days' time—and then they go on looting and shooting all these Indians in Burma! That is the position.

Sir, coming to the Communications Department, they give all sorts of concessions to travellers during the Pujas, Easter, Christmas, Holi, and so on but there is no concession for the Muslim travelling public who go in such large numbers to the Haj. There is no return ticket and there are no concessions for them although hundreds and thousands go to the Haj, and nobody takes any notice of them. There is the Muharram, then the Bakr-Id, there are the Muslim ceremonies at Ajmere Dargah, and so on, but there are no concessions given. I ask the Communications Member, before he goes, kindly to look into this matter as that will certainly help the Railways to earn more money as it will attract many Muslims to go and see these shrines all over India and abroad if such concessions are given.

Sir, the Honourable the Leader of the House was not present when Mr. Satyamurti was making his speech. He said: "When are we going to have the Federation?" The Law Member says: "Consult an astrologer, I cannot say". Well, I am going to tell Mr. Satyamurti that I have consulted an astrologer, and the astrologer says: "You will have no Federation".

An Honourable Member: What is the name of the astrologer?

Sir Abdul Halim Ghuznavi: Then, my friend, Mr. James, said the other day: "The British prestige is far more today than what it was before".

An Honourable Member: Now it has changed.

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LEGISLATIVE ASSEMBLY.

[21ST MARCH 1939.]

Sir Abdul Halim Ghuznavi: Sir, the day that he was making that statement on the floor of this House, Czechoslovakia was being occupied by Germany. That is the British prestige!

An Honourable Member: Rumania next.

Sir Abdul Halim Ghuznavi: Sir, the British prestige is finished once for all!

An Honourable Member from the European Group: No, no.

Sir Abdul Halim Ghuznavi: You have lost everywhere.

An Honourable Member: Oh, oh.

Sir Abdul Halim Ghuznavi: Just wait and see. Your action in not taking any action in Abyssinia has destroyed your prestige. Sir, my Honourable friends take it as a joke—that was a serious matter. Sir, talking of the League of Nations, it is a sort of bunkum. You advised France not to help Czechoslovakia, and you prevented her from going to their help.

Mr. President (The Honourable Sir Abdur Rahim): It has nothing to do with the Government of India at all.

The Honourable Sir James Grigg: Nor has it anything to do with the Finance Bill.

Sir Abdul Halim Ghuznavi: Then, Sir, they have not behaved properly towards the Arabs in Palestine, and you will find that the Mussalmans are united not only in India, but throughout the world to accept any challenge on their behalf. Even now you can do something to get our sympathy as you promised during the Great War. But the difficulty is this that you are treating all your pledges, statements and promises as mere scraps of paper. Sir, it is now 4 o'clock, and I do not think I shall be justified in taking any further time of the House.

The Honourable Sir James Grigg: Sir, a number of Honourable Members were good enough to give me their good wishes and their compliments on my impending departure—Mr. Aikman, Sir Muhammad Yamin Khan and Sir Cowasji Jehangir. Mr. Satyamurti and some of his friends were good enough to wish me a good riddance. I take both kinds of wish as compliments, and I am grateful for both.

The Leader of the Opposition told us, perhaps unnecessarily, that he was not a financier. He went on to tell us that he was one of that higher order of beings who take the work of mere financiers and accountants and transmute the dross by the touchstone of their forensic skill into pure gold for the delectation of judge and jury. If he would allow me to say so respectfully or as respectfully as I can, I should assume from the fact that he has a very large practice and I presume an enormous income, that his addresses in the courts are framed with more care and with more regard to facts than was the case with the address he delivered last Friday. I propose to devote some little time to analysing his address. Perhaps I might say with respect or with as much respect as I can, that the brief on which he worked was the manifesto on the budget issued by the Federation of Indian Chambers of Commerce and Industry. Here I would like to digress for a minute or two and refer to the accusation of Dr. Banerjee when he said that my references to "His Master's Voice" were in bad

taste. I am sorry Dr. Banerjee is not here because I propose to rebut that charge with some warmth. The learned professor was surely a little unreasonable because he is one of those Members of this House who give themselves a good deal of latitude in these matters. For instance, he made the kindly suggestion in the debate on the Hazaribagh accident that the disaster was due to the fact that the driver of the locomotive was drunk.

Mr. M. S. Aney: That was only his guess.

The Honourable Sir James Grigg: I have said that it was his suggestion. Surely, he is the last person in the world to run about whimpering: if he and his friends get a few knocks, and not very hard knocks, in the course of the rough and tumble of the debate. After all, it is he and his like, who by continually preaching in season and out of season their gospel of racial hatred, embitter relations and, surely, he should be prepared to take a dose of his own medicine, especially when it was a very small dose and when it was not he who was called upon to drink it. Luckily, Dr. Banerjee is a disappearing phenomenon for if I may be permitted to make the observation—this time with real respect—nothing has struck me during the five years I have been in this House more than the growing willingness of political Indians to take as well as to give hard knocks in good temper. I apologise for being drawn aside to deal with Dr. Banerjee, especially in his absence, and I return to Mr. Desai's gramophone record.

One side of it, as I have said, represented the views of the Federation of Indian Chambers of Commerce and Industry. In the interest of brevity, I will use the word Federation in future without the tail. But there must have been some scratches on this side of the record, for at intervals the instrument emitted echoes or perhaps I should say anticipations of the tune played by Sir Cowasji Jehangir—Pity the poor rich—especially those who have more than four lakhs a year. The other side of the record was new and it was all Mr. Desai's own. The motif of the Federation was simply this: If you had estimated your revenue properly, you would not have had a deficit and there would have been no need to impose a duty on raw cotton at all and you need not have imposed such large increases of super-tax on the very rich. But this is not good enough for the Leader of the Opposition. He saw the danger of appearing too blantly as the mouth-piece of big business and so he carried the process of wishful thinking a good deal further and by a series of calculations, which I shall examine in detail in a minute or two, he arrived at a surplus of six crores and this, of course, gives him a basis for all the vote-catching amendments we are going to have during the next four days with regard to postcard, salt, super-tax on the smaller companies,—and, though I am not sure about him yet—the super-tax on the very rich man. And even when he has done all that, he leaves enough money over to make the deserts of India blossom like the rose and to create a citizen army of some crores as well. If my friends of the Muslim League are prepared to swallow all this there is almost nothing that they cannot be asked to digest. Let us take this process of the Leader of the Opposition a little further. Why not repudiate the debt and get another 12 crores? With that you can have plenty of money for the proper representation of the Muslims and the Sikhs in Government services. However, it is too easy to ridicule Mr. Desai's thesis in general terms. I must now come and subject it to dispassionate examination in detail.

[Sir James Grigg.]

The first count in the charge of under-estimating is, of course, the duty on sugar. The Leader of the Opposition took the Federation figures of 750 thousand tons of indigenous production and 150 thousand tons of imports and on this basis he arrives at an under-estimate of a crore and a half in revenue. He assumes that next year's budget is concerned with the present crushing season only, whereas the fact is that the next crushing season is at least as important. But points of that sort do not matter to people who not only want to make out a case for less taxation on the rich but also wish to prepare the ground for an argument in favour of keeping up the enormously high taxation on the consumer of sugar. I have seen and heard a large number of guesses at the imports of Java sugar in the coming months. They range from 50,000 tons to 300,000 tons and the intervening figures are 60,000, 70,000, 100,000 and the Federation figure of 150,000 tons. With an excisable production of 750,000 tons and an import of 50,000 tons the total revenue will be some 30 lakhs less than the amount I have provided in the budget. I would remind the House that the 50,000 tons was the figure given by Mr. Bajoria, and who am I to differ from one who unlike Mr. Bhulabhai Desai is a real financier? The budget estimates are about right with an import of 70 thousand tons. With an import of 100,000 tons and assuming 750,000 tons of indigenous production my figures are 50 or 60 lakhs too low. I am not going any further than this because I simply do not believe in the import of 150,000 tons of sugar with prices at their present level, not even if I am told it by Sir Abdoola Haroon as well as the Federation. Incidentally, I have not been able to get very complete information, but as regards what Sir Abdoola Haroon told us about vast imports being already not only been arranged, but shipped and placed in bond in Karachi and Bombay, I can give some interesting figures to the House. As far as I can make out the quantities of imported sugar which have paid duty in the three main ports, Bombay, Calcutta and Karachi since 1st January in round figures are: under 2,500 tons at Bombay, 1,500 tons at Calcutta and 4,500 tons at Karachi and the duty collected is under 15 lakhs. In contrast to the vast 80,000 or 90,000 tons which are said by Sir Abdoola to be in bond ready to be cleared as soon as the people have got the money to pay the duty, the actual figures are 200 tons at Calcutta, seven tons at Bombay and seven tons at Karachi. The further quantity expected, before the end of the financial year, are: 3,000 tons at Bombay, 250 tons at Calcutta and 3,500 tons at Karachi. That will produce, I suppose, another ten or twelve lakhs. Well, there you are. There are the 80,000 or 90,000 tons on which Sir Abdoola Haroon builds up his huge figure of 300,000 tons. I need not say anything more on this except that I still see no reason to believe in the figure of 150,000 tons advanced by the Federation. The furthest that I would be prepared to go would be to a figure of 100,000 tons at which figure we should get 50 or 60 lakhs more than I have provided in the budget.

Mr. S. Satyamurti: That exactly wipes out your deficit.

The Honourable Sir James Grigg: Wait a minute. I shall come to you in a minute.

Now, let us come to income-tax. Again, we had almost a verbal recital of the case put forward by the Federation. Mr. Bhulabhai Desai quoted all the clauses of the new income-tax Act which were designed to

bring in more money, but he carefully did not mention the clauses which made concessions to the taxpayers. Moreover, he carefully ignored all the alterations of the machinery clauses which were forced upon me in the Assembly and then he says, 'your estimate of 50 lakhs yield for the first year's working of the new Act plus the withdrawal of the exemption for leave pay is ludicrous'. Sir Cowasji Jehangir took the opposite line. "I always told you that you would not get big money and that you had better leave the poor millionaire alone." In my view both are wrong. In course of time I am sure we shall get much more than 50 lakhs a year from the working of the Act. But the penalty provisions do not come into full operation for eight years and it is no good, therefore, counting on the full yield in the first year. I repeat what I said on an earlier occasion, namely, that in this respect I shall be interested to see whether the Provincial Governments will write up their estimates of income-tax receipts at the invitation of the Federation and the Leader of the Congress Party in this House. Here, I might perhaps deal with Sir Cowasji Jehangir's point about the ordinary income-tax estimates, that is the estimate on the basis of the existing rates. Of course he got it all wrong. He said that my assumption of a decline of 81 lakhs, because of a fall in trade, profits, was unjustifiable. The argument is that the accounts are based on the calendar year 1938 and that only a few months of that year were bad ones. In short that the year 1938 was certainly no worse than 1937 and so it would be quite legitimate to repeat for 1939-40 the income-tax figures for 1938-39. But to me it is amazing that Sir Cowasji Jehangir can get up and say that most of the calendar year 1938 was prosperous. That may have been so for the unusually fortunate mill industry with which he is best acquainted and it certainly would be true to say this generally of the year 1937, for India only began to feel the effects of the trade depression on its revenue at the very end of 1937. But the first signs of recovery did not appear until half way through the calendar year 1938 and, even now, recovery is very limited and halting, which I am bound to say is no wonder when we remember all that has taken and is now taking place in Europe. The Leader of the Opposition also used this argument and so perhaps I may be forgiven for quoting again what I actually said in the budget speech which I think Sir Cowasji Jehangir at any rate misinterpreted:

"There are signs, notably the revival of confidence in the stock and commodity markets that took place last June, and the improvement in the foreign trade position that has continued since then, that the present depression will not be so prolonged as the last and should in the ordinary course give way to a general trade revival. On the other hand there is the continued uncertainty of the international political situation and it would perhaps be unduly optimistic to count on any marked revival in time to affect materially the accounts of next year."

I was talking about the customs then. Now in the paragraph relating to income-tax estimates:

"The preceding year has been on the whole a prosperous one, that is 1937-38, and the decline in trade did not appear until the last few months of it."

Of course, Sir Cowasji Jehangir was dealing with the calendar year which he said was the basis of the accounting year of trading concerns and my budget speech naturally dealt with financial years. "As I pointed out the trade recession which then set in was sharp" I do not think he can find in those two paragraphs anything that justified him in saying that my view was that the calendar year 1938 was a good one or at least that it was as good as the calendar year 1937.

[Sir James Grigg.]

But if it is any consolation to the Honourable the Baronet from Bombay I will expose one of the secrets of the prison house to him to the extent of telling him that so far from deliberately under-estimating the receipts from income-tax I, in fact, put up the departmental estimates in order to avoid a charge of under-estimating, but alas I have not succeeded! Before I close on the subject of income-tax estimates, I will again remind the House that, even if I have under-estimated, which I deny, every penny of the excess will go to the provinces and is not available for any central purpose such as reducing taxation or meeting deficits or giving away to the rich or the poor.

Now, Sir, I might say a word on Sir Cowasji Jehangir's assertion that customs have been under-estimated by at least a crore. The only specific signs of change here, to which I can refer you, are the following. I now believe that Lancashire piece goods have been over-estimated by at least 25 lakhs. That is on the basis of the existing duties, for the year about to close. The figure for jute export duty which I put at 420 lakhs is almost certainly ten lakhs too high and the returns of railway traffic for the first ten days of March are very disturbing indeed as an indication of the present state of trade. I have not got the exact figures with me but I think, my Honourable colleague will confirm that the returns for the first ten days of March show a decline of 47 lakhs as compared with the corresponding period of the year before. And if that is a good indicator of booming trade and booming Customs receipts I should like to know what a bad one is. Then we have to add to these specific indications the general effects of the disturbances in the western world and I say, without hesitation, that Sir Cowasji's desire to push up the figures has no basis whatever in fact. Incidentally, I might refer him to Mr. Ananthasayanam Ayyangar who said that Customs revenue was bound to show a continuous decline, however much we may try to arrest the process by wicked Griggian policies of smashing Indian industries and encouraging Lancashire and Japanese industries. I do not agree with him any more than I agree with Sir Cowasji Jehangir. But I would point out that there are one or two specific items which are bound to show a decline and a continuous decline and this year there is a new one. I again remind the House that on the basis of the introduction of the programme of prohibition put forward by the Finance Minister of Bombay we shall lose this year 30 lakhs and in a full year 40 lakhs of Customs revenue from this cause alone.

I now come to the expenditure side of the budget and first to defence. Not even the Leader of the Opposition accused me of over-estimating here nor can he very well do so. Indeed, as Sir Cowasji Jehangir pointed out, I have drawn on sinking funds to find money which I ought, if I had retained the full measure of my orthodoxy, to have found out of current revenue. And Sir Cowasji prophesied a rising defence budget, which seems a pretty natural conclusion to draw in the light of current events. But the Leader of the Opposition did say in general terms that defence can be cut so as to produce a large saving. And as he said so let me say at once that in the present state of world affairs it would be the height of folly to expect an actual reduction in defence expenditure. I hope we may avoid an increase but the prospects are not too favourable. The main requirement to produce this end is a successful outcome of the consideration by His Majesty's Government of the report of the Chatfield

Committee. As to this I am sorry I am not in a position, at the present moment, to say anything but I do not by any means despair of a successful outcome. On the other hand there is Waziristan. Mr. Abdul Qaiyum says we shall have to spend two crores there. This I believe to be fantastic. But we are very near to the 1st April and the operations are still going on. To the extent that these continue into the new year more money will be required, and I confess that I have made no provision for it. So far then from there being a margin here the exact reverse is the case.

Now, I come to the question of a pay cut and I ask the particular attention of Honourable Members here, because there is a good deal of rather wild talk going on on this subject. The Leader of the Opposition said that if the Resolution of this House had been given effect to, 200 lakhs a year would have been saved. Now, what are the facts? The Resolution proposed to exempt from the cut all people with less than Rs. 200 a month. That makes an enormous difference to the figures. The cut imposed in 1931 went much lower. Here, again, I speak from memory, but I believe that in fact it went down to remunerations of Rs. 40 a month in the railways and Rs. 30 in Posts and Telegraphs or even lower than that. I now understand from Mr. Bewoor that there was no lower limit for the cut in the Posts and Telegraphs Department. The cut of 1931 produced a saving of something like two crores a year on the railways and something over a crore in the Posts and Telegraphs Department and the rest of the Civil Departments. The greater part of the saving disappears if we exempt everybody up to Rs. 200 a month, and, indeed, I should put the figures at 80 lakhs a year for railways and 40 lakhs a year for the Posts and Telegraphs Department and the rest of the Civil Departments. Now the 80 lakhs from the railways goes straight to the provinces under the Niemeyer award and, therefore, is not available for any central purpose. The Centre will thus get only 40 lakhs, less the income-tax on 80 plus 40, i.e., 120 lakhs, or rather less than 30 lakhs in all. So that the two crores comes down to something less than 30 lakhs. But apart from that the considered view of the Government of India is that there is no justification for breaking a contract, whether that contract is explicit or implicit, with its own servants. It was authoritatively stated in Parliament, in 1931, that such a cut can only be justified as a temporary measure to meet a grave national emergency; and when a budget can be balanced with no more than 50 lakhs of extra taxation it is impossible to postulate the existence of such an emergency. So that, even the 30 lakhs disappears. What then is the result of all this? On sugar something or nothing of the figure of 150 lakhs given by the Federation and the Leader of the Opposition; on income-tax probably nothing, and if there is it goes to the provinces; on military expenditure we may have to provide more and we certainly shall not have to provide less. Even if we impose a pay cut, which we have no intention of doing, the Centre would gain a few tens of lakhs only. On the other hand Customs revenue has almost certainly,—in fact I will say certainly,—been over-estimated, specially taking into account the continuing decline in imports from Lancashire and the Bombay prohibition measures. Altogether, so far from there being six crores of margin to play with there is almost certainly no margin at all, and, certainly, not enough to enable us to do without the increased super-tax and the extra duty on raw cotton. But I really do not know why I should have bothered with all this analysis.

[Sir James Grigg.]

I need only have quoted Mr. Satyamurti in the *Tribune* of Lahore of the 9th March last:

"But I claim that this deficit of 50 lakhs of rupees is an artificial one and, indeed, that the deficit is very much higher. The extra expenditure which the Defence Department incurred last year of rupees one crore and more, over and above the budget provision, is bound to be repeated this year. Therefore, the deficit is bound to be increased at least by one crore of rupees."

I was going to warn Mr. Satyamurti that he had better be careful or he would very soon find himself on the mat. Surely he ought to know better than to give his opinion on the budget without consulting the Federation beforehand; but his speech this morning shows that the warning was unnecessary. He has already made amends, and more than amends. Indeed he has kissed the rod of the Federation in what seemed to me to be a particularly grovelling manner. However, I think I am entitled to appeal,—lest he should think that I am trying to insult him, I am only quoting from his own remarks about myself,—I think I am entitled to appeal from Philip drunk to Philip sober. As a result of all this I think we may agree with Mr. Desai's modest claim that he is no financier.

Now, Sir, I come to the specific items of new taxation. First of all, income-tax and super-tax.

I confess that I was surprised to hear the Leader of the Opposition and Sir Cowasji Jehangir join together in a dirge for the poor super-tax payer. It put me in mind of a well-known Labour Member in the House of Commons interrupting a millionaire who was weeping about the weight of taxation: "Give me the income and I'll pay the tax". The Leader of the Opposition called me a socialist. I can see that after Tripuri it is safe and even appropriate for the Honourable gentleman to use this as the worst term of abuse he can think of. Anyhow if to be sceptical about the hardships of the rich is to be a socialist, the socialists in the country must be in a very large majority. The pair of heavenly twins from Bombay said that I had promised to raise no more out of the slab system than we had hitherto raised out of the step system. I challenged them to produce a single statement which can possibly bear this meaning. They have not even attempted to do so and, therefore, I do not feel called upon to answer that allegation at all.

Next, the Leader of the Opposition pointed out that from the top slice of income we are taking as much as 9½ annas in the rupee. Quite right. The corresponding figure in England is 11 annas, and the slice begins lower down. But as I said when I interrupted him in his speech it is misleading anyhow; so I think I will give the House two specimen cases of incomes of what I may call comparatively rich men—one with four lakhs a year and the other with eight lakhs a year. On their whole incomes, these two comparatively rich men would pay Rs. 1.62 lakhs and Rs. 3.93 lakhs respectively, or 6.48 annas and 7.86 annas in the rupee. So, it is no good trying to throw dust in our eyes by quoting the rate on the top slice, which, anyhow, does not begin till a man has got at least five lakhs of rupees a year. Moreover, I would remind the House that these two comparatively rich men would pay just under nine annas and ten annas, respectively, in the rupee if they happen to live in England.

Then, Sir Cowasji Jehangir went on to argue that there were fewer millionaires in India than in the United Kingdom and, therefore, they

ought to be subject to a lower rate of taxation. The figures I have given show that they are, even after I have done my worst. But capacity to pay is of course measured not only by the absolute level of the income, but partly also by its relation to the general income-level of the country as a whole; and on this basis the scale of super-tax in India surely ought to be steeper than it is in the United Kingdom, whereas, even if or after the present Finance Bill becomes law, the exact reverse will be the case. For the present I shall only just mention the question of super-tax on small companies because I have no doubt we shall hear more of that when we come to the clause; but in passing I want to say one thing. In talking of a reduction of six per cent. in profits the Leader of the Opposition was, of course, literally correct: and yet it seemed to me—I do not know how it struck the other Members of the House—that his words were capable of conveying a misleading impression. Let us take eight per cent. on capital as quite a good rate of profit: in fact I should think that in present circumstances it is an extremely good rate of profit. Then of course a reduction of six per cent. in that figure, making it two, reduces the profit to very small dimensions indeed; and that was the meaning of which, it seemed to me, was capable of being drawn from the Leader of the Opposition's remarks. Of course the reduction is six per cent. of eight per cent., or half per cent., and the concern is still left with a profit of 7½ per cent., which is quite a different story. Or, taking a figure of profit of Rs. 20,000 we propose to take Rs. 1,250 of this, whereas, quite true, nothing has been taken at all hitherto. In the case of the small income, quoted by Sir Abdul Halim Ghuznavi, with no more than Rs. 2,000 a year of profits, the amount that is abstracted is Rs. 125. I think it is very difficult to base a case of ruination on figures of that magnitude.

Similarly, I propose to leave over the question of *khandsari* sugar until we come to the clauses. But in order to provide the proper background for the consideration of this question I would like to read to the House a description taken from an actual case of a typical cottage industry producing this type of sugar. It is a factory which has two centrifugals and producing 11,000 maunds of sugar a year. The number of people working the centrifugals is 12, and the centrifugals are in a building on one side of the road. Almost exactly opposite the rest of the cottage is situated, and in that cottage or extra cottage or part of a cottage across the road, where there is no machinery, the number of people employed is 50: so that in this cottage there is produced 11,000 maunds of sugar a year and there are employed 62 men. I am bound to say, if I were allowed to describe that kind of cottage in slang terms I should say that it is some cottage.

Mr. Badri Dutt Pande: Whose account is this? Who has sent this account?

The Honourable Sir James Grigg: The excise inspector who visited it.

Mr. Badri Dutt Pande: He is a subordinate.

The Honourable Sir James Grigg: The Honourable Member obviously has a good knowledge of the methods adopted in his own organisation. He had better not, without proof, assume too freely that those methods apply else where at any rate he had better not do it outside the House.

[Sir James Grigg.]

Finally, I come to raw cotton. In doubling the duty on this, I have as I prophesied brought a regular storm about my ears. Some people like Sir Cowasji Jehangir have made their case forcefully it is true and quite reasonably, but not, as I shall presently prove, entirely accurately. Others have been quite different and I should like on what is possibly about the last considerable speech I shall have to make in India to repeat a protest which I have already made in this House in another connection. Wherever in India big business interests are asked to give up some part of the undue privileges which by whatever means or for whatever time they have come to enjoy, they have one invariable technique for combating it. They scream that I or whoever else it happens to be have been suborned by British Imperialist or British business interests and am concerned only to cut the throat of these indigenous enterprises who are so bravely—and incidentally so profitably to themselves—keeping aloft the flag of Indian nationalism. Now, this is a usual if not very creditable method adopted by big business, in whatever country, for getting a free hand to exploit the needs of their own countrymen without the necessary check in the shape of cheap goods from outside. But the results in India have been rather terrible. As I say, without fear of contradiction, a very large part of the racial hatred which today exists in India has been stirred up by these same interests for their own commercial ends. As a matter of fact, I think that this canker is one which, if it is not checked, will ultimately destroy capitalism. The Honourable the Leader of the Opposition accused me of being a socialist. I am not a socialist. Economically I believe in private enterprise but whether a system which lends itself to the stirring up of hatred, strife, ultra-nationalism, communalism and all that sort of things for no other purpose than private gain is morally tolerable is another question. After my five years in India nothing that some of the big interests can do surprises me,—I do not wish to imply that what I am saying now applies generally or even for the greater part of business,—nothing that some of the big interests can do surprises me,—but what does surprise me, quite frankly, is, that the Congress Party with its creed of truth and non-violence can so easily be got to back up their nefarious designs. Take Mr. Sham Lal,—I do not think he is here,.....

An Honourable Member: He is here.

The Honourable Sir James Grigg: Mr. Sham Lal, with his usual stream of poison gas, said that by this one measure I am ruining the textile industry in India for the sake of pleasing Lancashire. Then, we have the spectacle of,—perhaps I am not inaccurate in describing him as an urban *bania*—Mr. Sami Vencatachalam Chetty warning his *kisan* and labourer friends and constituents (Professor Ranga will note this) about that wicked fellow Grigg who wants to ruin the industries of India. Then I noticed that Mr. Gadgil devoted the whole of his speech to the same text. But really, if I may say so, with not too much respect, this really is about the silliest nonsense I have ever heard, and to rebut it I only have to repeat the figures I gave to the House the other day. In the middle twenties Lancashire sent to India nearly 3,000 million yards of cloth. The figure today is barely 200 million yards. As a matter of fact, among responsible exponents of the millowners' case, it is freely said that this increase in duty will not help Lancashire at all, but it will

really only help Japan. Well, I mind being called a friend of Japan even less than I mind being called an agent of Lancashire, but I will come back to that presently.

In some ways I think I have made a mistake in allowing myself to be dragged off the ground I took up in presenting the Budget, where, though I was very careful to anticipate and rebut in advance the accusation that my motive was to damage indigenous industry, and I also said incidentally that what I was doing, might do something to promote the growing of larger staples of cotton in India, I based my proposal entirely on the need of money and supplying this need with as little pain as possible.

The millowners say that the increase of duty will do no good to the cotton growers and that India can't possibly grow long staple cotton. Well, Sir Abdoolah Haroon yesterday told us that India could. Sir William Roberts, the largest single grower of cotton in India, wrote to the papers and said that the increase will do good, and lest you should wish to reject his testimony on racial grounds, I will quote two authorities who are above reproach on such grounds. I am quoting two extracts from the *Statesman* of the 1st March:

"Mr. Aney welcomed the levy of duty on foreign cotton and hoped that cotton growers would take advantage of it in cultivating more long staple in India."

Mr. M. S. Aney: Read the whole of it.

The Honourable Sir James Grigg: I am going to read the whole of it:

"He, however, did not like the advantage to take the form of a revenue duty which could be taken off at the fancy of any Finance Member without giving adequate notice to the interests concerned."

I rather understood Mr. Aney today to hedge, and I have no doubt that, before the clause comes up he too will have kissed the rod but today I tell him that I think that in his case first thoughts are always best.

I quote, again, from the *Statesman* of the 1st March, Prof. Ranga:

"I welcome the reduction in the excise duty on *khandsari* sugar and also the import duty on cotton. But our *kisans* want an embargo on all cotton imports and the shifting of the total incidence of sugar excise duty on to the manufacturers, or its abolition, since it today falls on the cane growers."

I do not think I need say anything more about that aspect of the question, except to read a short passage from yesterday's *Statesman* from an article headed "Punjab Cotton":

"Premiums for 4 'F' have been well maintained, and are inclined to harden. There has been a further advance in the 289 F basis. Bombay mills have shown more interest in this type of cotton and the recent legislation whereby the duty on foreign cotton was doubled is making itself increasingly felt in the prices asked for indigenous long staple cotton."

As regards Sir Cowasji Jehangir's characterisation of my four points as rubbish, I am bound to say that I am quite impenitent, and I have found ample confirmation of my ascertions in a re-reading of the Bombay Textile Labour Inquiry Report. The constitution of that Committee was such that it is bound to command the respect of my friends opposite:.....

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Adversity makes strange bed-fellows.

The Honourable Sir James Grigg: Perhaps the House will bear with me while I read one passage on the question of the substitutability of

[Sir James Grigg.]

foreign cotton by Indian cotton:

"The estimates of additional profit due to the fall in the price of cotton will vary from centre to centre in proportion to the consumption of Indian and foreign cotton in the preceding years."

I am not trying to make from this passage any point except that there is a range over which Indian and imported cotton are substitutable . . .

Mr. S. Satyamurti: When? How soon?

The Honourable Sir James Grigg: Let me read the paragraph. I mean from day to day. I am sorry if I misunderstood the Honourable Member's question,—the demand shifts from Indian to American from day to day in accordance with the parity. It is not a question of planting new crops.

"The estimates of additional profit due to the fall in the price of raw cotton will vary from centre to centre in proportion to the consumption of Indian and foreign cotton in the preceding years. We deliberately say preceding years, because any substitution of foreign cotton for Indian during the current year will be the result not so much of the needs of production as of the price relationship in favour of foreign cotton. More American cotton may be bought not because the character of the production requires it (this is evidenced by the small consumption of American cotton in the last two or three years) but because the advantage to be obtained from its purchase is even greater than the advantage obtained from the purchase, as in former years, of Indian cotton. Purchases of American cotton may thus be said to represent even an extra source of profit, which, however, we shall ignore."

If Honourable Members want to know something about the question of cloth prices and of Sir Cowasji Jehangir's rebuttal of my contentions in this respect, they can read the very next paragraph in the Bombay Textile Labour Inquiry Report, paragraph 116, and they will get a good deal of very interesting and relevant material. This and other passages of that report, which I could quote if I had time, would establish clearly my case as to the profitability of the industry. I said in an earlier speech that the effect of this duty on the cost of production in the case of mills using entirely imported cotton was an increase of three per cent. The Leader of the Opposition says four per cent. I think my figure is nearer, but I am not going to quarrel with him about a single digit. Now, it seems to me idle to argue that even a four per cent. increase in the cost of production of a section of the industry which, anyhow, covers only about one-fourth of the output and which enjoys a protection of 20 to 25 per cent. against Lancashire and of 50 per cent. *plus* a very rigid quota against Japan will cause complete ruin. As I have already pointed out, the receipts from the duty on imported Lancashire goods during my term of office have fallen from 287 lakhs to under 100 lakhs, and that, in spite of a reduction in the duty of five per cent. And, as regards Japan I shall quote another sentence or two from paragraph 77 of the Textile Labour Report:

"Firstly, a country exporting goods under a quota restriction has ordinarily no incentive to depress prices unduly. Secondly, though the imports from Japan reached an unusually high level in October, 1937, they do not yet seem to have had any depressing effect on the prices of cloth in India."

Anyhow, if there is an increase in Japanese imports, it can only be as a consequence of increased purchases of Indian cotton, and that will more than compensate the grower for any slight damage to the millowner. On the other hand, the millowner who is to bear the pain has no feeling for the pleasure or advantage of the cotton grower. The truth is that there is an incurable absence of logic and consistency from the case of the millowners. "We shall be ruined by Lancashire. No, we shall not—we shall be ruined by Japan". "It is unpatriotic to buy foreign cloth—it

is an act of the highest patriotism to buy foreign cotton" and so on. Perhaps, the millowners will allow me, in conclusion, to offer them one piece of advice, and that is, not to shout quite so much about the impossibility of growing long staple cotton in India. One of the general conditions laid down—and I am quite aware that one of the Tariff Boards gave reasons which appeared to me to be completely unconvincing for making an exception in the case of the cotton textile industry—one of the conditions laid down generally by the Fiscal Commission for the grant of protection was that there should be an abundant supply of raw materials available in India. If a certain section of the industry maintains so very stridently that they cannot get their raw material in India, they must expect the riposte—then you are not entitled to protection at all—and protection of 50 per cent. *plus* a quota is a very high level indeed.

Finally, I come to Mr. Satyamurti's speech. He blamed me for a great many sins of omission, including the omission to give an account of my stewardship. Some of the things he said I ought to have done, I certainly have not done. For example, I can imagine no financial policy which will turn a dishonest or an incompetent banker into an honest or a competent one; nor can I think of a financial policy by which I could have changed the policy of Herr Hitler or even His Majesty's Government's reversion towards it. Equally, if I am to argue in this vein, I cannot think of a financial system which will create communal unity in India, nor one which will make the Ganges run backwards. But in a few points Mr. Satyamurti did immerge on reality and I will try to answer him in regard to these. He asked, has India's balance of trade improved during my term of office? Here are the figures.

An Honourable Member: Merchandise.

The Honourable Sir James Grigg: Merchandise I will give. I had every intention of giving only merchandise. In 1934-35 the favourable balance was 23 crores. I ought to have said that I am taking the figures for India and Burma together, for only by that means can I get a true basis of comparison. The figures for India alone were not compiled before the separation. In 1934-35 favourable balance 23 crores; 1935-36, 30 crores; 1936-37, 78 crores. I may point out that this was an abnormal year for two reasons. There was an abnormal demand for or what I may call a heavy stoking up by Japan with Indian cotton that year, and also it was the peak year of prices before they fell. The favourable balance in 1937-38 was 42 crores, and in the eleven months of 1938-39 which have passed and for which figures are available, 41 crores.

Again, Mr. Satyamurti asked whether the prices of primary products have gone up or down in my time. I will give him the figures. I take the two dates, the 7th April, 1934, and the 18th March, 1939. The standard is 19th September, 1931, the date on which the United Kingdom left the gold standard, and that is the basis of 100. 7th April, 1934, and 18th March, 1939, two sets of figures:

Rice—81 and 99.

Wheat—112 and 143.

Ground nuts—63 and 84.

Cotton—cotton is the one case where the figures are very bad. Cotton 136 and 111.

Jute—92 and 143.

Linseed—110 and 125.

[Sir James Grigg.]

The answer to Mr. Satyamurti's question is there. I do not claim that the improvement is as great as could be wished. Events in the outside world have clearly prevented that, but I do say that things are definitely better and that they would be much better still but for internal and external unrest and disturbances. He has again cast an accusation against me personally that I have done nothing whatever to raise the standard of social services expenditure or to enable the provinces to do so. In proof of this, he instanced the cessation of the rural development grant after two years, and Mr. Gadgil was good enough to attribute a much more blameworthy motive for the cessation of these grants. But Mr. Satyamurti at any rate knows, and Mr. Gadgil ought to know because it has been said often enough, that the reason for the cessation of these grants was simply that under the new constitution, even more than under the old, the responsibility for nation building rests upon provinces, and that I abandoned the idea of annual grants specifically for rural development and concentrated on starting the provincial finances off on an even keel. This Mr. Satyamurti admits that I have done, and the House knows that this very budget contains in one shape or another ten or twelve crores which have been given or surrendered to the provinces. But Mr. Satyamurti says they are not on an even keel now. The Centre is, at any rate, doing its best. We have still to provide 5½ crores a year more under the scheme of devolution of income-tax laid down by Sir Otto Niemeyer, and I hope that in course of time the new Income-tax Bill will go a very long way to enable us to do this smoothly and without new burdensome taxation at the Centre. What are the provinces doing? Mr. Satyamurti says they are surrendering and must surrender 20 crores of revenue over their prohibition policy. All right, but do not blame me for that. Quite frankly, it is beyond the power of the Centre to pay for this policy, and I think it is a little unreasonable to expect that we should do so.

Perhaps, in conclusion, I might be allowed to give Mr. Satyamurti a word of friendly warning, and he will forgive me, because people on their deathbeds are allowed a certain amount of latitude. He from his position of freedom is very apt to throw about condemnations, because results are not achieved quickly in the social service sphere. Is he not giving for himself and his friends in the Provinces hostages to fortune? Let him remember that "with what judgement ye judge, ye shall be judged". And it is the Provincial Governments who are now entrusted with the task. Let me end with one example. Both Mr. Satyamurti and his Leader sneered at the Home Member and invited him to take himself off, now that the Provinces are responsible for law and order. Dare one in this connection mention Cawnpore, Budaon, Benares? Dare one mention Dera Ismail Khan? "With what measure ye mete, it shall be measured to you again"!

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandasari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax be taken into consideration."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 22nd March, 1939.

LEGISLATIVE ASSEMBLY.

Wednesday, 22nd March, 1938.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

CUT IN THE SALARIES OF GOVERNMENT SERVANTS.

1221. *Mr. Abdul Qaiyum: Will the Honourable the Finance Member please state:

(a) whether he has read the following statement of His Highness the Aga Khan, published on page 6 of the *Statesman*, dated the 22nd February, 1939:

"It was inexcusable that a poor country like India should continue to pay salaries three times as large as salaries ruling in rich countries like France, Germany and Japan. He considered that the argument that with a reduction of salaries there would be a falling off in efficiency was untenable as the country was not devoid of public-spirited and self-sacrificing men and women";

(b) whether in view of the above and the persistent demand, Government have considered the question of a substantial cut in higher salaries; and, if so, with what effect; and

(c) whether Government are prepared and willing to abide by the verdict of this House in this matter; if not, why not?

The Honourable Sir James Grigg: (a) Yes.

(b) and (c). Revised rates of pay for new entrants to Government service have now been in force for some years and are having their effect. So far as existing members of the Services are concerned, Government have no intention of imposing a cut in pay.

Seth Govind Das: Is there any country in the world where Government servants are paid so much as in India?

The Honourable Sir James Grigg: The Honourable Member had better put down a specific question about that.

Mr. Abdul Qaiyum: May I ask if these revised scales of pay do include the pay of new entrants in the Indian Civil Service and the Indian Police?

The Honourable Sir James Grigg: I think not.

(2531)

Mr. Abdul Qaiyum: May I know what particular services these revised scales of pay will cover?

The Honourable Sir James Grigg: I think most of the other services.

Mr. S. Satyamurti: May I know whether Government have come to the final conclusion that in the absence of a grave national emergency, whatever that phrase may mean, they would not consider any cuts in salaries of their servants?

The Honourable Sir James Grigg: That, I think, is the implication of what I have just said.

Mr. Abdul Qaiyum: May I ask whether the question of the cuts in salaries was considered by the Government of India? If so, when was it last considered?

The Honourable Sir James Grigg: The Honourable Member can have the information I have given him. I do not think I am called upon to give him specific information about the domestic machinery of Government.

Mr. S. Satyamurti: Whenever Government propose to increase taxation, should they not examine the possibility of a cut in salaries first before increasing the burden of taxation on the people of this country?

The Honourable Sir James Grigg: The only way in which I can answer that question is that in connection with every budget all relevant considerations and all possible forms of meeting any deficit and all possible forms of giving relief, when any is available, are taken into account.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

CUT IN THE SALARIES OF GOVERNMENT SERVANTS.

1222. *Mr. Abdul Qaiyum: Will the Honourable the Finance Member please state:

- (a) whether Government have corresponding figures for salaries paid in France, Germany and Japan, and, if so, whether the above are much less than the scales allowed in India; and
- (b) whether Government are prepared to appoint a Committee of this House to report on the question of a cut in higher salaries?

The Honourable Sir James Grigg: (a) Government have no information on the subject.

(b) No.

Mr. Abdul Qaiyum: May I know if Government will collect the necessary information as to the highest salaries paid in the three countries mentioned in my question.

The Honourable Sir James Grigg: I think Mr. Som gave some information, but I do not know whether it is accurate or not.

Mr. Abdul Qaiyum: What is the highest salary paid in the three countries mentioned in part (a) of the question?

The Honourable Sir James Grigg: I have answered that.

Mr. Badri Dutt Pande: In view of the fact that the provinces have reduced the salaries, is it the intention of the Government of India to revise the scale of the salaries of higher officials?

The Honourable Sir James Grigg: I have answered that question in the negative.

Mr. Lalchand Navalrai: May I know if there is any book in the Library from which we can get the information as to how much pay is given in other countries?

The Honourable Sir James Grigg: I am sorry but I have not studied the catalogue of the Library.

Mr. S. Satyamurti: May I know why Government refuse to appoint a Committee of this House to report on the question of a cut in higher salaries, especially in view of the fact that all Provincial Governments are now engaged in the task of reducing the salaries, and it will be only the Government of India who have refused to reduce the salaries?

The Honourable Sir James Grigg: If the Government of India have already decided not to cut the salaries of Government servants, it seems rather a work of supererogation to set up a Committee like that.

Mr. S. Satyamurti: May I ask why Government do not propose to have the opinion of this House whether their decision is right, or whether it requires a revision?

The Honourable Sir James Grigg: The decision of Government is based on the general consideration that short of a grave national emergency, there is no reason for breaking the contract, whether it be explicit or implicit, with its own servants.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

APPOINTMENTS IN THE INDIAN CIVIL SERVICE AND INDIAN POLICE IN THE PROVINCES.

1223. *Mr. Kuladhar Chaliha: Will the Honourable the Home Member please state:

- (a) the number of appointments in (1) the Indian Civil Service and (2) the Indian Police Service in the different Provinces of India (please show separately Province by Province); and
- (b) the number of such appointments held by (i) the people of the Province; (ii) the number held by Indians from outside the Province; (iii) the number held by Europeans; and (iv) the number of such appointments held by Indians and Europeans from the Provincial Service by promotion?

The Honourable Sir Reginald Maxwell: (a) and (b). The strength of the Indian Civil Service and the Indian Police to be determined under section 244 (3) of the Government of India Act, 1935, has not yet been

fixed. I lay on the table a statement showing the actual strength of these two services on the 1st January, 1938, the latest date for which detailed figures are available. I regret I have no information regarding the provinces of origin of Indian officers serving in the different provinces.

Statement showing the actual strength of the Indian Civil Service and the Indian Police on the 1st January 1938.

Indian Civil Service.

Province.	Europeans.	Indians.	Listed posts held by officers promoted from the Provincial Civil Service.
Madras	84	79	20*
Bombay and Sind	63	59	14
Bengal	101	75	22
United Provinces	115	82	22
Punjab	96	54	18
Bihar and Orissa	63	44	13
Central Provinces	42	38	7
Assam	26	11	4
	590	442	120
		561	

Indian Police.

Province.	Europeans.	Indians.	Listed posts held by officers promoted from the provincial police service.
Madras	44	16	7
Bombay	57	8	9
Bengal	69	24	12
United Provinces	72	21	11
Punjab	81	16	9
Bihar and Orissa	39	17	5
Central Provinces	37	10	5
Assam	17	4	3
	416	116	61
		177	

* Includes one European Officer who is of Indian domicile.

DISPUTE ABOUT A MOSQUE IN THE COMPOUND OF THE HEADQUARTERS, PESHAWAR DISTRICT AND BRIGADE.

1224. *Mr. Abdul Qaiyum: Will the Defence Secretary please state:

- whether there is a dispute about a mosque in the compound of the Headquarters, Peshawar District and Brigade, between the authorities and the Muslim Association, Peshawar Cantonment;
- if so, the points at issue between the two; and
- whether Government propose to effect a settlement in accordance with the facts as they exist, and if not, the reasons therefor?

Mr. C. M. G. Ogilvie: (a) and (c). Yes.

(b) The area alleged to be occupied by the mosque.

Mr. Abdul Qaiyum: With reference to part (b) of the question, may I know if Government have any objection to recognising the area now actually under the mosque as the area belonging to the mosque?

Mr. C. M. G. Ogilvie: The matter has been gone into very carefully and the whole of the area which is considered either to form part of the mosque itself or which is being used for any other purpose connected with the mosque has been demarcated.

Mr. Abdul Qaiyum: May I know if there is any area existing at present about which there is a dispute between the managers of the mosque and the military authorities?

Mr. C. M. G. Ogilvie: I do not know whether the managers of the mosque and the military authorities have agreed on the last demarcation, but I imagine that they either have or will.

Mr. Abdul Qaiyum: May I take it, therefore, that the matter has now been finally settled amicably?

Mr. C. M. G. Ogilvie: That I am not sure about.

EFFECT ON THE POSTAL AUDIT OFFICES IN INDIA OF THE SEPARATION OF BURMA.

†1225. *Mr. M. Ananthasayanam Ayyangar: (a) Will the Honourable the Finance Member be pleased to state the effect on the different Postal Audit Offices in India of the separation of Burma from India, with effect from the 1st April, 1937, in regard to the following:

- the number of posts abolished on the 1st April, 1937;
- the number of vacancies that occurred during the official year 1936-37;
- the number of persons transferred to Rangoon;
- the number of persons granted compensation pension; and
- the number of persons who were absorbed in vacancies either before or after 1st April, 1937?

† Answer to this question laid on the table, the questioner being absent.

(b) Were any posts newly created subsequently on account of the separation of Burma causing some change in the system of auditing and accounting money order transactions between India and Burma, and if so, what was the number so created in each office and the dates from which they were created and the mode of their being filled up?

(c) What was the amount of pensionary liability the Government of India had to pay to the Government of Burma on account of the previous service rendered by the officials transferred to Burma from the Postal Audit Offices and how was it paid—whether in a lump sum or by a number of equated periodical payments or by the transfer of some capital assets with particulars for the same?

(d) If no liability was accepted, what steps did the Government of India take to safeguard the interests of the officials concerned?

The Honourable Sir James Grigg: Information is being collected and a reply will be laid on the table of the House in due course.

PROTECTION TO THE INDIGENOUS SALT INDUSTRY.

1226. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

(a) whether any Indian salt works were closed down after the withdrawal of the protective duty on imported salt last year; if so, how many;

(b) what is the price at which foreign salt is being sold in Bengal; and

(c) whether Government have any intention of giving some protection or aid to the indigenous salt industry in the mainland of India; if not, why not?

The Honourable Sir James Grigg: (a) The Honourable Member's attention is invited to the answer given to part (c) of Mr. Lalchand Navalrai's starred question No. 146 on the 6th February, 1939.

(b) A statement is laid on the table.

(c) I would refer the Honourable Member to my answer to his supplementary question to question No. 496 by Mr. Manu Subedar answered on 18th February, 1939.

Statement showing quotations of foreign Salt in Calcutta for the week ending the 1st March, 1939.

Description of salt.	Ex-ship price per 100 maunds (excluding duty) subject to private rebate.
Hamburg Fine	Rs. 47
Hamburg Rock	47
Liverpool	55
Ras Hafun Fine	53
Ras Hafun Kurkuteh	27
Little Aden Fine	35
Little Aden Kurkuteh	27
	35

Mr. S. Satyamurti: May I know with reference to the answer to part (b) of the question, what is the lowest price at which foreign salt is being sold in Bengal?

The Honourable Sir James Grigg: The prices range from Rs. 55 to Rs. 27, and one of the 27 figures is Aden. I do not know whether the Honourable Member will call that foreign.

Mr. S. Satyamurti: Having regard to the serious competition of foreign salt with Indian salt, may I know the reasons why Government do not propose to give a decent chance to the indigenous salt industry, especially as the people and the Government of Bengal seem to be very anxious to develop salt works in their own province?

The Honourable Sir James Grigg: They have been anxious for the whole period during which the previous scheme was in operation, but they were completely unsuccessful with the proceeds of the previous duty which were given to them to develop the industry.

Mr. S. Satyamurti: Have the Government of Bengal since addressed the Government of India for the necessary protection for them to develop the salt industry in Bengal?

The Honourable Sir James Grigg: The answer to which I have referred contains the answer to that.

Mr. S. Satyamurti: May I know whether the Government of India have finally decided that no protection is to be given to the salt industry in Bengal or in this country, to the extent to which it is required to replace absolutely foreign salt?

The Honourable Sir James Grigg: The Honourable Member is, if he studies the question properly, in an incurable dilemma. The imports of salt from non-Indian sources have decreased. There has been a certain substitution of Aden salt by foreign salt, but the actual total of imports has decreased. If he can make out a case for protection on that basis, I will be very glad to see it.

Mr. Lalchand Navalrai: If it can be proved that the imports from Aden have not decreased, will the Honourable Member be prepared to give protection?

The Honourable Sir James Grigg: It is a hypothetical question, but to the best of my knowledge the imports from Aden have decreased.

RESTRICTIONS ON ADVOCATES OF HIGH COURT IN INDIA PRACTISING IN DELHI COURTS.

1227. ***Mr. S. Satyamurti:** Will the Honourable the Home Member please state:

(a) whether there are any restrictions on advocates of High Courts in India practising in the courts of Delhi;

(b) if so, what they are; and

- (c) under what law or regulations such restrictions are placed on advocates of High Courts in India practising in the courts of Delhi?

The Honourable Sir Reginald Maxwell: I would refer the Honourable Member to the answer given to Mr. Mohan Lal Saksena's starred question No. 1071 on the 15th March, 1939.

Mr. S. Satyamurti: I remember the particular answer that the Honourable Member gave. There were some restrictions in so far as practising in the courts of Delhi are concerned which are under certain rules laid down by the High Court. May I know whether the Government of India will take up the matter with the Courts of Delhi and see that such restrictions on the Advocates of other High Courts in India from practising in Delhi courts are removed?

The Honourable Sir Reginald Maxwell: The case to which I referred in answer to Mr. Mohan Lal Saksena's previous question rests on a ruling of the Lahore High Court which I am afraid I am unable to discuss or criticise in this House.

Mr. S. Satyamurti: Apart from passing any strictures or criticisms on the rulings of the High Court, which I do not want to be done, may I know whether Government will take steps to ask the High Court to exercise their rule-making powers in some manner so that the Advocates of other High Courts will be allowed to practise in Delhi Courts?

The Honourable Sir Reginald Maxwell: It is not a matter of rule-making power, but it is under the Bar Councils Act and the Legal Practitioners Act.

Mr. T. S. Avinashilingam Chettiar: May I know whether the Advocates of the Lahore High Court can practise in the Delhi Courts?

The Honourable Sir Reginald Maxwell: I understand so.

Mr. T. S. Avinashilingam Chettiar: If the Advocates of Lahore High Court can practise in Delhi Courts, will the Honourable Member kindly see the injustice of not allowing Advocates practising in other High Courts in India to practise in Delhi Courts?

The Honourable Sir Reginald Maxwell: The Delhi Courts are under the Lahore High Court and therefore those practising in Delhi Courts are already enrolled on the Lahore register.

PENSIONS TO INFERIOR SERVANTS OF THE GOVERNMENT OF INDIA.

1228. ***Mr. B. Das:** Will the Honourable the Finance Member please state:

- (a) whether inferior servants employed under the Government of India such as daftries, record sorters, peons, etc., are entitled to pension at the rate of half of their pay; and

- (b) whether jamadars and dafadars receive pension at a lower rate, and if so, why they are being treated differently from other inferior servants?

The Honourable Sir James Grigg: (a) and (b). I would draw the Honourable Member's attention to the Central Subordinate (Inferior) Services (Gratuity, Pension and Retirement) Rules published under Notification No. F-6 (48)-R. II/35, dated the 19th of March, 1936, in the Government of India Gazette dated the 21st of March, 1936, a copy of which is in the Library of the House. Government consider that the rates of pension admissible to jamadars and dafadars are fully adequate.

Mr. N. M. Joshi: May I ask whether the Government of India propose to revise the rates so as to bring them in line with the rates paid to the subordinate services?

The Honourable Sir James Grigg: I think that is answered by implication in the last three lines of the answer which I just read out.

Mr. N. M. Joshi: May I ask whether the Honourable Member is aware that during the discussion on the Resolution moved in 1937, the Honourable Member in his own speech stated that there was a good case for revising the pension rules in the matter of reducing the qualifying period from 40 to 30 years?

The Honourable Sir James Grigg: I said there was something to be said for it and that in course of time it might be considered. The Honourable Member will also remember that I said that the time will be ripe for consideration sometime after my departure.

Mr. B. Das: With reference to part (b) of the question may I know why the Notification which the Honourable Member referred to imposes such hardship on jamadars and dafadars while it is dealing fairly with daftries and others?

The Honourable Sir James Grigg: I do not admit there is any discrimination. If there is it is due to varying circumstances.

EFFECT OF THE INCREASED DUTY ON THE IMPORT OF RAW COTTON.

1229. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state with regard to the increased duty on the import of raw cotton whether any enquiries were made by the Government of India as to the effect of this increased duty on the competition of goods of Indian textile mills with imported goods especially from Lancashire?

The Honourable Sir James Grigg: All aspects of the matter were considered by Government.

Mr. S. Satyamurti: I want a specific answer to my specific question. My question was:

"Will the Honourable the Finance Member please state with regard to the increased duty on import of raw cotton whether any enquiries were made by the Government of India as to the effect of this increased duty on the competition of goods of Indian textile mills with imported goods especially from Lancashire?"

I want to know whether any enquiries were made, and, if so, from whom, and what are the results of that enquiry?

The Honourable Sir James Grigg: If the Honourable Member means public enquiry, then my answer is, no. Government studied all the information at their own disposal.

Mr. S. Satyamurti: What is the information in possession of Government as regards this specific matter of the doubling of the duty on raw cotton with the resultant increased facilities given to foreign goods in competition with Indian textile goods?

The Honourable Sir James Grigg: All the information in regard to the industry which is available in the Government of India.

Mr. S. Satyamurti: May I know whether on a perusal of the information the Government came to the conclusion that this duty will not end in an indirect subsidy or help the Lancashire and Japanese textiles, cloth and yarn, or whether they came to the conclusion that there would be some help and that the help was worth giving? If so, why?

The Honourable Sir James Grigg: The Honourable Member must be quite clear now that I have made three speeches at considerable length on this subject as to what conclusion we came to.

ADVICE OF THE FEDERAL COURT ON THE SALES TAX OF THE CENTRAL PROVINCES.

1230. *Mr. S. Satyamurti: Will the Honourable the Finance Member please state with reference to his budget speech about the advice of the Federal Court on the sales tax of Central Provinces:

(a) whether Government have taken or propose to take any steps for bringing about mutual forbearance as recommended by the Chief Justice between the Government of India and the Provincial Governments;

(b) if so, what those steps are; and

(c) if no steps have been taken, the reasons why no such steps have been taken so far?

The Honourable Sir James Grigg: (a) to (c). I would refer the Honourable Member to my speech in this House on the 10th March, 1939, in reply to Mr. Buss's cut motion on the demand under the head "Executive Council".

Mr. S. Satyamurti: The Honourable Member simply said that Government were not considering it now, and that they have not made up their mind one way or the other. I want to know what steps Government contemplate taking with regard to promoting this mutual forbearance between the Government of India on the one hand and the Provincial Governments on the other.

The Honourable Sir James Grigg: If he will refer to the speech, the Honourable Member will find that it was not so barren and negative as he supposes.

Mr. S. Satyamurti: I want to ask the specific question whether Government propose to summon at a very early date a conference between themselves and the Finance Members of Provincial Governments, with a view to explore this question and other similar questions.

The Honourable Sir James Grigg: The Honourable Member will find that question answered in that speech.

TRANSFERS BY PARTITIONS OF GRANT SITES IN CANTONMENTS.

1231. *Mr. Sham Lal: (a) Will the Defence Secretary be pleased to state whether Government are aware that in Cantonments in India a transfer by holders of old grant sites bearing one number, of a part of a site is prohibited by the military authorities, and the Military Estate Officers call upon the transferees of sub-divided portions to execute new leases under Schedule VIII of the Cantonment Land Administration Rules, 1937, in favour of Government?

(b) If the answer to part (a) be in the affirmative, will Government please (i) quote any law justifying such a procedure, or (ii) state whether they propose to issue instructions to the Military Estate Officers to stop this practice in the matter of transfers by partition of old grant sites?

Mr. C. M. G. Ogilvie: (a) and (b). I refer the Honourable Member to the reply I gave to his starred question No. 1041, on the 15th instant and the supplementary questions arising therefrom.

Mr. Lalchand Navalrai: May I know what harm is being done to the Military Department if these persons, who have been given grants, transfer them for a time when their grants exist?

Mr. C. M. G. Ogilvie: Probably there is no particular harm done to the Military Department. But the rules of the Military Department require that such transfers should be registered. That is all. They have no intention of penalising people who do these things.

Seth Govind Das: Whenever an application is made, is it generally registered or are objections raised in this behalf?

Mr. C. M. G. Ogilvie: All that is wanted is that they should register the transfers; unless they are registered, the Military Department does not recognise retransfer. That is all.

DRAINAGE SCHEME OF CAWNPORE CANTONMENT.

1232. *Mr. Sham Lal: (a) Will the Defence Secretary be pleased to state whether the attention of Government has been drawn to the complaints made by the tax-payers of the Cawnpore Cantonment against the administration of the Cawnpore Cantonment Board, especially with regard to the drainage scheme in operation there, costing over a lakh of rupees and absorbing the entire reserve fund of the Board?

(b) Is it a fact that no tenders were invited for this work and the contract was given to the firm which had drawn out the scheme on rates and conditions laid down by the firm?

(c) Are Government prepared to have this work re-valued by a competent Engineer?

(d) Was this scheme ever scrutinised and certified to be correct by any technical expert?

(e) Is it a fact that the bore of the pipe laid under this scheme is too small to cope with the sillage and the attendant rainfall?

(f) Is it a fact that the payments to the contractor are being made without having regard to the actual work done by the contractor?

(g) Are Government prepared to make a thorough enquiry into the matter and do justice to the tax-payers of the Cawnpore Cantonment?

Mr. C. M. G. Ogilvie: (a) No such complaint has been received.

(b) The attention of the Honourable Member is invited to the replies given on the 9th December, 1938, to starred question No. 2017 and to the supplementary questions arising therefrom.

(c) Government see no necessity for doing so.

(d) The scheme was adopted by the Board after careful consideration, with the assistance of their technical adviser on such matters, who is the Executive Engineer and a member of the Board.

(e) Government understand that the present bore of the sewer is considered sufficient for the purpose which it is intended to serve.

(f) Payments to the firm of contractors are regulated under the terms of the contract existing between them and the Board.

(g) No such enquiry is necessary.

ASKING OF THE RETURN OF TOTAL WEALTH OF ASSESSEES BY THE INCOME-TAX DEPARTMENT, ALLAHABAD.

1233. *Mr. R. N. Basu: (a) Is the Honourable the Finance Member aware that the Income-tax Department of Allahabad is asking for a return showing the total wealth of the assessee? If so, will the Honourable Member state under what law the Income-tax Department are entitled to call for such a statement?

(b) Has the attention of the Honourable Member been drawn to a letter published in the *Leader*, dated the 18th December, 1938, by Mr. N. N. Aggarwala, regarding this action?

(c) Does the Honourable Member propose to issue instructions for discontinuing this practice?

The Honourable Sir James Grigg: (a) and (c). I would refer the Honourable Member to the reply given to parts (a) and (b) of starred question No. 395 on the 14th February, 1939, and to starred question No. 1147 on the 18th March, 1939.

(b) Yes.

RECRUITMENT OF DIPLOMAED AUDITORS AND REGISTERED ACCOUNTANTS TO THE AUDIT AND ACCOUNTS SERVICES.

1234. *Mr. R. N. Basu: (a) Will the Honourable the Finance Member be pleased to state the special reasons why the qualifications of Government Diplomaed Auditors and Registered Accountants are not recognised

in the rules for the competitive examination for the All-India Audit and Accounts Service, when such a provision existed in the rules for 1935? What is the reason for its deletion? Are Government prepared to consider the desirability of inclusion of these qualifications in the Rules?

(b) How many B.Coms., Government Diplomaed Auditors and Registered Accountants are employed in the Finance Department and Audit and Accounts Offices and in what positions? What are their other qualifications?

(c) Do Government give any preference to Government Diplomaed Auditors and Registered Accountants in the matter of recruitment and promotions in Accounts and Audit Offices? If so, what is the concession? If not, why not?

(d) Are Government prepared to consider the desirability of granting some concession to Government Diplomaed Auditors and Registered Accountants and to issue instructions like those issued in the Income-tax Department on the recommendations of the Income-tax Enquiry Committee for recruitment in the Subordinate and Superior Accounts Services?

(e) Is exemption allowed to Government Diplomaed Auditors and Registered Accountants from the accountancy papers in the Subordinate Accounts Service examination? If not, why not? Are Government prepared to consider the question of granting such an exemption?

The Honourable Sir James Grigg: (a) The reasons are broadly, (1) that to admit men so qualified to the examination would result in their diversion from the occupations for which their special vocational training was intended; (2) that the suitability of candidates for this examination should be judged on a sound general education in the principal cultural subjects rather than on vocational training. Since these reasons still hold good, Government are not prepared to include these qualifications in the Rules for the examination.

(b) Roughly 121. Information as regards other qualifications is not readily available, and Government do not consider that any useful purpose would be served by collecting it.

(c) and (d). No such preference is given. Accounts and Audit Offices give their own training in Government accounts and audit, which is sufficient for their needs, and promotion naturally depends on the passing of the prescribed departmental examinations.

(e) No. Neither the Audit Department nor the Accountancy Board recognise qualifications based on each other's standards. The examination for the Subordinate Accounts Service is a self-contained professional examination with a syllabus and standards adapted to its own special purpose, and no external qualifications can be recognised.

RECRUITMENT OF MEN WITH COMMERCIAL QUALIFICATIONS IN THE FINANCE AND COMMERCE DEPARTMENTS.

1235. *Mr. R. N. Basu: In view of the Government Resolution No. F. 28(6)-Ex. II/38, dated the 2nd February, 1939, will the Honourable the Finance Member please state whether Government consider that expert knowledge of public finance, trade and commerce, is also necessary in the

ministerial services of the Finance and Commerce Departments? If so, do they propose to recruit men with commercial qualifications, e.g., B. Coms., etc.? If not, why not?

The Honourable Sir James Grigg: For clerical staff of the higher grade a knowledge of general finance, financial rules, budgeting and accounts is necessary in the Finance Department and steps have been taken to ensure that a sufficient number of trained men are recruited. Suitable training is given to untrained men after recruitment. So far as the Commerce Department is concerned, the question should be put to the Honourable the Commerce Member.

GOODS IMPORTED INTO DELHI AND LAHORE FROM FOREIGN COUNTRIES BY POST PARCELS.

1236. *Mr. H. A. Sathar H. Essak Sait: Will the Honourable the Finance Member be pleased to state :

- (a) (i) the value of the goods imported into Delhi and Lahore from foreign countries, including England, by post parcels in the year 1937-38 and (ii) the amount of customs duty collected on these parcels in the same year;
- (b) whether he is aware that owing to the valuation of these parcels being done in Bombay customs, a large number of such importers in Delhi and Lahore are put to great loss and inconvenience; and
- (c) whether the Honourable Member proposes to consider the need for attaching an appraiser each to the post offices of Lahore and Delhi for the valuation of such goods for the purposes of levying customs duty?

The Honourable Sir James Grigg: (a) Statistics are not recorded separately according to destination. The information is therefore not available.

(b) Government have received no representation in the matter.

(c) I am afraid that my Honourable friend's suggestion is not practicable.

SENDING OF INDIAN TROOPS ABROAD.

1237. *Mr. Abdul Qaiyum: Will the Defence Secretary please state :

(a) whether he has read an extract of Colonel Muirhead's speech published under the heading "India and Burma Services", published in the *Hindustan Times* of the 10th March, 1939 on page 3;

(b) whether he has read the following remarks of Colonel Muirhead:

"The particular point on which they chiefly concentrated was the possibility of the army in India being used outside India for general and imperial purposes. It was with that end in view that certain grants were recommended with a view to modernising the army in India in order that they may be able to take their place outside India in fighting side by side with units equipped in modern fashion?"

(c) whether Government have accepted the grant from Britain after agreeing to lend their troops for Imperial wars outside India;

(d) if so, the reasons therefor, and the reason why this was done without consulting this House; and

(e) whether Government will send Indian troops abroad after obtaining the approval of this House; if not, why not?

Mr. C. M. G. Ogilvie: (a) Yes.

(b), (c) and (d). The passage quoted was a compressed reference, made on the report stage of the Estimate discussion, to a fuller statement made by Colonel Muirhead when introducing the Estimate on the previous day. This fuller statement, which is reported in the Indian Press of 8th March, made it clear that the word "They" in the first line of the passage, quoted by the Honourable Member, meant the Garran Tribunal of 1932-33. It will be remembered that one of the grounds on which the Garran Tribunal recommended a contribution by His Majesty's Government towards the cost of the Army in India was that that Army (I am quoting from the Tribunal's Report) "is a Force ready in an emergency to take the field at once, which does not exist elsewhere in the Empire, which is specially available for immediate use in the East, and which has on occasion been so used". It was in relation to that availability that His Majesty's Government made the offer of the increased grants referred to and it was on this basis that the offer was accepted by the Government of India, pending the further examination of the question by an Expert Committee on Indian Defence which the Government of India suggested should come to this country to study the problem on the spot.

(e) I repeat the assurance which has been given, on several previous occasions, that in so far as considerations of time and secrecy permit, Government will consult the Legislature before Indian troops are sent overseas for purposes not connected with the defence of India.

Mr. Abdul Qaiyum: With reference to part (e) of the question may I know if, besides consulting the Legislature, the Government of India will abide by its decision?

Mr. C. M. G. Ogilvie: I cannot add in any way to what I have stated. We agreed to consult the Legislature in those circumstances.

Mr. Abdul Qaiyum: Irrespective of what Colonel Muirhead did or did not say, may I know if before any grant was given for the modernisation of the Indian army it was stated either explicitly or implicitly that the grant was conditional on the use of this army for Imperial wars abroad?

Mr. C. M. G. Ogilvie: I think I have explained that perfectly clearly. It is a natural corollary to the decision of the Garran Tribunal that this contribution should be made. As the cost of mechanisation was very great it was thought fair that the contribution should in some way or other be increased.

Mr. Abdul Qaiyum: I want a straight answer as to whether it is a fact or not that this grant was conditional on the use of the Indian army abroad in times of Imperial wars.

Mr. C. M. G. Ogilvie: I surely have answered the Honourable Member perfectly plainly, straightly and at considerable length in answer to this question, when I quoted the reasons for which the Garrao Tribunal agreed to make this subvention to the cost of the army.

INCOME AND EXPENDITURE OF AHMEDABAD CANTONMENT BOARD.

1238. *Pandit Lakshmi Kanta Maitra (on behalf of Dr. P. N. Banerjee): Will the Defence Secretary please state:

- what have been the income and expenditure under different heads of the Ahmedabad Cantonment Board during the last three years;
- what amounts are spent for providing municipal amenities to the civilian population residing in the Sadar Bazar of that Cantonment under the heads water supply, roads, lighting, school, public library, watering of roads in the Sadar Bazar during hot weather;
- whether it is a fact that no civilian Executive Officer has yet been appointed to that Cantonment; if not, why not; and
- whether it is also a fact that a part-time military officer has been employed to carry on the duties of Executive Officer on a handsome allowance?

Mr. C. M. G. Ogilvie: The income and expenditure under the different heads of the Ahmedabad Cantonment Board is being collected and a statement will be laid on the table in due course.

STAFF IN AHMEDABAD CANTONMENT BOARD.

1239. *Pandit Lakshmi Kanta Maitra (on behalf of Dr. P. N. Banerjee): Will the Defence Secretary please lay on the table a list of office and outdoor staff, employed by the Ahmedabad Cantonment Board, together with their monthly rates of salary?

Mr. C. M. G. Ogilvie: I lay on the table a list of office and outdoor staff employed by the Ahmedabad Cantonment Board, together with their monthly rates of salary.

List showing the office and outdoor staff employed by the Ahmedabad Cantonment Board, and their monthly rates of salary.

Office staff.	Rate of salary.
	Rs.
One Head-clerk and Cashier at	155 p.m.
One Tax Collector and Sub-Overseer at	90 p. m.
Two Peons at	20 p. m. each.
Outdoor Staff.	
One Sanitary Inspector at	40 p. m.
One Assistant Sanitary Inspector at	25 p. m.
Two Malis at	14 p. m. each.
Two Coolies at	10 p. m. each.
One Mukadam at	16 p. m.
One Cattle Attendant at	14 p. m.
Three Sweeper Drivers. (Rubbish Carts) at	15 p. m. each.
Seven (Sweepers Incinerators) at	15 p. m. each.
Eighteen Sweepers. (Sweeping and Latrines) at	14 p. m. each.
Eleven Female Sweepers. (Sweeping and Latrines) at	10 p. m. each.
One Pound Keeper (Part-time)	3-8.0 p. m. (allowance).

ALLEGATIONS AGAINST AHMEDABAD CANTONMENT BOARD.

1240. *Pandit Lakshmi Kanta Maitra (on behalf of Dr. P. N. Banerjee): Will the Defence Secretary please state:

- if the civilian public of Ahmedabad Cantonment Board is represented on the Board by a single elected member;
- whether it is also a fact that the teaching staff employed in the schools maintained by the Ahmedabad Cantonment Board, are related to the Head Clerk of the Cantonment Office; and
- whether it is a fact that water taps provided on the Sadar Bazar roads are quite insufficient in number and are opened only for an hour in the morning?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) Two members of the school staff are related to the Head Clerk.

(c) There are ten public water stand posts in the Sadar Bazar, and they are quite sufficient. They are kept open for ten hours daily, i.e., from 6 A.M. to 12 NOON and from 4 P.M. to 8 P.M.

SCHOOL STAFF AND OPENING OF HOSPITALS IN AHMEDABAD CANTONMENT.

1241. *Pandit Lakshmi Kanta Maitra (on behalf of Dr. P. N. Banerjee): (a) Will the Defence Secretary please place on the table a list of staff employed by the Ahmedabad Cantonment Board in the primary or other schools and also in the Cantonment hospital maintained by the Board with rates of salary and allowances paid per month to the staff of those institutions?

(b) Is it a fact that the Cantonment hospital or dispensary is opened only for half an hour both in the morning and evening for medical treatment and for giving medicines for males and females residing in the Sadar Bazar of that Cantonment?

Mr. C. M. G. Ogilvie: (a) The Ahmedabad Cantonment Board maintains only one primary school and one dispensary. I place on the table a list showing the staff employed in those institutions and their rates of pay and allowances.

(b) No. The cantonment dispensary is kept open for six hours daily from 8 A.M. to 12 NOON and from 4 P.M. to 6 P.M. for medical treatment and for giving medicines to the civil population of the cantonment.

List showing the staff employed by the Ahmedabad Cantonment Board in the Cantonment Primary School and in the Cantonment Dispensary, and their rates of salary and allowances.

Cantonment Primary School.	
Headmaster	Rs. 33 per mensem (Scale of pay Rs. 30—1½—35—1—50).
1st Assistant	Rs. 25 per mensem.
2nd Assistant	Rs. 25 per mensem.
Cantonment Dispensary.	
Sub-Assistant Surgeon (part-time)	Rs. 20 per mensem (charge allowance).
Compounder	Rs. 30 per mensem.
Dispensary servant	Rs. 20 per mensem.
Sweeper (part-time)	Rs. 5 per mensem (allowance).

Pandit Lakshmi Kanta Maitra: Is anything charged for these medicines?

Mr. C. M. G. Ogilvie: Certainly not from those who cannot afford to pay. I should very much doubt whether in practice anybody is ever charged anything.

GOVERNMENT'S SUPERVISION AND CONTROL ON THE IMPERIAL BANK OF INDIA.

1242. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state what powers the Government of India possess under the Imperial Bank of India Act with regard to the supervision, control or direction of the Bank generally, or particularly with regard to the question of Indianisation?

(b) Is it a fact that the appointment of the Managing Director of the Imperial Bank is subject to the approval of the Government of India?

(c) Have the Government of India any Directors who owe their place on the Imperial Bank to the Government of India?

(d) Has there been any correspondence between the Government of India and the Imperial Bank during the last five years? If so, on what subjects?

(e) Has the question of the Indianisation of the Bank's staff and the increase of opportunities to Indians to qualify for higher places in the Bank formed the subject matter of correspondence between the Government of India and the Imperial Bank at any time during the last five years? What was the proposal made by the Government of India to them?

(f) What was the proposal of the Bank itself which was sent to the Government of India for information?

The Honourable Sir James Grigg: (a) Attention is invited to the Imperial Bank of India Act.

(b) No.

(c) Yes, one.

(d) Yes, on matters involving Government's responsibility under the Imperial Bank of India Act.

(e) and (f). I would refer the Honourable Member to my reply to question No. 110 on the 10th August, 1938.

Mr. Manu Sebedar: In view of the fact that the Imperial Bank of India is in a privileged position having a special Act, will Government consider the proposal to call for a report from the Bank on the subject of Indianisation?

The Honourable Sir James Grigg: No, Sir; Government have no right to do that under the statute regarding the Imperial Bank.

Mr. Manu Subedar: What is the outlook of Government? In view of the fact that previous Finance Members did take an interest in the question of Indianisation of the staff of the Imperial Bank, may I know if the Honourable the Finance Member has now changed from that policy or whether Government's policy in this matter remains the same?

The Honourable Sir James Grigg: The Honourable Member must know perfectly well that the whole constitution or the whole relationship between the Imperial Bank and Government was altered completely at the time of the inception of the Reserve Bank Act and that the Legislature regulated anew the relations between the Imperial Bank and Government at that time.

Mr. Manu Subedar: In view of the fact that complaints have been received by the Chambers of Commerce who have been in correspondence with the Imperial Bank of India on this subject and also of complaints received from the Indian staff of discrimination and ill-treatment, and in view of the great discontent amongst the Indian staff of the Imperial Bank of India, will the Honourable Member promise to look into this subject or instruct the Government Director on the Board of the Imperial Bank to look into it and as Director call for a report on the subject?

The Honourable Sir James Grigg: That is a matter for the shareholders and not a matter for the Government. The functions of Government in relation to the Bank are very limited and are laid down by statute and I do not propose to extend them.

Mr. Manu Subedar: Surely the Government Director has all the rights of a Director?

Mr. President (The Honourable Sir Abdur Rahim): Next question. The Honourable Member cannot have a discussion on the whole question.

SCHEME FOR THE TRAINING OF INDIANS IN BANKING.

1243. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state whether it is a fact that the Managing Governor of the Reserve Bank of India, speaking at the last annual meeting in Madras in February 1939 said that trained banking officials were required for advancing the development of banking in India?

(b) Have the Reserve Bank of India under consideration any scheme for the training of young Indians in banking? If so, what are the particulars?

(c) Have Government made any recommendation to the Reserve Bank of India to stimulate their efforts in this direction through their Director on the Reserve Bank Board?

(d) Have Government any information with regard to the difficulties experienced by young Indians in having training in English banks?

(e) Have Government considered the proposal of requisitioning from the High Commissioner full information on the subject for the use both of the Reserve Bank and of themselves?

The Honourable Sir James Grigg: (a) Yes.

(b) to (e) No.

Mr. Manu Subedar: May I know whether the Government of India have themselves envisaged any programme with regard to extended facilities for training of Indians in banking?

The Honourable Sir James Grigg: Independently of the Reserve Bank?

Mr. Manu Subedar: Yes.

The Honourable Sir James Grigg: No.

Mr. Manu Subedar: May I know whether they have requested the Reserve Bank, through their Director, to consider an elaborate programme?

The Honourable Sir James Grigg: I have answered that. I have said, no.

Mr. Manu Subedar: May I know why information is not being called for from the High Commissioner as to the facilities or otherwise and as to the difficulties of Indians in the United Kingdom who want to get practical training in banking?

The Honourable Sir James Grigg: If the Honourable Member wants to know that, he had better put down a question.

Mr. Manu Subedar: I respectfully draw your attention, Sir, to this: the Honourable Member says he will not call for such a report, and when I ask him the reasons why, he wants fresh notice.

The Honourable Sir James Grigg: I would say that that is an addition to the question. If he puts a question down, I will answer it.

ALLEGATIONS AGAINST A EUROPEAN SOLDIER AT JARTALON RAILWAY STATION.

†1244. ***Babu Baijnath Bajoria:** (a) Has the attention of the Defence Secretary been drawn to the news appearing in the Hindi newspaper, *Daily Arjun* of the 19th February, 1939 in which it is stated that an European officer kicked out of the train a body sitting in the servants' compartment at Jartalon station?

(b) Is it a fact that, due to the above incident, there was every possibility of assault and disturbances and the train was delayed four hours?

(c) Have Government taken any action against the said officer? If so, what? If not, why not?

(d) Do Government propose to take necessary steps to avoid recurrence of such incidents?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) The facts of the case appear to be as follows:

On the night of the 3rd/4th February, a large crowd of pilgrims at Jakhlaun station wished to board a train on which certain military personnel, amongst other, were travelling. Not being able to find room elsewhere a number of persons attempted to enter a first class compartment in which a military officer was travelling and others actually did enter the servants' compartment attached to it. They were, subsequently, removed from this compartment by two sergeants acting under the orders of the officer. This caused a certain amount of excitement amongst the other passengers but the main cause of the train's delay was due to the lack of accommodation, which was eventually provided by using two spare coaches from another train.

†Answer to this question laid on the table, the questioner being absent.

(c) No. The matter was investigated by the local civil and military authorities, but no action was taken against him.

(d) In the circumstances Government do not consider it necessary to take any action.

SUBJECTION OF INTERESTS ON STERLING LOANS TO INCOME-TAX.

1245. ***Mr. C. N. Muthuranga Mudaliar:** Will the Honourable the Finance Member please state:

- (a) whether sterling loans of the Government of India earn interest in this country;
- (b) whether they are not charged income-tax in India; and
- (c) whether the Government of India propose to recommend to His Majesty's Government to so amend the Government of India Act as to enable the Government of India to subject the interests on sterling loans to Indian income-tax?

The Honourable Sir James Grigg: (a) No.

(b) Interest is taxable if brought into British India or in the hands of a person resident and ordinarily resident whether brought into British India or not—subject of course to the exemption of Rs. 4,500 provided in the new Income-tax Act.

(c) The Government of India Act does not confer an exemption. It only prohibits deduction of tax at source.

CIRCULATION OF COUNTERFEIT COINS.

1245A. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Finance Member please state:

(a) whether his attention has been particularly drawn to the following passage in the *Hindustan Times* of 10th March, 1939, page 8, column 4:

"almost every third rupee in circulation in Delhi is doubtful;"

- (b) whether the fact is really so;
- (c) the number of prosecutions in Delhi during the current year for making and passing bad coins and with what results;
- (d) the especial steps, if any, undertaken in Delhi against the culprits;
- (e) whether the counterfeiting of Indian coins in tribal areas is on the increase; and
- (f) if so, the special steps taken to cope with it?

The Honourable Sir James Grigg: (a) Yes.

(b), (e) and (f). Government have no reason to believe that the newspaper report correctly represents facts or that counterfeiting is on the increase in tribal areas.

(c) The number of true coining cases in Delhi was four during the calendar year 1938, and nil since the beginning of the current year.

(d) For several years past counterfeiting activities have been the subject of police attention.

Mr. Brojendra Narayan Chaudhury: May I know whether the Honourable Member will consult the Members of this House over this matter?

The Honourable Sir James Grigg: From the number of counterfeit silver coins received in treasuries and railway stations, it seems that the figures for Punjab including Delhi have been going down each year from 1935-36.

Mr. Brojendra Narayan Chaudhury: Those are figures for detected cases: may I know whether Government have any idea about counterfeit coins which are not detected?

The Honourable Sir James Grigg: I suspect that a good deal of the trouble arises from the fact that some distrust has grown up about Queen Victoria rupees; but as Honourable Members have been told, those are in process of withdrawal.

Prof. N. G. Ranga: Has the Honourable Member investigated carefully and satisfied himself that Delhi does not suffer more from this epidemic of bad coins than other towns in the United Provinces or even in the Punjab?

The Honourable Sir James Grigg: It has just been suggested to me that that might be so when the Assembly is in session.

POSTPONED QUESTIONS AND ANSWERS.

OFFICERS AND RANKS IN THE INDIAN TERRITORIAL FORCE.

†850. ***Mr. T. S. Avinashilingam Chettiar:** Will the Defence Secretary state:

- the total number of officers and ranks in the Indian Territorial Force;
- how this number compares with the number of officers and ranks in the Auxiliary Force; and
- whether the number of the Indian Territorial Force is on a par with the regulars to whom they are a second line of defence?

Mr. C. M. G. Ogilvie: (a), (b) and (c). The required information is contained in the Actual Strength Return for the Army and Air Forces in India, a copy of which is in the Library.

Mr. T. S. Avinashilingam Chettiar: What is the answer to clause (c)?

Mr. C. M. G. Ogilvie: The Honourable Member can ascertain what the proportion is by looking at the Actual Strength Return.

Mr. T. S. Avinashilingam Chettiar: May I know whether there is a difference in the proportion of officers trained between the Indian Territorial Force and the Auxiliary Force?

†Vide page 1700 of these debates.

Mr. C. M. G. Ogilvie: I submit that that does not arise from the question.

Mr. T. S. Avinashilingam Chettiar: There is a definite question, Sir: how does the number compare with the number of officers?

Mr. President (The Honourable Sir Abdur Rahim): But there is no question of training.

Mr. T. S. Avinashilingam Chettiar: How can there be officers without being trained?

Mr. President (The Honourable Sir Abdur Rahim): That is another matter.

†877. ***Mr. T. S. Avinashilingam Chettiar:** Sir, I do not put this question.

MOTION FOR ADJOURNMENT.

GOVERNMENT'S REFUSAL TO GIVE AN OPPORTUNITY TO THE ASSEMBLY TO EXPRESS ITS OPINION ON THE PROPOSED BILL TO AMEND THE GOVERNMENT OF INDIA ACT, 1935.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has received notice of a motion for adjourning the House to discuss a matter of urgent public importance, namely, the refusal of the Government to give an opportunity to the Assembly to express its opinion on the proposed Bill to amend the Government of India Act, 1935, as announced in the House of Lords. The Chair takes it that it is the Governor General in Council and not the Governor General who allots the time. The Chair cannot, therefore, disallow the motion on that ground

The Honourable Sir Nripendra Sircar (Leader of the House): But I have not taken that objection at all. I have some other objection. My objection is this. The Government have not deprived the Members of any opportunities. They have got the non-official Resolution days and if they pre-like they can put this up and discuss it. How can the Government prevent it? But as you know, Sir, we are pressed for time and we cannot even finish the agenda which we have got now in time.

Mr. President (The Honourable Sir Abdur Rahim): That is an altogether different matter. As regards the Resolutions, has this been drawn in the ballot?

The Honourable Sir Nripendra Sircar: Not held yet.

Mr. President (The Honourable Sir Abdur Rahim): It may or may not be drawn in the ballot. As objection has been taken, will Honourable Members who are in favour of leave being granted rise in their seats?

(More than 25 Members rose.)

As not less than 25 Members have risen, leave is given. The motion will be taken up at 4 o'clock.

†Vide page 1737 of these debates.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir I beg to move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, a Muslim Member to sit on the Standing Committee on Pilgrimage to the Hedjaz, *vice* Qazi Muhammad Ahmad Kazmi, M.L.A., whose term of membership has expired."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, a Muslim Member to sit on the Standing Committee on Pilgrimage to the Hedjaz, *vice* Qazi Muhammad Ahmad Kazmi, M.L.A., whose term of membership has expired."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of a Muslim Member to the Standing Committee on Pilgrimage to the Hedjaz the Notice Office will be open to receive nominations upto 12 noon on Friday, the 24th March, 1939, and that the election, if necessary, will be held on Monday, the 27th March, 1939. The election which will be conducted in accordance with the principle of proportionate representation by means of the single transferable vote will, as usual, be held in the Assistant Secretary's room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now consider the Finance Bill clause by clause.

The question is:

"That clause 2 stand part of the Bill."

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I beg to move:

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

Sir, year after year we are trying to reduce the excise duty on salt, and we have carried amendments to that effect year after year for a number of years, but this year we do not propose to reduce the duty. Amendment No. 6 in the name of my friend, Mr. Satyamurti, sought to reduce the duty, but he has given up his attempt. The attempt which we seek to make by this amendment is that the duty, as prescribed by the Finance Bill, be reduced to Re. 1.

My amendment does not seek to reduce the total duty on salt below Rs. 1-4-0 per maund. If Honourable Members will go back to the year 1931, they will see that for the first time surcharge on excise duty and various other surcharges on income-tax and other things were imposed. It was then a surcharge of 25 per cent. was levied by the Act of 1931 on the excise duty of salt. Thus, actually, every year, on a maund of salt, we pay a duty of Rs. 1-4-0 for which sanction is sought for in this

(2554)

Finance Bill, *plus* 25 per cent. of Rs. 1-4-0 or annas five by the surcharge duty by the Supplementary Finance Act of 1931. In all, we are paying Rs. 1-9-0 on every maund of salt. We naturally must expect that as the Finance Bill is placed before this House year after year, an opportunity would be given to the House to find out where we stand, and what exactly the needs of the Government are and taking all those things into consideration we may vote for additional taxation or say that additional taxation is not necessary either wholly or in part. Such an opportunity, unfortunately, is not given to us so far as the Surcharges Duties Act is concerned. My complaint is that whereas for levying the primary duty on every maund of pound of salt the Finance Bill is brought before this House, year after year, there is already a permanent Act of 1931, which says that whenever duty is imposed by a Finance Bill on a maund of salt for that year, it shall be read as if in addition to the duty that is passed by the Finance Bill of that year, the surcharge of 25 per cent. under the Supplementary Duties Act is also there. I only request Honourable Members to kindly address themselves to this question. What is the object of bringing the Finance Bill before this House year after year. The object is clearly, as I have already stated, to give an opportunity to the House to find out whether it is necessary to continue to impose a particular duty or increase or decrease it. But the reason would apply more to a case where surcharges are imposed. When the Surcharges Act was passed in 1931, it ought to have been confined to that year, but they made it a recurring charge and, thus, there is no opportunity for this House to find out whether the duty proposed is necessary, and if there is any real need for the surcharge of 25 per cent. that is sought to be imposed. That opportunity has been taken away from us. It is as good as saying that 25 per cent. of the customs or excise duty has been voted by us once for all, and this House has absolutely no chance to vote it down again. Sir, I submit it is very improper to have passed such a measure, and the sooner we get rid of that legislation the better. Therefore, if my amendment is accepted, I am not trying to touch one pie from the duty that is sought to be imposed by the Finance Bill, but I shall be indirectly repealing that Supplementary Duties Act of 1931, so far as the surcharge on salt excise duty is concerned. The Surcharge Act is not an annual Act. It has not been brought here for amendment so that we could deal with it direct. The Surcharge Act is beyond the scope of any discussion here. The only thing we can touch is the Finance Bill. Therefore, I am merely appealing to Honourable Members to consider this aspect of the question when voting on this amendment. I have no time or desire to quarrel over the question whether the duty of Rs. 1-4-0 on salt is good or bad; we have been quarrelling over it year after year, but I give it up. That is why my friend, Mr. Satyamurti, also did not press his previous amendment. Therefore, we shall accept Rs. 1-4-0 is necessary. But has the Finance Member established a case for the continuance of the surcharge? If that matter had been brought here, we would all of us rise in our seats and say that the surcharge is not necessary. Only yesterday it was stated that the balance of trade has been progressively increasing in our favour. When this Act was passed as an emergency piece of legislation, in 1931, Sir George Schuster definitely said that this was an emergency measure. The conditions were critical, there was depression then, and there was no knowing when the depression would disappear, and, therefore, purely as an emergency measure this surcharge was imposed. Are we justified in continuing it today? I only

[Mr. M. Ananthasayanam Ayyangar.]

round the huge coast we have got, but there is not a drop to drink. That is the position to which the agriculturist is reduced, supported as he is professed to be by the Finance Member. I would ask the House to consider this amendment of mine as a repeal of the surcharge and not as an inroad into the provision of the Finance Bill. Because the Surcharge Act has not been placed before us, I am compelled to adopt this method indirectly to repeal the surcharge which ought not to have been imposed or allowed to continue today. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

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

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I support this amendment. My Honourable friend, Mr. Ayyangar, has given very substantial and strong reasons for this amendment. We wonder why the Finance Member is so inimical to the salt question. (Interruption.) I will just tell you whether he is saltish or sweetish. The question of salt affects every one in India. There is a proverb that says that everyone ought to be true to his salt. The Honourable the Finance Member has remained here for five years and he has done nothing for Indian salt. I do not think he is so fanciful as to eat Liverpool salt all the time. He may have a little of that on his table but he cannot do without Indian salt. I, therefore, submit that he should be true to that salt but he has shown no signs. The Honourable the Finance Member is unnecessarily adamant on the point of the import of foreign salt and that shows his mentality with regard to the salt tax. It has been urged before him that figures show that it is very necessary that there should be protection of the Indian salt.

The Honourable Sir James Grigg (Finance Member): That will raise the price of salt.

Mr. Lalchand Navalrai: It will not raise the price. I shall give the Honourable Member the prices in Calcutta, where they have gone down, and I cannot understand how it will be raised. The Honourable Member has received representations. He has studied them and knows full well that there will be no increase. I also take exception to the statement that since this protection has been removed salt from Aden has decreased.

The Honourable Sir James Grigg: It has.

Mr. Lalchand Navalrai: I submit it has not. So far as this salt is concerned, the Honourable Member has not been very favourable or sympathetic. On that point, the Honourable Member has even refused to receive a deputation from a gentleman who clearly wanted to put the whole thing before him. I am referring to Mr. Jamshed Mehta who was here in Delhi lately. He offered to explain everything but the Honourable Member would not allow him an interview. Is that correct? Is that the attitude he should have adopted. I submit that it is only his good relations with us that will bring him credit in England. Otherwise,

there will be no support from this side but only condemnation. On the question of salt imported from abroad, the Honourable Member should keep himself even now open to conviction and receive a deputation. I submit even now it is not too late to give relief, up to the time the Honourable Member leaves the shores of India.

The Honourable Sir James Grigg: On a point of order. The amendment before the House proposes to reduce the general duty on salt. The Honourable Member's speech is entirely devoted to an amendment for which sanction has not been obtained, to increase the protection.

Mr. Lalchand Navalrai: I am justifying the amendment and showing that this foreign protection has not been given. I say that this salt tax should be reduced and I am, therefore, supporting this amendment.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member ought to address himself to the question of reduction of this duty.

Mr. Lalchand Navalrai: I am doing it from that point of view. I only asked him whether he would receive a deputation . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the amendment.

Mr. Lalchand Navalrai: What I am submitting is that so far as this amendment is concerned, they should also give relief to the poor persons who are in the coastal parts of India. The Mover of this amendment asked: why is it that this surcharge is being retained on the salt duty? He has removed the surcharge on many other taxes. Why is it that the Honourable Member is so hostile to this salt tax? He cannot deny that these surcharges are only placed when there is an emergency. The Honourable the Mover has made it plain that he is not reducing the duty. He wants only the surcharge to be removed, especially as we were given to understand that it was an emergency measure and the Honourable Member has admitted that there is no emergency. Then the second point is this. We know that Mahatma Gandhi launched *satyagraha* on the question of salt and then an agreement was arrived at and Government agreed that in coastal parts people require salt for eating and for curing fish and they allowed these poor people to make their own salt for their consumption. It is well-known that even saltish lands give us salt but that also has been stopped. The concession given to people in coastal parts is being withdrawn or restrictions have been put upon it. On that ground also it will be good ground to reduce the tax as suggested in the amendment, so that some relief may be given to these poor people. I submit that there is no justification for removing that exemption. It may be that some defaults are made here and there but the exemptions ought not to be withdrawn on that account. The Indian Penal Code is being offended against every day and there are defaults. On that account you are not removing the Indian Penal Code. Also I say that you should show magnanimity towards the poor people of India who require salt and who cannot do without salt. Therefore, this amendment should be accepted.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, I have taken the course of intervening in this debate early, because I want to clarify the position of the Muslim League Party, and I hope that you will give me permission if I depart, strictly speaking, from the amendment before the House. This is not the only amendment that the House will have to deal with. According to the Bill, we have before us, embodied in the Finance Bill, five items: the salt duty, the excise duty on sugar, the import duty on raw cotton, the inland postage rates, and income-tax and super-tax. Sir, I cannot possibly approve of the Budget as it has been presented to us, because we have no lot or share in it. If I had any lot or share in the budgetary proposals, then I might have, or we might have, constructed the Budget on a different footing. But here we have the entire Budget presented to this House, and now, at present, we are only considering whether you can make amendments to the taxation proposed or for the reduction of taxation. Now, Sir, the position of the All-India Muslim League Party in this House is a very peculiar one. Fortunately or unfortunately, we hold the balance in this House. If we are supporting the Government, then I think the Finance Member can safely pilot this Bill to his satisfaction and he can carry this Bill without a comma of it being altered; and he naturally would plead before this House and plead before this Party that we should support it.

Sir, in the past we have been following the principle that if the Government brought in a measure which was really for the good of the people, then we would support it. If it was not in the interest of the people, we would oppose it. But, Sir, I see now that that policy must be altered. It really means this that we are reduced to this position. When the Congress is right, "support the Congress". When the Government is right, "support the Government". But when we are right, nobody supports us. Sir, we feel, therefore, and I want to tell the Government—"What has been your policy? What has been your attitude? And what have been your actions so far as my Party is concerned?" I am glad that the Finance Member in his long speech said, "remember Cawnpore, remember Benares, remember Budaon", but I can tell this House that there are many other places in this country where even the elementary rights of Muslims have been trampled upon,—and what have the Government done? I remember reading, Sir, not long ago a speech made by Mr. Vallabhbhai Patel in which he said:

"There cannot be any basis for all these allegations, for all these complaints of ill-treatment, injustice, tyranny and persecution. The simple reason is that if there was any such thing, surely the Governor would have intervened."

And I think Mr. Bhulabhai Desai very recently made a speech and he relied upon the same argument, viz., that "if there was an iota of truth in these baseless allegations that we were making, surely the Governors would not have been sitting tight and would have immediately intervened". Therefore, because as the Governors have not intervened, my Honourable friend is satisfied

Mr. Lalchand Navalrai: On a point of order, Sir, I would like to know if this speech is germane to the amendment that is before the House.

Mr. President (The Honourable Sir Abdur Rahim): If the Chair understood the Honourable Member correctly, he was going to justify the action of his Party in dealing with this matter on the general political ground.

Mr. M. A. Jinnah: That is right.

Instead of making several speeches, I want to lay down in one speech the policy and the attitude of our Party with regard to this Finance Bill. I am rather surprised that the Honourable Member should have really interrupted me, because I think it might be admitted that I am one of those Members who take the least amount of the time of this House. And I am not in the habit of speaking on every question whether I understand it or I do not understand it.

Mr. Lalchand Navalrai: I wanted to understand the legal aspect on the point.

Mr. M. A. Jinnah: You have understood it now. I am glad the Honourable Member has learnt today something.

Sir, I was saying that that is the position,—and now, what about Palestine? What about Waziristan? What about Jaipur? Where is the Paramount Power?

Bhai Parma Nand (West Punjab: Non-Muhammadan): Hyderabad also.

Mr. M. A. Jinnah: You define the attitude of your Party when your turn comes; I am defining the attitude of my Party. What about Jaipur? Seventeen Muslims were shot down like dogs, and we have information, and we believe that information until it is proved to the contrary, that the fire was opened without any warning and without any justification. Where is the Paramount Power? What is the Paramount Power doing? I am not asking that you should intervene for the purpose of putting pressure upon the Indian States or to force them into undertaking "constitutional reforms",—but this is a fundamental and basic principle of maintaining civilized administration. Is this fair play and justice done to the elementary rights of citizens. Sir, I can give instances after instances, but I do not want to waste the time of the House, and, besides, this is not the occasion for it. Why do you expect us, I ask the Government to draw the chestnuts out of the fire on your behalf? Why do you expect us to continue to be subservient on the specious pleas which you put forward before us? We have, therefore, so far as the Government are concerned, made up our mind that we will render no assistance to you so far as this Finance Bill is concerned. You may go on your own way. On the other hand, as regards the Congress Party, I do not want on this occasion to go into details, but I do maintain that the Congress Party is not only hostile to the Muslim League but they are inimical. Therefore, I say to them that co-operation between you and us is not possible. But they will say: "All right, we are the largest number here". Yes, you may be the largest number; you may be more advanced; you may be stronger economically; and you may think that the counting of heads is the final judgment. But let me tell you—and I tell both of you—that you alone or this organisation alone or both combined will never succeed in destroying our souls. You will never be able to destroy that culture which we have inherited, the Islamic culture, and that spirit will live, is going to live and has lived. You may overpower us; you may

[Mr. M. A. Jinnah.]

oppress us; and you can do your worse. But we have come to the conclusion and we have now made a grim resolve that we shall go down, if we have to go down, fighting. Therefore, the position is this. I make this protest as a first step,—a solemn protest, a declaration on the floor of the House as to what our attitude is with regard to this Finance Bill. Our hearts are singed and burnt; our blood is boiling; we shall suffer and we shall go through fire. The attitude that we are going to take is this. We are not going to move any amendment. Do what you like with your Bill. We are not going to support any amendment moved by the Congress Party or any other Party. Possibly, the result of it would be that the Government will be defeated and the Congress will win, because, I know, they have got a sufficient majority if we remain neutral as we are going to remain neutral. But I tell my Congress friends that your victory will not go beyond the little room called the lobby. If you have any sense of satisfaction in having won, you may have it. Your true victory and your real victory will be when you will stretch your hand across and remove the barrier between this Party and that Party. Therefore, we have definitely decided not to vote for any of the amendments by whomsoever moved. We are not going to support the Government, because the British Government has failed even to secure us our elementary rights of citizenship, and those special powers which were assumed under the guise of the Governors and the Governor General being the protectors and the trustees of minorities have proved to be a fraud, worse than a fraud. I myself, therefore, do not wish to take any further part in this debate. But it is open to the members of my Party that they can freely express their opinion as to the merits of the amendments for the purpose of enlightening the Finance Member or the Government of India. As far as the Finance Bill is concerned, it is his and of the Congress Party. You take the responsibility and do what you like with it.

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): Mr. President, I ask the same indulgence as my Honourable friend if I speak on a subject which he has mentioned and which I quite accept is not directly relevant to the amendment before the House. I am not speaking now in a spirit of adverse criticism on this subject. My Honourable friend referred to what I said—and I admit I said it—that assuming that any charge was made against the Government, even of a Provincial Government, for which some share of responsibility rests on me and my colleagues, I did argue and I say it again that if the thing was anything as serious as to induce my Honourable friend to give expression to the feelings that he has done this morning,—I said it as an indication, but not as a proof—that it would have been the duty of the respective Governors to intervene. But I do not merely rely on it as the only proof of that assertion. In so far as I or the people whom I represent have any share in the administration of this country or can influence it in any way, it is not only our desire, but it has been our purpose, throughout the last 18 or 20 months, to see that no injustice of any kind or sort happens to any individual, either on the score of religion or otherwise. That has been our consistent effort, and if, to the extent to which my Honourable friend feels that we have failed, he must take it from me that we have examined the report of the Committee which was brought before us some six weeks ago. Every Local Government has been asked to examine every incident that is alleged to have happened, and we have done our best and I am still

willing to do my best to meet my friend and to satisfy him as to the truth or otherwise of any of those allegations on which the present bitter feeling of my Honourable friend rests.

As regards his bitterness towards the British Government on the treatment of the Mussalmans in general outside the bounds of India, he knows that we have always sympathised with him, not in any patronising sense, not even as an elder or economically stronger brother, but as an equal brother. We have felt that the independence of the Arabs and the Arab States must remain intact, and my Honourable friend knows that we have passed a Resolution to this effect at the last session of the Indian National Congress.

I sincerely regret that my Honourable friend believes in the way he has expressed himself, because I like to believe that he is sincere in his impression. I entirely accept that. But I regret very much that he should feel that there is such a barrier as he believes or his friends believe. I have not the smallest doubt also as to the value of co-operation that he suggests and we have never believed that at the risk of dividing the country we should proceed onwards in order that we may succeed single-handed. That has never been our ambition and that has never been our desire. At the same time, it is true that if you cannot get co-operation, you must do your best as my Honourable friend has himself said. It is in that spirit of hope, and I am not over-optimistic in this sense, and of almost a confident belief that I say that the bridge is more psychological than real, and we trust that we shall march together towards liberty which is ours. I also agree that it is not mere question of getting majority, because my Honourable friend or his colleagues have decided to refrain from voting on the Indian Finance Bill. Last year, I pointed out, as he must remember, that the constitution of the Government of India Act is such, whether it be with regard to the Resolutions or the Finance Bill, that our votes do not count. I have recognised the futility of that position. So, I may tell my Honourable friend that except in the matter of educating the public opinion, there is no other purpose in the vote that we take in this House.

Mr. M. A. Jinnah: That is exactly what we have done today.

Mr. Bhulabhai J. Desai: Therefore, my Honourable friend may take it from me that I do not value any victory or supposed victory or what is called a victory by reason of his absence. I really wish that he would remain with us even on a matter on which he disagrees with me. I would rather be glad to be defeated and to be told what is the correct position in any particular matter. I, therefore, regret his absence, but, at the same time, I wish to tell him openly and publicly here that whatever arguments I have advanced is a matter of sincere belief with me. Also there is no complaint of any kind for which we can be held responsible directly or indirectly which we have not fully investigated and which we have not made the best endeavour to meet. I, therefore, wish to tell my friend that though he may feel that we are enemies or hostile, after all, it takes two to become friends as it takes two to become enemies, and on my side there is no enmity whatsoever.

Sardar Sant Singh (West Punjab: Sikh): Sir, it was a solemn declaration that has come from the Leader not only of the Muslim League Party in the House. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must remember what the Honourable Member, Mr. Jinnah, said was just to define his attitude towards this Finance Bill, and he gave expression to his views and feelings with regard to the attitude of the Government and of the Congress Party, and not of any other Parties, if the Chair understood him aright. No other Party is involved. The Chair, therefore, suggests that the Honourable Member should confine himself to the amendment before the House, namely, reduction of salt duty.

Sardar Sant Singh: The position is this. When general statements are made by the Leaders of two major Parties in the House as regards their attitude towards the Finance Bill, then it becomes a difficult task for a Party like ours which, though small in numbers, yet has certain principles on which it works in this House, and I, therefore, crave the indulgence of the House to express the position of our Party as regards the attitude of other Parties.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member is called upon to accept that position so far as the Chair followed the two speeches just now.

Sardar Sant Singh: In that case, my submission is that our Party will have to take up a definite position with regard to each amendment that comes before the House.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can deal with each amendment on its merits.

Some Honourable Members: Go on, speak on the amendment.

Sardar Sant Singh: I really wonder why my Honourable friends of the Muslim League should be so impatient when I get up to speak. They think that I am necessarily hostile to them. It is wrong. On this occasion, when the attitude of the Parties is to be defined with regard to the Finance Bill, we are as much entitled to the same indulgence as any Member of any other Party.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member wishes to take up the same attitude towards the Finance Bill, certainly he can state it now. He must speak on the amendment which is before the House.

Sardar Sant Singh: It is unfortunate, Sir, that we should fail to realise the importance of our vote in this House in any important matter. There is no doubt that whatever amendment is moved in connection with the Finance Bill, it does matter to the country at large, not only does it affect Members of this House alone, but it also affects the country's well-being. Therefore, when we find an important portion of this House stating that they will take up a particular attitude with regard to the Finance Bill or with regard to a particular amendment before the House, it becomes the duty of all Honourable Members to take note of that attitude and try to do whatever lies in their power—whatever be the limitations to those powers—and to ask the members of the other Parties to take up an attitude which should be consistent with the attitude for the welfare of the country.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is really concerned with the attitude of his own Party so far as this Bill is concerned. The Honourable Member had better leave the other Parties alone, and he should speak now on the amendment.

Sardar Sant Singh: Well, Sir, if this be your wish that we should not be allowed to express the attitude of our Party on this question of general importance, I will stop here and give expression to my feelings in some other way at some other time. The position is very simple. We have to judge each particular question on its merits.

The amendment before the House relates to a reduction of duty on salt from Rs. 1-4-0 to Re. 1. This salt duty is not of much importance in this respect that it relates to a burden of taxation on the poor consumers of salt, but its importance is on account of the political significance which this particular question has attained for the last twenty years or more. Public opinion, so far, has always favoured the abolition of this salt tax. It is an obnoxious tax upon the poor. Therefore, it has been brought annually to the notice of the Government that if any reduction is to be given in taxation, the first preference should be given to salt tax. We find that Government Benches are entirely, if not hostile, at any rate persistent and adamant in their view that this salt tax must be retained. So far as the attitude of my Party is concerned, we have also got amendments from our Members not only for the reduction of the price, but also for the protection of manufacture of salt in this country. Our Party supports this amendment. At the same time I would like the Muslim League Party to take into consideration the importance which this salt tax has acquired in the politics of this country and I appeal to them that they should not let go the whole amendment by remaining neutral on the subject. It is for them to decide what attitude they ought to adopt in regard to a particular matter. But in matters which are the common concern of all the Parties it is better that we should join hands in order to educate public opinion abroad as well as to bring pressure upon Government to realise the importance of this matter. Sir, I support the motion.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, during the last two years of our discussion of the budget, I mean the last year and the present year, exceptional circumstances have arisen which in the last year prevented most amendments being discussed, and this year...

Mr. Bhulabhai J. Desai: Last year no amendments were discussed.

Sir Cowasji Jehangir: ...and it appears that this year circumstances have arisen, whereby the consideration of these amendments on their merits will be prejudiced, by the very important statement which has been made by my Honourable friend, the Leader of the Muslim League Party. Coming to this very amendment,—I will leave aside the question whether salt should or should not be taxed, and if so to what extent—we have heard year in and year out arguments why salt should not be taxed and we have heard arguments from the other side as to the simplicity of the tax, the very wide range of the tax and the fairness of it. But, Sir, we are placed this year in an exceptional position. We have been discussing for the first four days the extent to which the Opposition believe the Honourable the Finance Member to have under-estimated the revenue. We have been also considering in what directions we should persuade him,—deliberately use the word "persuade",—to make concessions. And if we

[Sir Cowasji Jehangir.]

could have only got an indication of what the Finance Member himself believed he could really afford to give away, however small the amount may be, the whole Opposition may have considered the position and decided which demands might be cut out. That I thought was the position which would be most reasonable to take up. We know very well from his own speeches that he is of opinion that he cannot afford 1 crore and $\frac{3}{4}$ lakhs. And, therefore, if this amendment is carried it practically means that we shall have an academic discussion on all the other amendments because certification will be dead certain. We may pass these amendments but the result will be what it has been during the past five years, and, therefore, we should not have any practical gain to go back with, when we return to our homes. But, Sir, the debate has taken a very important turn, and I quite realise, as I have always realised, that we cannot do anything in this House under the present constitution unless and until the two big communities of India, Muhammadans and Hindus, have a coalition. I have advocated that times out of number that there is no hope for India in this House or outside it. . . .

The Honourable Sir Nripendra Sircar (Leader of the House): Sir, on a point of order, how is all this relevant?

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member is quite in order.

Sir Cowasji Jehangir: I am showing why this motion will not be acceptable, and I am pointing out what will be the fate of all amendments that will be moved hereafter, and I contend that I am quite in order in pointing out what will be the fate of those amendments.

Mr. President (The Honourable Sir Abdur Rahim): That the Honourable Member can do including this amendment which is before the House, but the Chair does not think he will be in order to go into a general discussion of the relations between the different communities.

Sir Cowasji Jehangir: I am pointing out that the fate of all amendments in this House being considered on their merits depends upon the relation between the two major Parties in this House, and I have suggested in season and out of season not only in this House, that the fate of many questions will depend upon an honest and *bona-fide* coalition. The result of the amendments that we will move will be nil, and it appears to me that in the present conditions it is hopeless, whatever the constitution may have been, to try and do something to the advantage of the country in which we are all proud to have been born.

Dr. Sir Ziauddin Ahmad: Sir, I will not discuss this amendment on political considerations, but examine the points raised by the Honourable the Mover. He rightly said that the second Amendment Bill of 1931 which raised the duty all round by 25 per cent. was obnoxious, unscientific and uneconomical: and I entirely agree with him. I have been always saying that that was an indiscreet action. But I say further that if you modify it in one commodity and leave the other commodities alone, then it is equally unscientific, uneconomical and obnoxious. We ought to revise the whole tariff from A to Z and not take up one particular item.

The second thing is this. The acceptance of this motion will mean a loss of 167 lakhs, and we should point out methods of meeting this deficiency. My Honourable friend suggested one method, namely, the lowering of the income-tax level from Rs. 2,000 to Rs. 1,000. I am sure, he will be in a hopeless minority to suggest that the income thus obtained should meet the reduction in excise duty on salt. I am sure, this will be opposed by a vast majority in this House.

I will next say that if you want to reduce this by 25 per cent. because of abnormal increase in 1931, you should first take off the duty on petrol by 25 per cent. It was raised by 25 per cent., and it is an inconvenient duty. So my view is that we should touch the reduction of 25 per cent. and rectify the mistake of 1931. We ought not to take up an item here or there and press this reduction. As to salt, we know it is an inelastic commodity. Out of all the commodities we can think of, it is the most inelastic; and whether it is the present Government or the Federal Government with a Congress majority, I am positive that they will not touch this item, because the duty is certain and inelastic, and if we reduce the duty here, we will have to find out some other commodity to levy duty, and perhaps that might be more unreasonable and might be bitterly opposed. It is easy for us to reduce the duty: we are not responsible. If the problem had been only this, whether to reduce the duty or not, it would have been simple, and I would have voted for it: but the problem is, if we reduce this duty, we will have to put it somewhere else—otherwise it will not be possible to balance our budget.....

An Honourable Member: Whose budget?

Dr. Sir Ziauddin Ahmad: I wish Honourable Members would consider the effect of all these cut motions. If we are to reduce the income under salt, the income under income-tax, the income under sugar, the income under cotton and the income on postcards, then what would be the total effect on the income of the Government of India? The only argument advanced by the Opposition, as we are unfortunately placed, is that it is our duty to cut down the income, and it is the duty of the Government to balance its budget. That is not a responsible position to take up, and only persons like us, who are placed in an irresponsible position, can talk in that spirit.

The Honourable Sir James Grigg: Sir, perhaps the House will expect that I should declare the attitude of my Party, particularly after the invitation from Sir Cowasji Jehangir that I should tell the House how much I really have up my sleeve. I can tell him that quite frankly. The answer is nothing, and, therefore, the attitude of the Government must be in the main to oppose all the amendments except the one which we ourselves have put on the paper.

Now, I come to the amendment before the House, and I would like, if I may be allowed, to expose the little game of Mr. Ananthasayanam Ayyangar. This amendment No. 7 proposes to reduce the salt duty by four annas, plus 25 per cent. of four annas, or five annas in all. His amendment No. 11 proposes to increase the duty on imported salt by 2½ annas. So this is a nefarious game for spending a crore and three-quarters which is going to be split between the consumer and the manufacturer. The salt tax is first to be reduced by five annas at a cost to the exchequer

[Sir James Grigg.]

of Rs. 1½ crores and then of that 1½ crores half or the best part of a crore is to go back to the manufacturer. I certainly am not prepared to stand for that. Even if there were no question of loss of revenue—and how can the Honourable Member who comes from Karachi.....

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): On a point of order, Sir: the Honourable Member himself pointed out that that amendment could not be moved, but he is basing his argument on that amendment. That amendment has not been moved and is not before the House.

An Honourable Member: Sanction has not been obtained for it.

The Honourable Sir James Grigg: But it is still on the paper and I do not know

Mr. Bhulabhai J. Desai: Sanction has been refused and it cannot be moved.

The Honourable Sir James Grigg: I am not talking on that amendment anyway; I am talking of the Honourable Member's expressed intentions.

Mr. Bhulabhai J. Desai: My Honourable friend himself said that sanction had been refused and I am sure he will oppose it if moved. But he must take it that we will not move it.

Mr. President: The point is, the Chair may have to consider whether sanction was necessary or not.

Mr. Bhulabhai J. Desai: Anyway, we do not propose to move it.

The Honourable Sir James Grigg: I was merely trying to base myself on the Honourable Member's desire, shall we say, which is to reduce the salt duty by five annas and get 2½ annas of it back for the manufacturer and I will leave it at that. The cost of the amendment which he has moved—his smoke-screen—is Rs. 1½ crores; and whether or not I have anything up my sleeve—and I say to the best of my belief that I have nothing—there is no question that there is nothing like Rs. 1½ crores up my sleeve; and I must oppose this amendment, though I know the inevitable result of that opposition.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, I am rather surprised at the specious criticism made by my Honourable friend, Sir James Grigg, in regard to the fate of this particular concession if it is passed by this House. He seems to think that if we were to reduce this duty by five annas, then 2½ annas of it will go back to the manufacturers.

The Honourable Sir James Grigg: The Honourable Member must not misunderstand me. I said if you take this amendment with the amendment, to which sanction has been refused, later on the paper in the name of the same Honourable Member to express their real desires, then their object is to liberate money in order to get some of it back for the manufacturer.

Prof. N. G. Ranga: Since that amendment is not going to be moved, I take it that if this amendment is passed the consumers themselves will stand to benefit to this extent of five annas. I do not know why the Honourable Member has not advanced any arguments why the consumer should not be benefited to that extent. It may be because he wants the money. Then a suggestion has been thrown out today by some Honourable Member that there are several other ways by which the Honourable the Finance Member could have tried to raise the necessary funds. But what we are now concerned with is whether or not it is advisable that this reduction should be made. The Honourable Member has already made out his case to his own satisfaction, although not to ours, that he wants money. If he wants money, we maintain that he should try to take it in some other way but not in this fashion. He said that there is no emergency whatsoever to justify any cut in salaries. If that is so, why is it that he is so very particular in maintaining this emergency surcharge on salt tax? He cannot very well have it both ways. If there is an emergency then let there be a salary cut. If there is no emergency let this particular surcharge be abolished.

My Honourable friend, Sir Ziauddin Ahmad, was mentioning that if by any chance income-tax was to be levied on people with an annual income of between Rs. 1,000 and Rs. 2,000, there will be so much discontent. I do not know why he should be so much afraid of that discontent because if it is placed against this particular concession, certainly it can be shown to the satisfaction of everybody in this country that as against the discontent of 2,00,000 people here is the promised content or satisfaction of millions and millions of people in this country, provided this salt tax is reduced to this extent. Unlike any other excise duty levied by the Government of India, the salt tax affects or touches every one in this country; whereas in the case of every other excise duty, if any reduction is made only a few people can be benefited. Here this particular reduction will benefit almost every one in the country and, particularly, the poorest sections of our masses, irrespective of their religious denominations. This is why we are so very keen about it. Then, Sir Ziauddin mentioned how could anybody come forward and make this particular proposal if he had any sense of responsibility? it is an impossible proposition and, therefore, it is a hardy annual which need not be considered seriously by this House and so on. The same criticism has been levelled against the Congress proposals for prohibition also in the various provinces all these years. Yet the moment that the Congress had accepted power in these provinces, Congress has seen to it that definite steps were taken to implement its promises of prohibition. And I can assure the House that the moment that a responsible Government comes into power, and if by any chance that responsible Government happens to belong to the Congress, then, Sir, the Congress would certainly take it as its privilege to implement its pledges to the masses in removing the salt duty. Why are we so very keen that the salt tax should go? It is because we are convinced that the masses in this country deserve, at least, this much relief from tax burdens. We don't mean to say that once we remove the salt tax the masses will be completely free from tax burdens, no, it is not so, because there are several other tax burdens too, but this tax hits them the most, and, therefore, this tax should be removed first. Unlike several other taxes this salt tax hits the *kisans* and *mazdoors* of this country the most, and we have particularly made a test case of

[Prof. N. G. Ranga.]

this. Of all the other taxes we feel that this salt tax should be removed as soon as possible. It is all right for the Honourable the Finance Member to be blind to what is happening in our villages. He may grow eloquent about his own affection for the masses in this country, but, after all, mere professions are not enough, and five years is a long enough period for even a blind man to see through the game of the Finance Member as well as of the Government of India. He has professed and professed almost *ad nauseam* his affection for the masses, but what has he done for them? He says he has brought forward the Income-tax Bill and, thereby, he is going to raise more money from the rich people and so on. He is getting all the kicks from the rich people and, therefore, he cannot be expected to do anything more. Even there I do not think he is really anxious to do anything special to relieve the burdens of the masses.

From the salt tax, for instance, he has been deriving more and more money every year, and even according to his own admission, during the last two years, there has been the economic depression. The old depression has gone, the second depression is on now, and yet he does not propose to do anything whatsoever to relieve the intensity of this depression, and, on the top of it all, he insists upon his pound of flesh. I can only say that this does not show any real affection on his part for the masses. If we look into the prices of cereals or pulses, we find that they are very much lower than what they were before. In 1914 if the price was say Rs. 100, the index number of the price of cereals is Rs. 78, and for pulses it is only 93, and yet he wants to collect from the masses the same amount of money he was collecting when conditions were different.

Then, Sir, there are producers of salt. Many of them are very poor people. They have been suffering owing to foreign imports of salt, and the imported salt is subject to no import duty at all. They asked for protection. The Honourable Member simply said that if he imposed a protective duty the price would simply shoot up and the consumer would suffer more. Then why does he not abolish this duty or accept our amendment and reduce the duty and thus make it cheaper for the producers so that they may be able to have a fair deal in this. My friend wants to have it both ways. He wants to hit the producers on the one side, at the same time he wants to rob the consumers on the other. He can't have it this way, and it is all because he wants England to be benefited and not India, although, as my friend, Mr. Lalechand Navalrai, clearly said, my friend, the Finance Member eats the salt of India and will continue to do so until the day of his departure.

Then, Sir, there is the question of the standard of living of our masses. He says that this salt duty is not going to affect them much, but it does, according to me. It has been estimated that the *per capita* income per day of an agriculturist in this country is only seven pies, and if to that we are able to add one more pie, it will be an appreciable amount. It is true it is not a big amount when compared to the standard of living of the people in England or other countries, but when we remember that our people are so very poor and that most of the poor people are obliged to work in large parts of our country on famine works on three pies per

day of eight hours, it will be realised how advantageous it will be to them if this salt duty were to be reduced as is proposed by us. We are particularly conscious of the poverty of our masses. We deal in terms not of millions and millions of pounds or rupees, but in terms of a few rupees when we speak of our masses. Naturally, therefore, four annas reduction is a very big thing, and we want it to be agreed to by the House, because we are responsible to our masses. It is all very well for my friend over there to say that he is for the masses, but, at the same time, we should not deal with this question in an irresponsible manner, because if our proposal is accepted it would show a reduction of one crore and 67 lakhs in the budget. He can talk like that now. But if he does so after going over to that side after the advent of responsible Government, it will be possible for us to kick him out of office, because in a responsible Government an Honourable Member talking in that fashion in respect of the masses will not be allowed to remain in office for more than a minute. Therefore, Sir, I am whole-heartedly in favour of this amendment, and I say so not only on my behalf, not only on behalf of my Party, but also on behalf of the starving millions of this country about whom my friend, Sir James Grigg, has no claim to talk, because he has been exploiting them through his successive budgets while all the time shedding crocodile tears.

Some Honourable Members: Sir, the question may now be put.

Mr. President (The Honourable Sir Abdur Rahim): The question is—

“That the question be now put.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is—

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

The Assembly divided:

AYES—55.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasaynam.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chandhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kallash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—38.

Ahmad Nawaz Khan, Major Nawab Sir.	Menon, Mr. P. A.
Aiyar, Mr. T. S. Sankara.	Menon, Mr. P. M.
Ayyar, Mr. N. M.	Metcalf, Sir Aubrey.
Bajpai, Sir Girja Shankar.	Miller, Mr. C. C.
Bewoor, Mr. G. V.	Mukerji, Mr. Basanta Kumar.
Buss, Mr. L. C.	Nur Muhammad, Khan Bahadur Shaikh.
Chambers, Mr. S. P.	Ogilvie, Mr. C. M. G.
Chanda, Mr. A. K.	Rahman, Lieut.-Col. M. A.
Chapman-Mortimer, Mr. T.	Row, Mr. K. Sanjiva.
Christie, Mr. W. H. J.	Scott, Mr. J. Ramsay.
Dalpat Singh, Sardar Bahadur Captain.	Sher Muhammad Khan, Captain Sardar Sir.
Greer, Mr. B. R. T.	Sircar, The Honourable Sir Nripendra.
Grigg, The Honourable Sir James.	Sivaram, Rao Sahib N.
Hardman, Mr. J. S.	Slade, Mr. M.
Kamaluddin Ahmed, Shams-ul-Ulema.	Spence, Mr. G. H.
Kushalpal Singh, Raja Bahadur.	Stewart, The Honourable Sir Thomas.
Lillie, Mr. C. J. W.	Sukthankar, Mr. Y. N.
Mackeown, Mr. J. A.	Sundaram, Mr. V. S.
Maxwell, The Honourable Sir Reginald.	Zafrullah Khan, The Honourable Sir Muhammad.

The motion was adopted.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is;

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 3 stand part of the Bill."

Mr. Surya Kumar Som (Dacca Division: Non-Muhammadian Rural): Sir, I move:

"That clause 3 of the Bill be omitted."

Sir, on this point about the *khandsari* sugar, many of us have spoken. The definition of a factory as one in which 20 or more labourers are employed is to be withdrawn by this clause. That means that even if two or three or five labourers work, that will come under the purview of the excise duty which has now been fixed at eight annas. It has been lowered no doubt. Yesterday the Honourable the Finance Member tried to show that it is not a poor cottage industry as it is represented to be. He quoted some examples supplied by his office and he said that a man splits up his labourers. Two or three are working on one side of the road and crush the juice which is taken to the other side of the road where other processes are being carried on, a centrifugal is used and sugar is produced. So far as I could gather information, this kind of factory is very rare. You cannot find even five per cent. of such factories in the whole country, where they have this double arrangement.

The Finance Member said that a hundred maunds are being made in a day. That is an exceptional case but the exception does not prove the rule. I say with full confidence and I think I will be supported by every Member from the United Provinces that there are many factories which do not engage so many men and produce so much sugar. Moreover, this process of manufacturing sugar has been in existence for about 300 years. Previously what these men did was this. They crushed and got juice and made it into *rab* and they condensed it by a *country process* by means of aquatic plants and they allowed it to remain from three weeks to a month and by that process the refined sugar was obtained. There was another process, the centrifugal, moved by hand. These two were used previously. Now electricity has been introduced into small towns. In many villages in the United Provinces they take electric current for agricultural purposes at a very low rate and use small centrifugal with four or five horse power. It is only in exceptional cases that eight or ten or fifteen horse power is used. So by that process the cultivators do everything. The cultivators crush the cane, the cultivators get the juice and make it into *rab* and put it into the centrifugal, or sometimes they get that *rab* turned into sugar at a certain rate per maund and get back the sugar, go home, and sell that in the market. That was going on for a long time. Simply because they have now taken to that mechanical process and use it at the last stage, i.e., a small centrifugal for the purpose of the last process, now you want to say that its character is changed from a cottage industry into a mill industry. I submit this is very wrong. The nature of the work has remained, the processes previous to the use of the centrifugal have remained the same; and these things are generally done in the interior of the villages in most cases. Except in a few towns—as I stated yesterday, for example, in the town of Bareilly where they have set up some centrifugal—this *rab* is generally brought in from the interior. According to the estimate of the Finance Member, eleven lakhs of maunds of *khandsari* is produced in the country; that is, a very large percentage of the sugar is produced in the country. Now, this is distributed throughout the country, particularly in Northern India, and generally this *khandsari* process is adopted in the most interior places from which there is no transport facility to carry the sugar-cane to the mills or to the stations. That would mean a large cost for which the poor cultivators cannot sell their cane to the mills, because, they have to undergo more expenditure in carrying it to the mill or to the station. And this is being done in the villages, mostly, even now, in some cases the old processes are going on in the interior, and there are some small centrifugals in the interior belonging to the cultivator himself, set up in his own hearth, and everything is finished there. So, I submit, that this is one of the biggest cottage industries which has survived the onslaught of British imperialism. Cotton fabric has disappeared, ship-building has disappeared, all other things have disappeared by the sympathy of British imperialists, but only this has anyhow eked out its existence up to this time. Why of all things in the country, I do not understand for whom, with what motive, this *khandsari* has been selected by the Finance Member? If this eight annas is imposed upon the small *khandsari* factories, I am told they will have either to cease to exist or they will have to give up the process of using any centrifugal machinery. Now, the result, if they revert to the old system, will be that it will not be as profitable as it now is and Government will get nothing. At the same time the imposition of this tax will strangle a very good industry which was flourishing from day to day.

[Mr. Suryya Kumar Som.]

having the advantage of the centrifugal machinery. I submit the use of the centrifugal, at the last stage, does not convert this cottage industry into a mill industry at all. Moreover, what will be the effect of the death of this industry? I am told that in the Bareilly district alone fifty thousand men in different capacities are employed, that is, from the growing of the sugar-cane, cutting it, collecting it, carrying it to the centrifugal, etc., and for these processes about fifty thousand men are employed in one district, viz., that of Bareilly. Now, if this system is driven out of existence, a very very large number of poor cultivators and labourers will be thrown out of work. This is not the way to solve unemployment in this country! Now, I find that imperialist as the Finance Member is, and imperialist as the British Government is, they have a natural sympathy for our Indian capitalists, like my friend, Haji Sir Abdoola Haroon.

An Honourable Member: What about Sir Homi Mody?

Mr. Suryya Kumar Som: Well, my friend, so far as I know, does not deal in sugar, but in other things like cotton.

The sugar mills will then try to strangle this *khandsari* system so that this sugar mill may have full control over the production and sale of sugar in the country; that is, if this poor *khandsari* is driven out of existence, the mill-owners will have their sweet will to fix the price of sugar at any rate they like and this will affect injuriously the consumers, because since there is a competition between *khandsari* and mill sugar, which is a very healthy competition, the mills are not master of the situation, that is another reason why this *khandsari* should not now be driven out of the field. And I find, Sir, that since this capitalist Government is having a natural sympathy for the Indian capitalist, by killing of this industry they want to help the millwallahs of India and nobody else. So as it does not help England directly, in which case no amount of argument on my part would change the mind of the Finance Member, why do you go so far as to help our Indian capitalist at the sacrifice of this poor cultivator—for whom my Honourable friend evinces so much sympathy? You raise the cry of the consumer's difficulties whenever we ask for a protective duty, and you shed crocodile tears for the consumers saying that the prices will then be raised but here, if you drive this *khandsari* out of the market, you will find how the consumers will be dealt with by the sugar mill-wallahs. Moreover, the spirit throughout the world and I say, particularly throughout India, is how to improve the position of the cultivator and the mass of the people. At this time to try to strangle this *khandsari* system, I submit, is a sin. And, after all, what do you get? About Rs. 5½ lakhs according to your own estimate. Well, that is a drop in the ocean. So my amendment is that do not reduce this rate; I think it was Re. 1-4-0, let it remain there—but do not spread your net so as to include all the *khandsaries* within the section.

I showed only the other day that according to the previous definition of a factory only two per cent. of the *khandsariwallahs* came within the provisions of that Act. It did not touch the remaining 98 per cent. If you include them also, then the rate being lowered does not help the industry. So, I submit that the rate may not be reduced but the definition should remain as it is. Now, it is a question of mentality and it is a

question of intention. Here you have caught hold of the *Khandsari* sugar because it uses centrifugal machinery. If he gets out of this machinery, then you have an idea of catching him. You will say whoever uses any contrivance will have to pay so much. Whether he uses hand or electric power or steam power, it all comes under the definition of machinery. So, if he changes the contrivance, he has no escape. There is no meaning in these technicalities. The real thing is the mentality and the motive. So, I appeal to the Government to spare these poor fellows. With these observations I move my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That clause 3 of the Bill be omitted."

Prof. N. G. Ranga: Sir, I rise to support this amendment and my reasons are these. Only last year this duty was sought to be doubled by the Honourable the Finance Member and when we opposed it, he said that it was to be levied only on the *khandsari* sugar produced from factories in which more than 20 workers were employed. Therefore, at that time, he had admitted our claim that the cottage industry should not be affected at all by this particular duty. Somehow, he managed to get the consent of the House for doubling the duty.

The Honourable Sir James Grigg: Not on *khandsari*.

Prof. N. G. Ranga: He said that *khandsari* sugar was not going to be affected. But his predecessor, Sir George Schuster, had exempted this from the sugar excise duty on the specific ground that it is a cottage industry and as such deserves to be encouraged by the State. Now, Sir, I want to know what is the policy of the Government? Is it the policy of the Government to do everything possible to discourage genuine cottage industries? If it is not, then why is it that my Honourable friend is anxious to extend it to all *khandsari* concerns irrespective of their size. It may be because he thinks that wherever there is mechanical power employed, there is the possibility for these people to make huge profits and such a concern need not be considered a cottage concern but a factory. In that case, it raises a very big issue. In this country both economists and social reformers have been unanimous in advocating the extension of the cottage industrial system on the plea that it will become more and more paying for workers employed therein if and when electricity or other motive power comes to be utilised or harnessed to cottage industry. Is it the policy, then, of my Honourable friend, the Finance Member, to discourage this alliance between the hand and the machine and the motive power? In Japan and in Switzerland and in some parts of Italy also large number of workers are employed in a remunerative manner in cottage industries which are run by motive power, by cheap electricity. Even in this country definite efforts are being made by State Governments, especially the Mysore State Government, to encourage villagers, workers and others to utilise cheap electric power in order to run their cottage industries. Now, I want to know whether my Honourable friend, Sir James Grigg, does not want that the same thing should be done in every part of India for the betterment of cottage industries in this country? If he does not want that, then we know where we stand. We know this that he wants the development only of large scale industries in this country.

[Prof. N. G. Ranga.]

The Indian National Congress has set its face against that kind of one-sided industrial development in this country. The Indian National Congress is committed to the policy of encouraging, simultaneously, the development of large scale industries and also the development and encouragement of cottage industries. That is why the All-India Village Industries Association was organised on the advice of Mahatma Gandhi by the Indian National Congress and it is the object of this organisation to do everything possible in its power to encourage every possible cottage industry.

It may be said by my Honourable friend that several efforts are being made in different places to evade the tax. There are so many other processes on which people are employed. It may be said that a large number of people may be employed by a small factory, but nominally only a small number of people may be employed on this last process and in that way evasion may be practised. But the State has not become bankrupt in its capacity to put down evasion and to discover any such efforts and put them down. As long as the State has got the necessary machinery to collect this excise duty and also its factory inspection staff to see that all those places, wherein more than 20 people are employed, should be brought strictly within the scope of their inspection, it must be possible for my Honourable friend to bring within the sphere of taxation all those factories which can genuinely be taxed according to this. But instead of that, he simply wants to spread his net far and wide. Why should he do so?

After all, it is admitted that this *khandsari* sugar has more vitamins in it than the factory sugar and people do prefer it to the factory sugar. As my Honourable friend, Mr. Som, has mentioned, for ages and ages this industry has been going on. It may be mentioned that *gur* contains more vitamins than *khandsari* sugar but the *khandsari* sugar is said to contain more vitamins than the factory sugar. As long as there is a demand for it, it is up to the Government to see that this kind of cottage industry is encouraged. If the State is not prepared to encourage it, at least it should not come in its way.

It is one of the functions of public finance to see that any indirect effects of any taxation proposals do not militate against any kind of industry which benefits the people. This I claim to be a beneficial industry. It provides employment for village workers. *Khandsari* is the last process in that industry. All other subsidiary processes have got to be attended to by villagers themselves. It is only in its last stage that the stuff is taken over to the nearest town or village. It is not necessary that this centrifugal machine should be installed in towns alone. In the United Provinces and in the Punjab where there is available plenty of cheap electric power, it is possible for a large number of these factories to be established in villages and to be run there and to the extent they provide work, they provide employment for the villagers. All these various preparatory processes employ large numbers of villagers. By his provision in the Bill he will throw many people out of employment. He certainly has not added to his credit by providing employment for any more people in the country during the last five years. He has provided employment only for foreign experts. To the extent that his rural development grants have been utilised properly, he provided some work in some places. Beyond that there is nothing more. Before he leaves this country let him at least do

something to give employment to some people. On his own showing there are 11 lakhs of maunds of this stuff that is produced.

The Honourable Sir James Grigg: In one cottage!

Prof. N. G. Ranga: What is the total production?

The Honourable Sir James Grigg: Two lakhs of tons.

Prof. N. G. Ranga: To produce two lakhs of tons how many are employed? How many hours of work should be put in and by how many men?

Mr. Suryya Kumar Som: If as the Honourable the Finance Member says he expects two lakhs tons production, then his estimate is $5\frac{1}{2}$ lakhs revenue at eight annas.

The Honourable Sir James Grigg: You will not get 100 per cent.

Prof. N. G. Ranga: There is the case of the United Provinces. In answer to the sugar syndicate the United Provinces Government have stated in their recent communique that there was some sort of attempt at pushing up the prices of sugar. The presence of *khandsari* sugar will have a healthy influence indeed on the production of sugar in order to prevent undue rise in the prices of factory produced sugar.

Mr. J. Ramsay Scott (United Provinces: European): What has been the cause of the rise in the price of sugar? Is it not due to the greater cost of cane?

Prof. N. G. Ranga: The price of sugar has gone up. Then the United Provinces Government has rightly come down and said, the consumer is made to pay very much more. As long as the consumer is successfully made to pay this higher price, then certainly the producers are entitled to a share in this higher price. That is why they have fixed a higher price for sugarcane. My Honourable friend, Mr. Ramsay Scott, cannot have it both ways.

Mr. J. Ramsay Scott: I am not getting either way, that is the pity.

Prof. N. G. Ranga: The sugar factories want to exploit the producer and the consumer and the United Provinces Government will not have it and it has stepped in rightly. Well, Sir, all cane cannot be sold to sugar factories. It has got to be converted into one of two things, *gur* or *khandsari* sugar; as much of it as it is possible to convert into *gur* is utilised that way and the rest into *khandsari* sugar. As long as there are these two alternative processes for sugar, the sugarcane grower gets a decent price for his cane from the manufacturer. It is not enough for the sugarcane grower to depend entirely on this minimum price fixed by Local Governments. The minimum price fixed by them is absolutely essential, in addition to that this is an additional safeguard. That is why we do not want this *khandsari* manufacture should, in any way, be discouraged. What is it that we ask in this amendment? That clause 3 (a) should be

[Prof. N. G. Ranga.]

deleted. Once this goes, the effect of it will be that the Honourable the Finance Member will be able to collect his duty of eight annas from all that *khandsari* sugar which is produced in factories in which more than 20 people are employed.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): The amendment is that clause 3 of the Bill be omitted. Then how can the Honourable the Finance Member get any duty?

Prof. N. G. Ranga Then we go back to *status quo*.

Mr. S. Satyamurti: Then he will collect at one rupee and five annas and not at eight annas.

Prof. N. G. Ranga: We only want reduction of duty from one rupee five annas to eight annas. I think the duty is rightly reduced.

Mr. S. Satyamurti: But the amendment is not that.

Prof. N. G. Ranga: If the whole thing goes, so much the better. First of all we want that this should not be applied to *khandsari* sugar concerns. I, therefore, support the amendment so far as it goes. I hope my Honourable friend will see his way to admit the mistake that he is making.

Mr. S. Satyamurti: He will only quote you in his favour. He won't accept anything from you!

Prof. N. G. Ranga: He is trying to drive out of existence a cottage industry. I hope he will see that it continues to exist. If he does not do that, he cannot very well plead that he is helping the poor as against the rich.

The Honourable Sir James Grigg: Sir, I had better bring back the debate to a certain sense of reality. Both Honourable Members who have spoken did so as if the proposal in the Finance Bill was going to ruin the *khandsari* sugar industry altogether and tax it out of existence and they spoke as if that was, in fact, my objective. Let us have the facts before we embark upon suggestions of that sort. If the total production of *khandsari* sugar is 200,000 tons, which is as good an estimate as you can get in the circumstances of the case and if the whole of that production was subject to a duty of eight annas per cwt., which is ten rupees a ton, the total amount of duty to be obtained would be 20 lakhs. We expect to get 5½ lakhs. So that three-fourths of the *khandsari* sugar will still be untaxed. That is the first fact in the consideration of the question. Therefore, I say that even under this proposal three-fourths of the *khandsari* sugar will escape taxation.

Mr. M. S. Aney (Berar: Non-Muhammadan): But how will your officers do that?

The Honourable Sir James Grigg: Because the real cottage industry will escape. It is only what is in fact a factory industry that will be taxed.

Now, let us come to the quarter of the industry which is in effect a factory industry. That will be taxed at eight annas per cwt. whereas the ordinary factory sugar will be taxed at Rs. 2 per cwt. So that even the factory part of the *khandsari* industry gets a 75 per cent. preference, or rather gets relief of 75 per cent. of the duty. That is the second fact I will ask Honourable Members to bear in mind. The first is, that three-quarters of the production will not be taxed at all and secondly, the remaining quarter of the production only pays a quarter of the duty that the factories pay. And now I maintain from these figures that what is really the cottage industry is completely exempt from duty and that what is the minor factory industry is treated extremely leniently.

Now, let me explain to Honourable Members again what I conceive the factory part of this industry to be. As I understand it, they either buy cane from the peasants at very much less than the price that the peasants would get if they took it to the factories, or they buy it in the form of *rab* which means that the cultivator crushes his own cane by some hand process or other and makes it into *rab* and takes that to the factory to be refined. But in both cases the main part of the conversion into sugar is conducted in what is a factory and is not carried on in the village at all; it is carried on in towns. In Bareilly city alone there are 200 of these factories. A great many of them employ two machines and by dint of this device and splitting up the process into two or more sets of premises the provision about not employing more than 20 men is evaded. I maintain that what we are doing is not more than to get a quarter of the normal duty on a quarter of the production, and that quarter of the production comes from what is in no sense a cottage industry but is essentially a factory industry.

I oppose the amendment. I think now that I have examined the figures more carefully I am astounded at my moderation.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Honourable Member is engaged more in packing his luggage and enjoying farewell parties than applying his mind to the budget debate. This Finance Bill has really been framed with Finance Member's eyes towards London, Liverpool and Lancashire; he has not even cast a glance at the agriculturists and labourers who are the real people of this country. Sir, I come from that unfortunate division of Rohilkund and Kumaon over which a bomb has been thrown by the Finance Member, or I should say he has used a gun for killing a mosquito. There are small *khandsari* industries dotted all over the country since time immemorial, and with the advent of electricity the United Provinces Government formulated the eastern grid and the western grid schemes. From Bahadurabad a cheap electric power was driven and their only fault was that they used this electric power in small centrifugal machines. And there are about 190 distributed in Bareilly District alone while they were 300 before the sugar mills started. Has any inquiry been held as to how they are getting on and whether they are running at a loss, how much money they owe to the *sahukars*? On the evidence of one small inspector and on one solitary instance which he quoted yesterday he condemned all these innocent persons. Has any inquiry been held?

The Honourable Sir James Grigg: Certainly.

Mr. Badri Dutt Pande: Has the United Provinces Government been consulted in the matter? The Honourable Member gives misleading figures

[Mr. Badri Dutt Pande.]

and now he will run away and another man will be in his place and use these figures. On the Income-tax Bill he duped all the parties in this House; and now he says five lakhs will come and ten lakhs will come. But he does not say how many people will go to ruin? That is not taken into account. There are 50,000 people in Bareilly alone engaged in this trade of *khandsari* which you are going to harm. It is a matter of shame that they are going to revise the definition of "factory" by the back door. This Finance Bill will be certified by the Finance Member's political uncle the Viceroy and it will be a case of "*Chacha chor, bhatija Kazi*".

The Factory Act which was passed by the House after a good deal of consideration will be wiped off by the Viceroy after certification and a new definition of "factory" will be introduced by the Finance Bill which will be certified. Has the Finance Member ever seen the working of *khandsari*? He has never seen it and he wants to destroy this small cottage industry. If there are one or two bad cases they can be prosecuted if they employ more than 20 men. Has any single prosecution been launched? No. When the Sugar Excise Bill was on the anvil Sir Abdur Rahim, the Leader of the Independent Party, opposed this in words which I will now quote:

"Now we have got to deal with the case of what are called *khandsaris*. These, I understand, are small concerns,—I do not know whether they employ steam power or not, but if they do employ steam or electric power, they employ it on a small scale. The limit that has been laid down in the Bill applies to concerns which employ 20 men or more, that is, the factories; those concerns which employ less than 20 men do not come under the purview of this measure. The Finance Member said that it would be for the Select Committee to consider whether the *khandsaris*, who produce white sugar on a small scale, should not also be asked to pay the excise duty. I could not gather from the speech of my friend opposite or from the speeches of the Honourable Members who have spoken so fully on the subject on this side of the House whether these concerns, called *khandsaris*, supply any particular class of people with sugar of an inferior quality at a lesser price, that is to say, whether they cater for the poorer people while the factories cater only for the more well-to-do classes . . .

An Honourable Member: That is correct.

Sir Abdur Rohim: Well, if that is correct, as I am told it is, in that case I am not so sure that it would be in the public interest to impose the same sort of excise duty on these people, because after all sugar is a necessity of life, as much as salt is . . .

These are the words of the man who now occupies the dignified position of President of this House and they will not agree with his views because they are here to take away money by force, by borrowing or by robbing.

When there were protests from Sir Muhammad Yakub, who comes from Rohilkund, and by Mr. Ranga Iyer and Mr. Reddi that these small cottage industries should be protected, this was what the then Finance Member said:

"We have had perhaps more discussion about the position of the *khandsari* sugar makers than about anything else.

We do not, and I say this quite definitely, we do not want to do anything which is going to stamp out a genuine agricultural industry (Hear, hear). So far as it is a small cottage industry, we recognise that it is serving a very useful purpose in areas where cane growers have got no other markets and we do not want to stamp out a genuine cottage industry. We thought that the soundest thing to do was to adopt the definition of a 'factory' from the Factory Law and to work on that and it remains to be seen what that will produce, but one thing I can say and that is that we do not intend that the Act shall be administered in such a way as to drive out of existence the small cottage concerns. (Hear, hear)."

This was the assurance given by Sir George Schuster who seems to be more of a gentleman. Now, the whole thing is going to be wiped out by the present Finance Member who is leaving us as if with a parting kick and yet we go on giving treats to him and saying 'He is a jolly good fellow'. What these people now want is only this—this is their last prayer to the Governor General. Formerly the whole thing was managed by one Deputy Collector. Now, there are the excise inspector, the excise superintendent, the assistant commissioner, the deputy commissioner, the Commissioner, and they are the lawmakers and they are themselves the judges. What the *khandsari* people want is that either the former status should remain or at least the premises in which 5 h. p. or 5 kilowatts energy is used should not be termed as a factory. If the Honourable the Finance Member agrees to this, then we can save this industry to some extent, but he is shaking his head, as he will shake off his body away from this country soon. Sir, I support this cut motion.

Honourable Members: The question may now be put.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 3 of the Bill be omitted."

The Assembly divided:

AYES—9.

Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.
Parma Nand, Bhai.
Sant Singh, Sardar.
Som, Mr. Suryya Kumar.

NOES—42.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Greer, Mr. B. R. T.
Grieg, The Honourable Sir James
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulra.
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalfe, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

The motion was negatived.

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): Sir, I beg to move:

"That part (a) of clause 3 of the Bill be omitted, and the subsequent part be re-lettered accordingly."

The object of my amendment is not only that *khandsari* sugar should not be taxed, but that the existing tax should be reduced to eight annas. This is the double object of this amendment. So far as *khandsari* sugar is concerned, the matter was fully debated in the previous Assembly, and my friend, Mr. Pandey, has quoted Sir Abdur Rahim, because he also opposed then the taxation on *khandsari* sugar. As such, we have got a good precedent before us, and we should stick to it and see that *khandsari* sugar is not taxed.

Sir, when I think of the taxation on *khandsari* sugar, it reminds me of the famous verse of Sadi. The word *Tam'a* is greediness, the word is composed of three letters, but none of these letters has got any dot. So it means, the greedy people cannot prosper. The Finance Member, in his greed for more money, does not like to spare anybody. In this Finance Bill he has prepared the guillotine for the rich, for the companies, for the assesseees who pay income-tax, and he is preparing a trap to catch the poor also. He knows that the poor people earn now hardly one anna nine pies per day, as has been pointed out by previous speakers, but on this he has taxed them for salt, and he takes away further a pice more from their poor earnings. Now, he wants them to pay another pice more by way of taxation on *khandsari* sugar. Sir, I object to this tax for more than one reason. My principal reason is, this is a cottage industry, and a good many of our poor people are getting employment in *khandsari* works. If *khandsari* sugar is taxed, the result will be, it will add to unemployment among the poor, most of these poor people will be thrown out of employment, it will be very difficult to find work for them. The Honourable the Finance Member wants to make his taxation universal. Well, Sir, we do not mind paying taxes if we had income. The rich have got sufficient money, let them pay the taxes; the middle classes have got some money, let them pay the taxes. Even in regard to payment of income-tax, the first earning up to Rs. 1,500 is exempted from the payment of income-tax. But, now, what do we find in this case? The poor people are going to be taxed on their income which barely suffices for their maintenance, and this should not be done. The Finance Member has given his reason for taxing *khandsari* sugar, and he has quoted an exceptional case. He has not told us in favour of how many factories this exception can be made. There are black sheep everywhere, and exceptional cases should be left out of consideration. If the Finance Member had told us the cases of the kind which he mentioned are very frequent in *khandsari* sugar production, there would have been some justification for this taxation. He has produced only one case, and for that one case he wants to penalise the entire *khandsari* products of the United Provinces and the Punjab. This is an argument which will not convince the intellectual people of this country. My friend has failed to make out a case for imposing a tax on *khandsari* sugar, and I think the House will give its verdict by rejecting this item of taxation.

Sir, we in this House cannot create a precedent and surrender to the trap of the Finance Member, for, next year, the Finance Member, whoever he may be, will come forward with a proposal to tax cottage industries like *khaddar* and other things. We cannot afford to create a

precedent like that. If this increased taxation had been required for the benefit of this country, we would have undoubtedly given him our support, but the fact is that as soon as there is extra money, some experts will be brought in from England, more extra allowances and remuneration will be given to the British personnel in the Military Department, and so on. Our experience has been that whatever money the Finance Member gets, he uses it for the benefit of his country, and that is why we are reluctant to give him any support in his taxation policy. We have been crying hoarse for some sort of power over expenditure, but the Government have not listened to us. With the money that we give, they are bombing the people of the North-West Frontier, for the last two years they have spent crores, and they are spending crores, and they will not cry a halt to this nefarious policy of theirs.

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

I appeal to the House to think a hundred times before they give sanction to a high level of taxation, and to see for what purpose this increased tax will be used. If it is used for our benefit, we will give our support ungrudgingly; but if it is used against us, we will try to kill the Finance Bill. That should be the attitude of the House, and I ask the House to remember this before they give any support to the Finance Member in his taxation proposals. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That part (a) of clause 3 of the Bill be omitted, and the subsequent part be re-lettered accordingly."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I should like to say a few words in sympathy with the amendment that has just been moved. I regret I was not able to hear all that my Honourable friend said, both because of the distance at which I sit from him, and also because his voice was rather low. I am not one of those who think that the Finance Member is deliberately hostile to the Indian peasant. What he lacks is personal knowledge, not sympathy; and it was my desire that my Honourable friend, before he left our shores, spent one twenty-hours continuously in a village and lived in actual village conditions. If he had done so, he would have had much more active sympathy with the villager than he seems to have. It was not possible for him to arrange such a trip, useful both for himself and the village, and I fear the occasion for that will now never come. His only contact with the villager has been through the medium of the files, and that medium is not very helpful to an understanding of the actual condition of things.

My sympathy with this amendment is due to the fact that, while it reduces the duty on *khandsari* sugar as a whole, it exempts from all tax those small factories where 20 men or less are employed. As the Bill now stands, all the factories will be roped in, whether small or big. My Honourable friend gave the example of a factory where, on his showing, it was clear that fraud was being practised. If there are factories like that which split themselves into two, in order to show that the place where power is actually used is only run by a few persons while really the rest

[Mr. Sri Prakasa.]

of the work is done in a neighbouring house with a larger population—if such factories there be, let them certainly be roped in and punished for criminal offence as well, besides being taxed to the full. But there must be hundreds of factories of a *bona fide* character where 20 persons or less are actually employed. These should be exempted from the imposition of any tax.

I am quite willing to make a few suggestions if my Honourable friend will accept them, so that fraud should be avoided and the right thing should also be done. If such factories are situated, let us say, five miles away from a town of 10,000 population or more, let them be exempted. Then there would be an encouragement for the employment of village labour and there would be relief to the villager. At the present moment, owing to over-population or the lack of means of livelihood, many persons migrate from villages to distant towns like Bombay or Karachi from my province for example. If small factories like these are encouraged in the heart of the villages, then these people could live there, could live their village life and could add to the amenities of their existence. Their going away to distant places like Bombay or Karachi does good to no one; they themselves are unhappy there, and their people are unhappy at home. In their own villages with their wide-spreading fields they at least get fresh air. In Bombay they are coupled up in small tenements which I have myself seen, and they die in large numbers because the village man is not used to such impossible city conditions. Therefore, every encouragement should be given to the village people to improve their own industry. Power is being supplied in villages these days. There are, as my Honourable friend, Mr. Pande, pointed out, various schemes for the supply of electrical power in remote places. With the help of that power, little factories for *khandsari* sugar could be established in villages if only proper encouragement was given by the State and the level of taxation on these kept low.

My Honourable friend was quite right when he said that, as a matter of fact, the major portion of the production of *khandsari* sugar escaped taxation and will escape taxation even as it is. But has my Honourable friend any idea of the way in which, bereft of power, *khandsari* is actually produced as a village industry? It is a very dirty process. I have myself seen that: instead of the centrifugal which is used in a factory which has power, the power used in the village is that of old shoes. The *rab* to which my Honourable friend referred is beaten swiftly with the help of old shoes, dirty old shoes, and that is how *rab* is turned into *khandsari* sugar. That cannot be a very healthy commodity for human consumption. While the clean method of the centrifugal gives you nice sugar, this method of beating *rab* with dirty shoes gives you something which is harmful. We must not be deluded simply by the name of the cottage industry. We must see that the products of the cottage industry are clean and healthy and that can only be done by the supply in a legitimate and economical manner of power. Whenever there is a possibility of the supply of such power, wherever there is a possibility of the employment of our people in industries, wherever there is a possibility of bringing relief to the village people, up comes Government with fresh taxation, making all improvement impossible. I, therefore, appeal to my Honourable friend to give further consideration to the matter, especially when the loss is of a comparatively small sum of five and a half lakhs and let the definition of a

factory remain as it is, let us exempt the genuine small factory from all taxation and reduce the taxation on the rest. There is another amendment on the Order Paper too, that follows, namely, No. 19. If my Honourable friend is very suspicious of number 20, let him accept number ten, in terms of that amendment, for the number of men working in an exempted factory. Let him give some relief so that the villages may have a chance to prosper, and the villager may have a feeling that the Government is really sympathetic to their wants and is not oblivious of their needs and requirements.

The Honourable Sir James Grigg: Sir, the Honourable Member who has just spoken has completely turned the whole debate upside down. It is rather a pleasing habit of his but I do not think it is going to take us much further in dealing with this amendment. The logical conclusion of what he said is 'never mind the cottage industry that is dirty and filthy. We want to exempt sugar produced under factory conditions'. This is a complete reversal of the whole argument on which the original amendment was based.

Mr. Sri Prakasa: Small factories, not all factories.

The Honourable Sir James Grigg: The Department have thought a good deal over this and they have not been able to find any satisfactory way of getting at what is really a factory industry and leaving out the village industry except by the definition in the Bill, but I am willing to give him this promise, though I myself shall not be here to see it carried out but it will be carried out—that the working of this clause in its present form during the current year shall be carefully watched and if we find that any genuine village industry is being injured, then the Department will see if it can produce some more suitable definition next year but at the moment we have been quite unable to think of any broad division between the village industry and the really urban factory.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): How much revenue will be lost to the State? How many factories will escape taxation if this amendment is carried?

The Honourable Sir James Grigg: If this amendment is carried, 98 per cent. of the factories will escape taxation.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That part (a) of clause 3 of the Bill be omitted, and the subsequent part be re-lettered accordingly."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

MOTION FOR ADJOURNMENT.

GOVERNMENT'S REFUSAL TO GIVE AN OPPORTUNITY TO THE ASSEMBLY TO EXPRESS ITS OPINION ON THE PROPOSED BILL TO AMEND THE GOVERNMENT OF INDIA ACT, 1935.

Mr. President (The Honourable Sir Abdur Rahim): The Chair would like to inform the House that His Excellency the Viceroy and Governor General has disallowed the motion for the adjournment of the business of the House for which leave was granted this morning on the ground that the motion cannot be moved without detriment to public interest.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That clause 4 stand part of the Bill."

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Sir, I beg to move:

"That clause 4 of the Bill be omitted, and the subsequent clauses be re-numbered accordingly."

I think as a rule no normally constituted person likes taxation, but taxes are of two kinds and it depends upon whether we have to pay them or somebody else has to pay them. I was forcibly reminded of that yesterday by the speech of my Honourable friend, the Leader of the European Group. He felt very cold towards this additional duty which is going to inflict such a hardship on a very large industry which claims to be national in every sense of the word. He has no arguments in support of the attitude to which he has committed himself and his Group. All he had to say was: "Well, the budget must be balanced." I do not know whether my Honourable friend has for the time being assumed to himself the role of an additional, honorary, temporary, deputy Finance Member. I would like to tell him, however, that the thing goes a little further than he imagines. No tax is imposed, not even by my friend, Sir James Grigg, for the mere fun of the thing. Taxes are imposed—at least we presume so—to balance the budget. Now, every time a tax is imposed in order to balance the budget, I want to know whether my friend, the Leader of the European Group, and those who are supporting him are going to lend their powerful weight to it. I have known them very often squealing, even when the Finance Member's object is not to make any particular section or individual squeal but merely to balance the budget. And now, my friend comes forward and says without any further argument that the budget must be balanced and, therefore, he would lend his support to this additional tax on cotton. I am afraid he will presently start discovering posthumous reasons for lending his support to the duty, but I want to pin him down to this, that when he spoke, he merely wanted the budget to be balanced. So much for the Leader of the European Group and his Party.

I now come to my Honourable friend, the Finance Member. I do not find fault with the Finance Member for wanting to levy all sorts of taxes. To every Finance Member, a thing of duty is a joy for ever. However,

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even making all possible allowances for this natural inclination to tax everybody and anybody, I submit with great respect that he has got to go further than merely advancing the plea that he has to balance the budget and that he has to justify every single piece of new taxation which he places for the approval of this House. He cannot merely shelter himself behind a financial plea. We on our part have got to see whether the particular proposals which he has placed before the House meet with our approval, or whether they are calculated instead to inflict a severe hardship upon any section of the public.

Now, Sir, before I come to the arguments employed by my Honourable friend—and I will have something to say about his method of controversy—I will put all my contentions before the House. My first and fundamental objection to this additional duty is that it is a tax on raw materials—which is fundamentally unsound. This duty was imposed at a time when I happened to be a Member of this House, and I took part in the discussion; it was imposed at a time when there was a severe financial stringency, and it was sought to be justified largely on that ground. Of course, the same argument with which a section of the House was sought to be tickled by my Honourable friend here was also sought to be tickled on that occasion, viz., the alleged interests of the agriculturist implicit in this duty on cotton. I shall expose the hollowness of that presently. But I want to remind my Honourable friend that in his speech yesterday afternoon, which we all enjoyed so much, he quoted with great glee the Fiscal Commission's recommendation. He said that in order that an industry may be entitled to protection, it was necessary that the raw materials must be found in the country. Well, the raw materials are there. The Fiscal Commission never stated that even a portion of the raw materials could not be imported into the country. Cotton is the raw material of our industry, and it is to be found in abundance in this country, and if it happens for very special reasons that a portion of the supply has to be obtained from abroad, that is no argument for suggesting that the Fiscal Commission's first condition for protection has not been satisfied. Since my Honourable friend pays so much respect to the Fiscal Commission—this is the first time I have known him publicly to do it—since he professes so much respect for the Fiscal Commission's recommendations, why does he not quote the same Fiscal Commission's conclusion later on that the raw materials of an industry ought not to be taxed at all? Perhaps, even the ingenuity of my Honourable friend will not be equal to explaining why he has quoted one portion and has not quoted another.

An Honourable Member: He must have it both ways.

Sir H. P. Mody: Now it is no use quoting economists and professors in support of it; it is no use saying that foreign cotton is imported unnecessarily into this country, and that if the millowners were not so cussed and stupid, they would not be doing so. What is the use of our trying to prove the unprovable? There is no comparable cotton in this country of the type imported from abroad. You have only to look up the official publications on this question, viz., the Central Cotton Committee's reports, and you will find that even their estimate of the cotton which can be used for fine types of cloth is an extremely modest amount of something like fifty thousand bales;—and let me tell him that cotton is not to be judged merely by its staple, but by

[Sir H. P. Mody.]

its strength also, and those who are in the daily habit of using it may be expected to know whether a particular type is suitable or not. If they thought it was suitable, I would regard them as positive lunatics if they still imported cotton from abroad, paying a high premium and a heavy duty. We were made to switch over from the coarse counts, of which there was a glut in the country, to the finer types of goods by a Tariff Board which was set up by the Government of India and of which Sir Frank Noyce was the President. That Tariff Board pointed out and with great justification that there was a need for switching over to the use of African and Egyptian cotton, with the result that there has been a most substantial development in the production of the finer types of goods. It is not we who have created the demand for the finer types; it was there; all that we tried to do was to capture that part of the import trade which was supplying that demand, and I may say, Sir, that we have achieved a considerable measure of success in that. Then,—and I am going over it as rapidly as I can—another argument against this additional duty is that it almost completely nullifies the protection given to the yarn industry, and it also neutralizes to a considerable extent the protection given to cloth. On the higher counts of yarn, the protection given to the industry is just five per cent. on British and six and a quarter per cent. on non-British goods. You have already got a half anna duty on cotton, which takes away as much as six per cent., and you are now seeking to impose an additional duty, with the result that, without an inquiry by a Tariff Board, without any sort of justification, but merely as a financial measure, you are neutralizing the protection given. I say the implications of such a policy are positively dangerous, and what might happen is that, when protection has been granted after due and proper inquiry by a proper tribunal, and after consideration by both Government and this House, it is open, by such means, to Government to neutralize that protection. I need not say very much more because I do not need to carry conviction to this side of the House, and so far as the Honourable the Finance Member himself is concerned, well, I did my best to teach him the business a couple of days ago when I led a deputation to him, but I am afraid he has proved a most disappointing pupil.

An Honourable Member: He is now in your pocket.

Sir H. P. Mody: Why is it that this duty has been imposed? The Finance Member seems to think that we are rolling in wealth. I do not know why it is that people should talk of our rolling in millions or why their cupidity should always be excited and directed against the unfortunate mill industry? Sir, if I believed in the transmigration of the soul or in another life I would say that in a former existence the mill-owners must have been a set of wicked folks to have earned their present lot. My Honourable friend said that the industry is prosperous. It is true that in 1938 we made some money—after, I do not know, how many years of bad and lean times. We made some money after years of depression, and at once, everybody's cupidity was excited, and the Finance Member comes along finally to put the last straw on the unfortunate camel's back! First of all, the wage increases came along. Taking one section of the industry alone, though it is the most important section, namely, the Bombay section, in wages alone we had to bear something like Rs. 67 lakhs

increase in one year. Then there are various taxes which have been imposed by the Government of Bombay, and altogether, even assuming that the prosperity of 1938 had continued into 1939, I say we could not possibly have afforded to bear this burden, because, we shall be paying a crore more now in the way of taxation and wage increase. On the top of all that my Honourable friend wants to increase the duty on cotton! A point was made by my Honourable friend, Sir Cowasji Jehangir, that the Finance Member had little to say, because, he had only five and a half lines in support of this proposal. I do not myself remember how many but I will give him ten. And the burden of what he said was that he wanted to balance the Budget. Incidentally, in order to catch support from various indeterminate sections of the House, he said that the cotton agriculturist might be benefited. That did not work, so he had to come out in the open when criticisms were made—unfortunately I was not here to listen to him and to trip him up on the spot—and he is reported to have made five points. I shall now try and reply to questions in this House at question time. Firstly, that the duty would mean a three per cent. increase on the cost of production—"inaccurate and under-stated":

"(b) Mills had profited greatly by the fact that the prices of cotton cloth had retired little from the peak of 1937, while the cost of raw cotton had dropped by 30 per cent."

He does not know what he is talking about:

"(c) The Punjab-American cotton was fetching lower prices than ordinary cotton in India, because the millowners were so busy importing cotton that they had no time to buy Indian varieties."

Rubbish:

"(d) For counts up to 20s, there was no need of buying foreign cotton and India was capable of growing cotton for counts from 21s to 40s, and Indian Mills could perfectly well use Indian cotton upto 40s if they wanted."

More rubbish:

"(e) The Industry in spite of the 5 per cent. reduction made some years ago in the duty on Lancashire goods and increase in wages given as a result of the recent enquiry in Bombay was making very substantial, if not high, profits."

He has got a lot to learn.

Well, Sir, the real trouble is that my Honourable friend does not understand what counts mean. He was told that there is some technical thing called "counts". It is no reflection upon his ability that he does not know what that means. As a matter of fact, a very big man for whom my Honourable friend has professed to me great admiration, Mr. Winston Churchill, was many years ago talking in the House of Commons about crores and crores of rupees. Some Member asked him: "What is a crore?" That completely floored Mr. Churchill. And, if I did not have such a personal regard for my Honourable friend here, I should have tripped him up in an equally summary and effective manner. Sir James Grigg's deductions seem to be becoming more and more ingenious. From one thing he deduces another and finally when he fails to present a clear picture before the House, he trots out the bogey of "big business". Let me advise my Honourable friend not to become too clever at deductions. He reminds me—I hope to be excused for becoming irrelevant and irreverent for a minute—of a school girl who determined the sex of 5 flies by observing that 2 were on the whisky bottle and 3 on the mirror! It was really clever the way in which the Finance

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LEGISLATIVE ASSEMBLY.

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[Sir H. P. Mody.]

Member put the case. He said that he was only concerned with balancing the budget. Then he let fall a casual observation: "But it is possible that the agriculturist may be helped substantially by this protection which I am giving him". Why did he not positively affirm that it was so, instead of trotting it out as a side argument? It reminds me of Mark Anthony who, condemning Brutus all the while, ended always by saying: "But Brutus is an honourable man". He keeps on saying that he is only concerned with the budgetary aspect of the matter, and at the same time misses no opportunity of also pointing out that the agriculturist would be benefited. I say that the agriculturist will not be benefited at all. Only as recently as July 1938 there was a debate in the Indian Central Cotton Committee with regard to the types of cotton which were being imported into this country, and naturally criticism fastened upon American cotton about which there may be a justifiable misconception. It has been urged that that type of cotton can easily be found in this country; the figures which were read out by the Chairman of the meeting of the Indian Central Cotton Committee showed that out of a total of 139,000 bales, there were only 1,700 bales of a count of one inch and under.

The Honourable Sir James Grigg: One inch and over.

Sir H. P. Mody: No, Sir, he said one inch and under. I can produce the report. Unfortunately, I have not got it here. Let me put it in another way. Only 1,700 bales there were which could by any stretch of imagination be regarded as being

The Honourable Sir James Grigg: I will see the report.

Sir H. P. Mody: All right; then I need not pursue the matter.

Now, Sir, I do not know where I stand with the Finance Member. He has got an economic Bible of his own. I do not remember all the ten Commandments of the Holy Bible, and I am conscious of a great many infirmities, but one of the ten Commandments is: "Thou shalt not covet thy neighbour's wife." But the Finance Member's Commandment seems to be: "Thou shalt not covet thy neighbour's trade." He is only interested in the import trade. The moment the import trade is threatened either by our indigenous industry, or in any other way, he says he cannot allow it. Now, I am not one of those who believe in the doctrine of complete economic self-sufficiency. There must be an outward flow as well as an inward flow. But when the country has got all the materials and the labour and other advantages for the establishment of a particular industry, it is no argument against that industry to say that if it produced more, it was likely to affect the import trade. That has to be so. You cannot develop except at the expense of somebody who was supplying the market before.

I shall now conclude. The whole position has been fully dealt with in the speeches on the Finance Bill, and therefore I need not quote figures and statistics. All that I want to say is something which I know is going to irritate the Honourable the Finance Member. He does not like anybody to suggest that he may have under-estimated the income or over-estimated the expenditure. Well, I shall drop that. I am not a financier and I cannot manage the Finance Member's job for him. All that I shall do is to make a sporting offer. I am prepared to under-write his sugar duties for 4½ crores. Will he accept that?

The Honourable Sir James Grigg: Which bank will give it?

Sir H. P. Mody: I will give the names of half a dozen banks which will give you 4½ crores. In any event, whether we are right or whether we are wrong, here is a matter of just 55 lakhs of rupees, and as there are so many factors which are incalculable and indefinite, can the Finance Member definitely say that he is going to suffer a loss of 55 lakhs of rupees unless there is an additional duty? I say that he would be justified in taking the viewpoint of those who know something about what they are talking. Even if he is fully convinced that he was right and we were wrong, I would like him to consider that by the imposition of this additional duty of half an anna on cotton he is going to inflict a grave injury on a national industry. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That clause 4 of the Bill be omitted, and the subsequent clauses be re-numbered accordingly."

Mr. F. E. James (Madras: European): Sir, there is an old question. What makes more noise than a pig squealing under a gate? The answer is: "Two pigs", and I am one of them. Therefore, I rise to support this motion. My Honourable friend, Sir Homi Mody, I think, did perhaps less than justice to the remarks of my Honourable friend, Mr. Aikman, the Leader of our Group. He suggested that the only reason that my Leader put forward in respect of the increase in the cotton duty was the necessity for balancing the budget. But I think he has forgotten that in his speech Mr. Aikman made it clear that the *pros* and *cons* of the subject had been thoroughly thrashed out and that he, therefore, did not wish the ground to be covered again. He went on to say that after considering the *pros* and *cons*, having regard to the necessity for balancing the budget, the Group was prepared to accept this duty. Having said that, I feel myself obliged to make it clear that in such an attitude I am not able to support my own Group and I shall state my reasons very briefly because they have already been largely stated by Sir H. P. Mody with much greater force than I can possibly use and, certainly, in much greater detail than is again necessary.

My first point is, that I have always been against taxing raw materials which are essential either to agriculture or industry and which are not available in this country. I am told that there is a range of imported cotton where substitution is possible. That may be true, but I am also advised that to a very large extent the cotton which is imported and which is used for the manufacture of finer types of cloth is not grown in this country and is not likely to be grown in this country for some time. I am aware that the Agricultural Departments have been trying to grow large staple cotton of 40's and over and I myself have had experience of the use of some of this cotton in small industries in which my wife and I have been interested for some years. Small crops of the longer staple are possible but it has been found that even where this material is available, it does not possess the physical properties of the foreign cotton which is imported for the same purpose. I quite agree that if raw materials are available in this country, the objections to the tax on the import of them are largely removed, but I cannot agree that there is any justification for the taxation of a raw material if

[Mr. F. E. James.]

that raw material is not available in this country unless there is a definite and serious emergency. Secondly, the tax, as it happens, affects a small section of an important industry which has been encouraged by two factors,—first of all definitely by the recommendation of the Tariff Board of 1927. My Honourable friend, the Finance Member, may consider that the arguments used by that Board were not of sufficient validity as to justify their conclusions. But, after all, the Board was appointed and its recommendations to a large extent were accepted by the Government of the day. Then again, the surplus production of the coarser cloth which is present in this country has quite rightly tempted the mills to go on to use the higher counts and to produce much finer material. Surely that process should be encouraged, for as public demand increases in standard, taste and quality, the mills should be encouraged to supply the finer types of manufacture. I am advised that the increase in manufacturing costs as a result of this duty is estimated to be between three and four per cent. 3 per cent. is the figure which was used by my Honourable friend, the Finance Member, to indicate that the actual increase in the cost of production is very small. But this increase is not negligible when compared with the comparatively small returns on the capital invested in new machinery in recent years. Then, Sir, my third reason is that I do not think it sound in principle that the measure of protection which has been granted to an industry after due enquiry by a Tariff Board should be reduced by the imposition of a duty for revenue purposes alone, unless circumstances are sufficiently serious to justify it. I can quite understand that a reduction in the amount of protection is justifiable in the matter of a general trade agreement where such reduction is off-set by a substantial *quid pro quo*; but I do not think it is sound in principle to effect that reduction merely for the purpose of balancing the budget.

Now, Sir, I wish to suggest that many of the arguments which have been used here are really irrelevant to the consideration of this particular matter. The attempt to set the cotton growers against the manufacturers, the Grigg *versus* Federation controversy, these are entertaining no doubt, but they are really irrelevant to the consideration of this particular point. Also, I find myself in disagreement with those who attempt to show that the process of under-estimating, which they allege the Finance Department has been guilty of, is responsible for the imposition of this tax. I, as all Members of my Group, am absolutely opposed to an uncovered deficit, and I entirely agree that the budget should be balanced. It is futile to say that the budget would easily be balanced if what is alleged to be under-estimating were proved to be right. After all, the question of estimation is a matter of opinion, and it must be assumed that the Honourable the Finance Member of the day, on balance, has the best information available in arriving at his estimates. I am quite prepared to face the fact, that fifty lakhs are required and that they must be raised by additional taxation. I would suggest to my Honourable friend, the Finance Member, that if this is an emergency budget, then this is not the time to give any relief from emergency taxation. On the other hand if it is not an emergency budget, then I say he has no right to tax a raw material which is not available in this country. There are other measures open to the Honourable the Finance Member whereby he can raise this amount, of which he must be perfectly well aware. It is not for me to advise him. I am sure it is not beyond his wits or that of

his advisers to raise this amount, which represents only 4 per cent. of his total budget. But I cannot possibly willingly agree to the imposition of this tax which I feel is wrong in principle and which I believe will inflict a serious damage on an important industry in the country.

Mr. T. Chapman-Mortimer (Bengal: European): Mr. President, we have just heard from my Honourable friend, Sir H. P. Mody, an attack on my Leader and on this Group. He taunted us with being the kind of people who voted for a certain tax or who accepted a certain tax because they themselves were not affected, that they were quite prepared to tax other people, but that when it came to themselves, they squealed. I propose to deal with that in a moment. One thing more, I should just like to say that I take strong exception to Sir H. P. Mody's remarks which I think were uncalled for and definitely unjust. Then he said that we had so little faith in our attitude that we had not been able to support it by argument. My Honourable friend, Mr. James, has explained to the House why we did not support it by arguments.

Sir H. P. Mody: Your Leader simply said that the *pros* and *cons* had been weighed, and, therefore, nothing need be said at all.

Mr. T. Chapman-Mortimer: My Honourable friend, Mr. James, explained why we did not give our reasons when we indicated the line we intended to take in the matter of this tax. But since my Honourable friend, Sir H. P. Mody, has requested that we should give arguments in favour of this tax, I propose to do so now.

The first argument is the one on which my Honourable friend, Mr. James, concluded, namely, the over-riding consideration of the balancing of the budget. Now, my friend, Mr. James, said that he himself could only support a tax of this nature if it was justified on the score of a great emergency. I think there is a very clear answer to that and I am quite sure the Finance Member, in due course, will give that answer. It is perfectly obvious to all of us that a very grave international situation necessitates the balancing of this budget and that the greatest care should be taken not to over-estimate but to strengthen the finances of Government in every possible way.

Secondly, we have seen in various Provincial budgets, since they were presented, a tendency to cut into sources of Central revenues which was not foreseen when my Honourable friend, the Finance Member, was preparing his budget. He himself, however, has dealt with this aspect of the case in his reply to the general discussion. But when Mr. James goes on to say that if this is an emergency,—and in that case he would accept this new taxation amounting to roughly 50 lakhs,—my Honourable friend, the Finance Member, had no right to give relief in other directions. Now, let me examine that argument. It is said that a certain burden is being cast upon a small section of a certain important industry and on the other hand, according to Mr. James' own admission, very large remissions of revenue have been given to other people. Now, who are these other people? They are the people who earn less than Rs. 12,000 a year, and they have benefited out of my Honourable friend's proposals to the tune of something like 98 lakhs. In other words, a large number of the poorer people of this country and of the middle class people for whom my Honourable friend, Mr. James, made out a case only a day or two ago are benefited, while a tax amounting to roughly three per-

[Mr. T. Chapman-Mortimer.]

cent. at the very worst is imposed on an industry that benefits from protection to the extent of 50 per cent. I am afraid, therefore, I cannot accept the arguments of my Honourable friend, Mr. James, in this connection. On balance, the Finance Member has endeavoured to ease the burden on a heavily taxed class of people who are watching the Provincial Governments steadily increase the taxation which bears on them, and to offset that he has imposed a tax of half an anna on the import duty on raw cotton.

Now, Sir, I should like to deal very briefly with an aspect of this case which has not yet, so far as I recollect, been dealt with in this House. We have heard a very great deal about the need for encouraging the spinning of finer counts in this country and the necessity, therefore, that we should import an increasing amount of foreign cotton. But I should like to draw the attention of this House to the fact that among our Members are people who have for a long time past been protesting that Government were not taking sufficiently prompt action to safeguard the position of all those producers of the less fine qualities of cotton and that Government were very culpable in their failure to do this. I have here, for example, the remarks of my Honourable friend, Mr. Satyamurti. My Honourable friend, Mr. Santhanam, required adequate action to be taken by Government in this connection and as my Honourable friend, Mr. Satyamurti, did not feel quite satisfied with what Government said in reply, this was how he ended up his cross-questioning of my Honourable friend, the Commerce Member:

"With regard to part (b) of this question, may I know whether Government, in view of the fact that this textile industry enjoys protection, will take steps to persuade them, and if necessary to compel them, as the price of this protection to buy more and more of Indian cotton and less and less of foreign cotton?"

Sir, while I am on this point I should like just to explain very briefly what was the position in regard to the import of United States cotton into this country. For the year ending the 31st March, 1937, only 900 tons (approximately) of American cotton were imported. In the year ending the 31st March, 1938, not less than 29,200 tons were imported; and this year we have seen a decline in the amount of import of American cotton. The reason for that decline is very significant and most important, and I would ask Honourable Members in all parts of this House to consider that situation very carefully. At the end of March, 1938, the carry-over of an enormous American cotton crop was something like 13 million bales as against 5·8 million bales in the previous year. Now, very naturally,—coming as it did at a moment when the tide of trade had definitely turned,—that created an enormous bear factor in the market, added to which there was the uncertainty with regard to the European situation which was causing many manufacturers, who required raw cotton in Europe, to stand out of the market for the time being. Anyway, that was the tendency. In India, however, the statistical position was such that had it not been for that bear influence from the United States the price of raw cotton in this country would not have been affected to anything like the extent that in fact it was affected by the downward movement in prices, which reacted so unfavourably on the producer. And here, Sir, I would again emphasise that I am not dealing with the finer counts at all nor with the type of cotton that is required by those who spin them. The result of this position was that whereas, in March, 1937, the price of American cotton in Liverpool was 7·96 pence it had fallen by October

to 4·32 pence and recovered a little to just over five pence in February, 1938. Now, Sir, at the end of 1937 the amount of American cotton that had been imported into this country up till that date, i.e., the 31st December, 1937, was approximately 9,000 tons. That is to say, it was ten times the amount imported in the previous year; as I said, that was due to the influence of the declining market price of American cotton which was already evident. When American prices began to weaken further and the whole position generally in Europe was such as to make it definitely to the advantage of the Indian manufacturer in this country to buy cheap American cotton, what did he do? In the next three months he bought no less than 20,000 tons of American cotton. The result of all this was that despite the sound statistical position of Indian cotton, between March, 1937, and March, 1938, the price of Broach per candy fell from Rs. 244 to Rs. 165 under the influence of these large foreign imports. Since this duty has been put on there is no doubt about it that Indian cotton prices have showed a firmer tendency, and if it has the effect as it obviously will have, of diverting people from buying quite so much American cotton,—that is not the grade in which my Honourable friend, Sir Homi Mody, is specially interested; he has been pleading all the time for those who spin the finer counts and who require Uganda and Egyptian cotton,—then, Sir, I think we may all agree, or should agree, that the tax is most definitely likely to do precisely what Sir William Roberts and other experts have said it would do,—viz., help the Indian producer of raw cotton.

Sir Cowasji Jehangir: May I ask the Honourable Member just one question? Does he mean to contend that this American cotton was used for any counts below 30 or 40 warp?

Mr. T. Chapman-Mortimer: I did not intend to convey that to the House at all. What I meant to convey to the House is simply that when it is more advantageous to buy American cotton that cotton is bought, and when it is less advantageous to buy that cotton, the equivalent grades in this country are bought. That is all I intended to convey . . .

Sir Cowasji Jehangir: That is to say, this American cotton replaces Indian cotton?

Mr. T. Chapman-Mortimer: No. I did not say that.

Sir Cowasji Jehangir: The Honourable Member must admit one or the other!

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot argue now. Mr. Chapman-Mortimer is on his legs.

Mr. T. Chapman-Mortimer: I think I have made the point quite clear. . . .

Mr. S. Satyamurti: What is the point?

Mr. T. Chapman-Mortimer: In regard to the question of the neutralisation of protection, I have no doubt the Honourable the Finance Member will deal with that very adequately when he replies.

[Mr. T. Chapman-Mortimer.]

I end, Sir, as I began, on the question of the balancing of the budget. It has been very clearly indicated to this House that though we may see some of the Provincial budgets unbalanced the Indian situation, financially, would not be seriously upset by that; but you could not have the same result if the Central Budget was unbalanced. In the latter case the consequences would be very serious indeed and would inevitably lead to increased taxation. When we look round to see what alternative taxes there are, we are thrown back to the conclusion that if you do not raise 50 lakhs in this manner as proposed, you will be forced to raise it in some other way, either from sugar—well we have heard some Honourable Members' dislike of that—or from salt—we have heard how a great majority of my Honourable friends opposite would object to that—or from an increase in the income-tax equal to the portion of the old surcharge he has removed—and there I propose to deal with the charge made by my Honourable friend, Sir Homi Mody,—that we squeal when taxes are imposed on ourselves. Included in the new scale of rates of income-tax and super-tax, are definitely higher rates of tax for most of those whose incomes are over Rs. 12,000 a year and for all those whose incomes are over Rs. 24,000 a year. We support that because we believe that it is right and necessary at the present time that Government should be supported in proposing this new taxation; more especially are we able to do so when we have regard to the fact that on those who are least able to pay,—that is to say, those with incomes under Rs. 12,000 a year—the Honourable the Finance Member has definitely by his proposals eased the burden to an amount roughly equal to the balance of the old surcharge. Sir, I oppose the amendment.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, it is very refreshing to find that in the European Party here whom I always took—whether they were European officials or non-officials—to be of one mind, there is some difference of opinion. If anything more was needed to show that the case pleaded by Sir Homi Mody is correct, that itself is a proof that he has a good case. Now, I do not wish to detain the House by going too much into the details of this matter which has been discussed very much, but I think it my duty to report to the House that about ten days ago, no less a man than the Chairman of the East India Cotton Association and the Vice-President of the Indian Central Cotton Committee walked into my house (Interruption.) He is a man who has spent thirty years of his life as the leading cotton merchant of India and he ought to know something and, in fact, he could teach the Finance Member a good deal about cotton. He said that the claim of the Finance Member that this duty would encourage the growth of long-staple cotton in this country was all piffle. He said that with the very best effort which this country could make in order to grow long staple cotton, it would take us no less than 15 to 20 years; and, in any case, he said a little duty like this would not have any direct effect whatsoever. He said that with the best effort during the last few years not more than 2,000 bales of what could really be called long staple cotton (in world language) was grown in this country altogether. Now, the Finance Member is very fond of throwing this House on the horns of a dilemma: it is the same kind of dilemma which that man had who said that if he said something: "*Ma mur jai*", and if he did not say it, "*Bap kutta khai*!"

He is throwing the House into that kind of dilemma; that if we throw out this duty he will be left with an unbalanced budget and then all the other calamities which follow an unbalanced budget would come and the credit of India will go and all sorts of disasters would ensue. On the other hand if you withdraw this duty the poor cotton cultivators will suffer: a harrowing picture is drawn how prices have gone down and how this will hit the cultivator. Sir, we on this side have been drawing this harrowing picture of how cotton prices have had a phenomenal fall and how the cotton cultivator today cannot make what is regarded by the calculations of the Indian Central Cotton Committee as the cost of cultivation. We have been urging this and we have been thundering at the Government in order to take measures: we have been suggesting some of these measures. But have they taken those measures? No. They have now taken a measure by proposing this cotton duty at an opportune time, as it has been said over and over again, not with a view to help the Indian agriculturist but clearly in order to help Lancashire. Sir, if long staple cotton cultivation is to be encouraged in this country, why do not the Government think of giving a bounty on every bale of long staple cotton produced in this country? Let them give Rs. 10 or 20 or 30 to the grower and you will see the results. If the idea is that the money should come out of the textile industry, for this purpose, let them take it. At least, in that case the textile industry will have the satisfaction of feeling that every rupee which they have parted with has gone directly for the purpose of helping the agriculturist in Sind and in the Punjab in order to grow cotton and we shall have an accomplished fact in the course of a few years. Again, Sir, if he was so anxious to help the cotton cultivator the most normal and natural course for him would be to see the effect of the duty which he is levying upon the cost of production and the selling price of cloth and he would have then seen the justice of levying and proposing a countervailing duty on the import of yarn and cloth of superior counts. He has not done that. We have no power to propose it. Constitutionally he has seen that we are left powerless so that we must either agree to what he says or he holds up his hands in horror and says "You have spoiled my budget: I will withdraw it", and he will doubtless get it certified.

Now, Sir, in reply to the deputation which waited on him, he trotted out various specious replies, one of which was that what he was suggesting would not add to the price of cloth by more than one pie per yard of cloth. I assume that the Honourable the Finance Member calculated that on the cost of production of all cloth in this country of all counts, which is not a fair calculation. The proper method would have been, if he wanted to make such calculations, to take the direct burden on the cost of production of the higher counts, and it has been calculated that it was four per cent. My Leader said it was four per cent., and he disputed it. It is not a matter of two or three per cent. The Honourable the Finance Member has attempted,—I will not say to throw dust in the eyes of the House,—but he has attempted to raise a hare and to raise a controversy and then to pretend what is a pie yard, what is three or four per cent. of the cost of production. Now, Sir, I am glad to find that the Honourable Sir Muhammad Zafrullah Khan is just coming in. . .

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): I was in the House at the other end.

Mr. Manu Subedar: I beg your pardon. I am very happy to see you in your seat, because I am going to devastate the logic of the Honourable the Finance Member with regard to these percentages. It was a difference of opinion between the non-official advisers and British Government of something like between 2½ to 5 per cent. which took the Government of India three years for negotiations, which took the non-official advisers three times to England, which deprived us of the services and the benefit of the guidance of the Honourable the Commerce Member more than twice in the course of his career as Commerce Member. Sir, it is not a question of two and five per cent. This search for extra 2 per cent. by Lancashire had led to threats. They went for the Indian Government, they moved heaven and earth, they held out various other threats such as the boycott of Indian cotton. I wish the non-official advisers' reports had not been censored in the manner they have been, otherwise we might have known a little more of the hostile attitude of the other side. However, we shall deal with these topics when we come to them later on. I am only illustrating that a matter of five per cent. is a matter of life and death. Lancashire knows it, the Honourable the Finance Member knows it, and it is no use his trotting out to this House and to the deputation of the millowners which waited on him that it was only a small addition to the cost of production.

Then, Sir, the Honourable the Finance Member has relied in levying this duty very largely upon the imports during 1937-38 of foreign cotton into this country. These imports were undoubtedly heavy. They were almost double the quantity that was imported in 1933-34, but there was a special reason for these imports. My friend said that he had levied this duty on the only item in the customs list under which there was an increased revenue, and because there was an increased revenue in the previous year, therefore, he felt justified in raising this duty. Now, Sir, he has not given the benefit to this House of the correct facts in this regard. There was an increased importation of foreign cotton in 1937-38 on account of exceptional reasons, that Japanese supplies suddenly failed. They failed because all the cotton was probably used for war purposes, the cost of freight was heavy or it was not available, because there was no finance probably to buy the cotton with which Japan would deal with the exports to this country, and there were many other causes; but because of this adventitious failure of Japan to send goods, the Indian mills took advantage to buy a larger number of bales, and they filled up the gap which was caused by the temporary disaster on Japanese imports. In the course of this they purchased a larger amount of cotton, they paid extra duty to the Honourable the Finance Member, but hardly did they know that this extra purchase would be made in the first instance an occasion for the levy of the larger duty on the plea that the raw cotton item had been giving an increasing return. They did not know that the little extra money which they made in that year would be made the ground for imposing a burden, a very direct burden, calculated to disable them in their legitimate fight in order to get a share of the major share of the market in this country.

Now, Sir, the Honourable the Finance Member in his previous speeches mentioned to us that there are taxes in the Centre, there are taxes in the provinces and there should be mutual forbearance. The textile industry has to bear another kind of burden on its resources, and that is in the search for increased wages. I, Sir, am perfectly sympathetic towards this last

search. An increase of wages has been given recently in Bombay, and it has caused a severe drain on the surpluses which the textile industry were said to have got. But I am very apprehensive that if the Honourable the Finance Member is allowed to impose this burden which he is seeking to impose, the mill-owners will promptly try on that plea to seek a reduction of wages. It is a plea, unfortunately, which does count even with the tribunals which Government appoints,—and I ask my friend, Professor Ranga, to consider to what extent the imposition of this duty will not directly bear on the problem of the wages level in Bombay at all events.

Sir, I am sorry that Mr. Chapman-Mortimer should have thought it desirable, in his zeal to assist the Finance Member, to invoke a world crisis, and even to invoke the assistance of Herr Hitler to the help of the Honourable the Finance Member with regard to the budget. Sir, the word 'crisis' is used in almost every political speech anywhere in the world in any age and at any time, and it is one of the dodges of public life that we regard a situation as a critical one in order to get those who are opposing which we are proposing to suppress their judgment and to submit to the operation. But he himself admitted in another connection that there was no emergency.

Sir, I am told by my friend, Sardar Sant Singh—no, I fear it was Sardar Mangal Singh that the prices of cotton in Lyallpur of a particular long staple, what is called long staple in Indian phraseology, because it is not long staple (Laughter)—I must not be held responsible. Sir, for the implication of this laughter as I have not suggested a token cut in the long staple heard of my friend,—I was told that prices have risen in Lyallpur. Now, Sir, the explanation for the rise in price is very simple. The local people thought that as the Finance Member was levying a duty, promptly the prices would rise, and they were holding out for better prices.

Sardar Sant Singh: What about Bombay prices?

Mr. Manu Subedar: That is exactly what I am going to say.

I do not grudge the Lyallpur merchants who deal in cotton who are holding out getting higher prices if they can get them. The position has been, however, that the moment the news of this duty went out, prices in Kenya have fallen by Rs. 20 and Rs. 30, and advices have now been received—I am in possession of direct information,—that a hundred thousand bales of Uganda cotton at rather panicky reduced prices have been purchased by Japan. The position, Sir, will be, if I may explain with all humility to my friends from Sind and the Punjab, that when Japan sends down the cotton yarn spun from this cotton to India and when the yarn prices in India are ruined, the Indian demand would automatically go down, the prices in Lyallpur would topple down not by a natural process of say eight annas by which it has risen to what it was before the levy, but by say two or three rupees.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 23rd March, 1939.

LEGISLATIVE ASSEMBLY.

Thursday, 23rd March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

APPROVED LISTS FOR PROMOTION TO SELECTION POSTS, ETC., ON THE EAST INDIAN RAILWAY.

†1246. *Mr. Muhammad Nauman: Will the Honourable the Railway Member be pleased to state regarding the East Indian Railway:

- (a) whether the General Manager, East Indian Railway, has made any rule prescribing the maintenance of an approved list in respect of promotion to posts on the normal channels and the selection posts;
- (b) whether the General Manager, East Indian Railway, prescribed any syllabus for the purposes of selection-cum-examination and selections for selection posts;
- (c) whether the business of the Selection Boards has been ordered by the General Manager to be conducted orally; if not, whether there is anything to the contrary; and
- (d) how a Selection Board is appointed and whether it is defined anywhere in the Establishment Code?

The Honourable Sir Thomas Stewart: (a) to (d). Such rules and instructions as have been prescribed by the General Manager will be found in the East Indian Railway's "Rules for the recruitment and training of subordinate staff", a copy of which is in the Library of the House. The reply to the second part of (d) is in the negative.

OUT-AGENCY AT SOOTEA OPENED BY THE EASTERN BENGAL RAILWAY.

1247. *Mr. Kuladhar Chaliha: (a) Will the Honourable the Railway Member please state if the Sootea out-agency was opened in November 1937, by the Eastern Bengal State Railway for serving the Eastern area of the Tezpur Division?

- (b) Is it a fact that the said out-agency was closed for goods from January last, causing inconvenience to the public?
- (c) Is it a fact that the out-agency was closed for passengers, etc., on the objection of the steamer Companies?
- (d) Are Government aware that the out-agency brought an income of about Rs. 2,000, or more, to the Railway?

†Answer to this question laid on the table, the questioner being absent.

(e) If so, are Government prepared to see that the out-agency is kept open for all traffic?

(f) Do the Eastern Bengal State Railway receive any subsidy from the Government of Assam for the extension of the Railway to Rangapara North?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) It is a fact that the out-agency was closed for the booking of goods from January last, but only a small quantity of goods traffic was moving.

(c) No. The out-agency was closed for the booking of goods only.

(d) The earnings on both goods and coaching traffic during the calendar year 1938 were approximately Rs. 9,000.

(e) and (f). I would refer the Honourable Member to the reply given to parts (a) and (d) of his starred question No. 1190 of 20th March, 1939.

Mr. T. S. Avinashilingam Chettiar: May I know whether the policy of the Government is to open out-agencies only when they are paying?

The Honourable Sir Thomas Stewart: It is an obvious reason for opening an out-agency, namely, that it will pay.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will take into consideration the convenience of passengers living in rather far off tracts from which access to the railway station is rather difficult, in closing or opening an out-agency?

The Honourable Sir Thomas Stewart: In this present instance I understand that there are alternative facilities.

Mr. Kuladhar Chaliha: Is it a fact that in the interests of the steamer companies this out-agency was being closed?

The Honourable Sir Thomas Stewart: I understand that it was in order to avoid uneconomic competition with the steamer company that this out-agency was closed.

Mr. Kuladhar Chaliha: Is it a fact that the Assam Government pay about Rs. 1,70,000 subsidy to this railway?

The Honourable Sir Thomas Stewart: I dealt with that in answer to a question asked by the Honourable Member a few days ago.

EXPENDITURE ON THE PROVISION OF AMENITIES TO THIRD CLASS PASSENGERS ON RAILWAYS.

1248. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state the amount of money spent last year by the (i) State Railways and (ii) other Railways in capital expenditure to provide better accommodation and amenities to third class passengers and the earnings of (i) State and (ii) other Railways from third class traffic and passenger and luggage fares in that year?

The Honourable Sir Thomas Stewart: I would refer the Honourable Member to the Explanatory Memorandum of the Railway Budget for 1937-38 and to page 99 of the Railway Board's Annual Report on Indian Railways for 1937-38, Volume II, which contain the information he requires for both State and other Railways. No separate records are maintained of the earnings from luggage booked by third class passengers.

REDUCTION IN UPPER CLASS ACCOMMODATION TO COPE WITH INCREASED THIRD CLASS TRAFFIC ON RAILWAYS.

1249. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state:

(a) whether it is a fact that the figures for 1937-38 disclose that the Indian Railways possess one first class seat for 11 passengers, one second class seat for 70 passengers and one third class seat for 480 passengers as against 12, 90 and 400 passengers in 1935 as stated by Mr. N. M. Joshi in this House;

(b) whether it is a fact that in spite of the list of additions given to the House by the Honourable Member during the discussion of demands for grants for the coming year, the Railways have not been able to cope with increased third class traffic and do not curtail upper class accommodation in response to decreasing traffic; the reasons why the Railways cannot and do not do so; and

(c) if so, whether the Railways propose to insist on continued propaganda to attract more third class passengers by means of pictorial advertisements in the newspapers where railway travel is described as cool, comfortable, safe and even by an appeal to religious beliefs of the people?

The Honourable Sir Thomas Stewart: (a) Yes. The figures given by the Honourable Member are substantially correct.

(b) No.

(c) Does not arise.

Mr. Brojendra Narayan Chaudhury: Does the Honourable Member consider that his answer to (b) follows from his reply to (a)? The Honourable Member says that the figures are substantially correct.

The Honourable Sir Thomas Stewart: I have no reason to believe that the figures we publish are other than correct.

Mr. Brojendra Narayan Chaudhury: The Honourable Member admitted the correctness of the figures that year by year the railways are being more and more overcrowded. Then how does he say in reply to (b), No?

The Honourable Sir Thomas Stewart: I have said that the figures quoted by the Honourable Member are substantially correct.

Mr. K. Santhanam: May I know if the Railway Board is considering the desirability of fixing a standard of maximum and minimum number of persons per seat for each of these classes of accommodation?

The Honourable Sir Thomas Stewart: No, Sir. I think it is unnecessary to do so.

Seth Govind Das: The Honourable Member said that the figures quoted in clause (a) are correct. Then, how does he say that what is stated in clause (b) is not correct?

The Honourable Sir Thomas Stewart: It happens to be true nevertheless.

Mr. President (The Honourable Sir Abdur Rahim): This is a matter which has been argued over and over again.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, may I ask the Honourable Member what is the latest information available to them—that the railways have been able to cope with all third class traffic without any overcrowding?

The Honourable Sir Thomas Stewart: I explained to the House only a week or two ago that elaborate steps had been taken to check the existence or non-existence of overcrowding in railway trains. The results of the census taken showed that overcrowding was the exception, not the rule.

INCREASE IN THE ALLOTMENT OF SEATS TO THIRD CLASS PASSENGERS ON RAILWAYS.

1250. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member state:

(a) whether he is aware that third class passengers, particularly in the hot season, give expressions of discomfort felt due to overcrowding in various ways, such as, quarrelling and even fighting for a seat near windows, vigorous hand fanning, etc., when the compartment is full to near the maximum accommodation, though the maximum may not be exceeded;

(b) whether the fact that India is on the whole much hotter than Europe, is taken into consideration in allotment of accommodation; and

(c) whether Government intend to increase the allotment to at least two feet per head?

The Honourable Sir Thomas Stewart: (a) I appreciate that travel by rail in the hot season in India is liable to be attended by discomfort and I am prepared to take it from the Honourable Member that expressions of discomfort may find vent in the manner he suggests.

(b) All relevant factors are taken into consideration.

(c) The question of increasing the minimum width of seat per passenger will be examined.

TICKETLESS TRAVELLING ON RAILWAYS.

1251. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state:

(a) approximately the cost of the special measures to check tickets to prevent ticketless travelling mentioned in paragraph 65, page 64, of the Railway Board's Report on Railways in the year 1937-38 as against rupees twenty-six and half lacs, the amount due from the passengers detected by the staff;

(b) of the above twenty-six and half lacs, approximately how much has been realised;

(c) whether he can give any idea of the volume of ticketless travel that still goes on in spite of the efforts at detection, and the amount of consequent loss;

(d) whether it was considered in recent years if legislation would be necessary; the extent to which the matter was followed and whether any Bill was drafted; and

(e) if the reply to part (d) be in the affirmative, whether the matter has been given up, or is still being pursued—the stage at which it is or the reasons for giving up the idea of legislation to stiffen the law of evasion?

The Honourable Sir Thomas Stewart: (a) The cost of the special measures to prevent ticketless travelling is not available, but the total cost of ticket checking staff amounted to Rs. 38,41,465.

(b) Rs. 25,55,762.

(c) It is not possible to compute with any accuracy the volume of ticketless travel that still goes on in spite of efforts at detection.

(d) and (e). I would refer the Honourable Member to the reply given to part (a) of his starred question No. 988 of the 13th March, 1939.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member satisfied that the amount realised by the detection staff pays for the cost of that staff?

Dr. Sir Ziauddin Ahmad: Several times over.

The Honourable Sir Thomas Stewart: Yes, it is our opinion that it is worth while spending the money on that staff.

Mr. Brojendra Narayan Chaudhury: Will the Honourable Member kindly explain how it is worth while?

The Honourable Sir Thomas Stewart: It is really a matter of opinion. While it is possible to keep a record of the ticketless traveller who has been detected, we have obviously no statistics of those who have gone undetected.

Mr. S. Satyamurti: Have Government given up finally any idea of legislation on this matter?

The Honourable Sir Thomas Stewart: I think I have answered a question to that effect recently. I think the implication of my reply was that no final abandonment had been made.

MAINTENANCE OF ACCOUNTS OF CERTAIN REFRESHMENT ROOMS ON THE BENGAL NAGPUR RAILWAY.

1252. ***Mr. K. Santhanam:** Will the Honourable Member for Railways please state with reference to the statement laid by him on the table of the House on the 7th February, 1939:

(a) whether the Bengal Nagpur Railway are keeping separate accounts for the first and second class refreshment rooms maintained by them;

(b) whether they realised any profit or incurred any loss, during the last three years; and

(c) what the total expenses and receipts on this account for the same period were?

The Honourable Sir Thomas Stewart: (a), (b) and (c). Government have no information as to whether separate accounts are maintained for first and second class refreshment rooms.

Mr. K. Santhanam: May I know whether they have ascertained from the Bengal Nagpur Railway whether they are keeping accounts?

The Honourable Sir Thomas Stewart: The Government are perfectly well aware that the Bengal Nagpur Railway are keeping accounts, but it is a very difficult thing to separate out the precise shares of the first and second class refreshment rooms, in view of the fact that there are very considerable charges which are common to both, overhead charges of the entire catering department, for example.

Mr. K. Santhanam: May I know the cost of the entire catering department of the Bengal Nagpur Railway?

The Honourable Sir Thomas Stewart: I cannot say unless the Honourable Member gives me notice.

Dr. Sir Ziauddin Ahmad: Is it not a fact that this is a losing concern?

The Honourable Sir Thomas Stewart: I would require notice of that too.

Pandit Nilakantha Das: The first and second class refreshment rooms, —are they not the only refreshment rooms maintained and managed by the railway themselves? The third class refreshment rooms. . . .

The Honourable Sir Thomas Stewart: If a question is being asked in regard to third class refreshment rooms, I should require notice.

AMOUNT RECEIVED FROM CERTAIN REFRESHMENT ROOMS AT BOMBAY CENTRAL.

1253. *Mr. K. Santhanam: Will the Honourable Member for Railways please state:

(a) the amount received by the Bombay, Baroda and Central India Railway from Messrs. Agiar and Company on account of the first and second class refreshment rooms at the Bombay Central for the last three years;

(b) whether the arrangement for the payment of thirty per cent. of the net profits is for any stated period, or renewable from year to year; and

(c) for how long this arrangement has lasted?

The Honourable Sir Thomas Stewart: (a) 1936—Rs. 65-8-0.

1927—Rs. 511-0-0.

1938—Rs. 113-7-0.

(b) The arrangement is renewable from year to year.

(c) Since 1932.

Mr. K. Santhanam: May I know whether in the opinion of the railway administration this arrangement is working satisfactorily?

The Honourable Sir Thomas Stewart: I could not possibly give the Honourable Member the views of the railway administration.

Mr. T. S. Avinashilingam Chettiar: May I know whether tenders were called for when these contracts were given?

The Honourable Sir Thomas Stewart: I could not answer that without notice.

CONTRACT FOR CERTAIN REFRESHMENT ROOMS ON THE SOUTH INDIAN RAILWAY.

1254. *Mr. K. Santhanam: Will the Honourable Member for Railways please state:

(a) when the South Indian Railway entered into a contract with Messrs. Spencer and Company for the first and second class refreshment rooms, and for how many years;

(b) whether any tenders were called for;

(c) whether the contractors are bound to maintain the rooms at all the stations mentioned in the statement; and

(d) if the number of persons requiring European catering is so small, what is the need for maintaining so many refreshment rooms and within so short distances of one another?

The Honourable Sir Thomas Stewart: (a) The original agreement executed in 1897 by which Messrs. Spencer & Co. undertook the management of first and second class refreshment rooms was valid for seven years. From 1916 to date, each refreshment room is the subject of a separate agreement with the firm. The period of contract is indefinite, but each agreement is terminable on three months' notice on either side.

(b) Government understand that information is not available at this distant date

(c) No. As stated in the reply to part (a), each refreshment room is governed by a separate agreement.

(d) Government understand that the number of refreshment rooms is fixed to serve adequately the main and branch lines. The fact that, in certain cases, they are at short distances one from another is due to the number of branch lines on the different gauges and the position of the junction stations.

Mr. K. Santhanam: If the Honourable Member will look at the statement which he has supplied, one of the reasons for the low rent taken from these people is that they have to maintain so many uneconomic refreshment rooms but according to his reply they enter into a separate contract for each refreshment room. Then why should not each refreshment room be charged accordingly?

The Honourable Sir Thomas Stewart: I personally see nothing inconsistent in the two statements.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will examine the question of the rents of all these European refreshment rooms?

The Honourable Sir Thomas Stewart: The Honourable Member knows, as I told him more than once, that the question of rents for these refreshment rooms is now under consideration.

REFRESHMENT ROOMS ON RAILWAYS.

1255. *Mr. K. Santhanam: Will the Honourable Member for Railways please state with respect to the statement laid by him on the table on 7th February, 1939:

- (a) whether the Railway Board is taking any steps to rationalise the procedure adopted by the various Railway Administrations in regard to the refreshment rooms; and
- (b) whether Government propose to adopt the principle of division of net profit?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the reply given to part (d) of Mr. T. S. Avinashilingam Chettiar's starred question No. 901 of the 9th March, 1939.

Mr. K. Santhanam: So far as I remember, it could not have covered the reply to part (b)—whether they are actively considering this particular method of dealing with it?

The Honourable Sir Thomas Stewart: Well, Sir, that impresses me as one of the issues that will come under review.

CONFIRMATION OF ASSISTANT STATION MASTERS ON THE NORTH WESTERN RAILWAY.

1256. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state the number of grade II Assistant Station Masters' posts in each of the seven divisions of the North Western Railway?

(b) How many Assistant Station Masters, grade II, in each division, have been confirmed and how many are still temporary, and why they have not yet been confirmed?

(c) What is the maximum period for which any one of these Assistant Station Masters has remained as temporary, and why? What are the rules regarding confirmation of temporary staff?

(d) Is it a fact that several Assistant Station Masters had received letters of confirmation in this grade which were subsequently cancelled?

(e) If the reply to part (d) above be in the affirmative, will the Honourable Member please state who countermanded their confirmation?

(f) Was such countermanding of confirmation covered by the Railway rules? If so, will the Honourable Member please quote the relevant rule?

The Honourable Sir Thomas Stewart: (a) Multan 9; Rawalpindi 12; Quetta 3; Lahore 6; Karachi 14; Delhi and Ferozepore none.

(b) None has been confirmed. These men are borne on the seniority list of station masters and assistant station masters, Grade I, from which they have been selected and cannot be confirmed until men senior to them have been confirmed as station masters, Grade II.

(c) Twelve years and eight months, for the reason given in my reply to part (b). Confirmation of temporary staff is dependent on the occurrence of a permanent vacancy for which no other employee has a prior claim for consideration.

(d) Yes.

(e) The Divisional Personnel Officer, Multan.

(f) At the time there was no rule prohibiting orders of confirmation being cancelled.

Mr. Lalchand Navalrai: With reference to clauses (c) and (d), may I know whether there is any time limit fixed for their confirmation or it is left to the officer to confirm them at any time, even after a long time?

The Honourable Sir Thomas Stewart: Confirmation depends on the occurrence of a permanent vacancy in the grade.

Mr. Lalchand Navalrai: May I know from the Honourable Member if a vacancy does not happen he has to be confirmed in the grade in which he has been acting temporarily?

The Honourable Sir Thomas Stewart: Only when a vacancy occurs in the grade.

Dr. Sir Ziauddin Ahmad: Is it a fact that several station masters were confirmed in their appointments and afterwards their confirmation was withdrawn.

The Honourable Sir Thomas Stewart: That is the substance of my answer.

Prof. N. G. Ranga: Was this confirmation withdrawn for any specific reason?

The Honourable Sir Thomas Stewart: I presume the confirmation was made in error.

Dr. Sir Ziauddin Ahmad: Who was the officer who issued the orders in error?

The Honourable Sir Thomas Stewart: Presumably the officer referred to in part (e) of the question.

Mr. S. Satyamurti: Has he been punished?

The Honourable Sir Thomas Stewart: I want notice of that.

**DISCHARGE OF STAFF CONTROLLED BY THE GENERAL MANAGER BY THE
DIVISIONAL SUPERINTENDENT ON THE NORTH WESTERN RAILWAY.**

1257. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state whether a Divisional Officer on the North Western Railway can discharge an employee whose post is controlled by the General Manager, such as a Permanent Way Inspector?

(b) If the reply to part (a) above be in the affirmative, how does the Honourable Member reconcile this with Rule 5 (c) of the rules regulating discipline and rights of appeal by non-gazetted employees issued under Railway Board's letter No. E./34/R. G./6, dated the 22nd June, 1935?

(c) Is it a fact that under item 105 (viii) of the Schedule of Powers of Divisional Superintendents, under Chapter XII of the North Western Railway Organization Manual, all Divisional Officers are vested with powers of removal of any member in non-gazetted subordinate service, irrespective of the fact whether that officer or even the Divisional Superintendent had power to make the subordinate's appointment?

(d) If the reply to part (c) above be in the affirmative, how does the Honourable Member reconcile this with Railway Board's rules referred to in part (b) above?

The Honourable Sir Thomas Stewart: I have called for certain information and will place a reply on the table of the House when it is received.

RECRUITMENT OF JOURNEYMEN ON THE NORTH WESTERN RAILWAY.

1258. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that journeymen on the North Western Railway are recruited from MacLagan College Apprentices?

(b) Has the Honourable Member got any information as to what scales of pay such apprentices get in other industrial concerns in the Punjab, Sind and adjacent Provinces?

(c) If the reply to part (b) be in the negative, is the Honourable Member prepared to obtain such information?

(d) If the reply to part (b) above be in the affirmative, will the Honourable Member be pleased to lay on the table of the House a statement containing the said information?

The Honourable Sir Thomas Stewart: (a) Yes, generally.

(b) No.

(c) No: a comparison with other industrial concerns would not serve any useful purpose.

(d) Does not arise.

**HOUSING ACCOMMODATION FOR THE STAFF EMPLOYED IN THE DIVISIONAL
OFFICE AT DELHI.**

1259. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that the staff employed in the Divisional Office at Delhi have made representations for construction of staff quarters to accommodate Railway staff by charging them rent at the authorized rate of ten per cent. of pay? If so, what action has been taken in the matter?

(b) Is it a fact that there is a dearth of good, well-ventilated and cheap private accommodation at Delhi for residence of Railway clerical staff?

(c) Is it a fact that the Government of India provide housing accommodation for their clerical staff on recovery of usual rent?

(d) Is it a fact that the Indian Railway Conference Association have also built quarters for their staff?

(e) Is the Honourable Member prepared to direct that housing accommodation is provided at Delhi by the North Western Railway Administration, for clerical staff on recovery of usual rents? If not, why not?

The Honourable Sir Thomas Stewart: (a) Yes, but it was not recommended by the authorities immediately concerned.

(b) I am aware that there is some difficulty in securing suitable cheap housing accommodation in Delhi.

(c) and (d). In conformity with my reply given to starred question No. 478 by Prof. Ranga on 24th February last year, a certain number of quarters have been built and will be occupied partly by staff of the Railway Clearing Accounts Office and partly by staff of the Indian Railway Conference Association.

(e) No. It is not the policy of Railway Administrations to provide accommodation for their clerical staff.

Mr. Lalchand Navalrai: May I know whether it is intended to build any more quarters?

The Honourable Sir Thomas Stewart: Not to my knowledge.

WORKING OF THE TELEPRINTERS SYSTEM.

1260. *Mr. S. Satyamurti: Will the Honourable Member for Communications please state:

(a) in how many places and in how many offices the new teleprinters system is working;

(b) the financial results of the working of that system to the Posts and Telegraphs Department; and

(c) whether Government have satisfied themselves that the privilege of having a private teleprinter is not being abused?

The Honourable Sir Thomas Stewart: Teleprinters have been used by the Posts and Telegraphs Department for many years in a number of telegraph offices all over the country but on the assumption that the Honourable Member refers to the use of such machines owned and worked by Messrs. Reuters for the transmission of press messages on telegraph circuits rented to them by the Posts and Telegraphs Department, the reply is as follows:

(a) One telegraph circuit each has been rented to Messrs. Reuters between Bombay and Calcutta, Bombay and Delhi, Bombay and Madras, Delhi and Lahore and Delhi and Simla. In addition, several local lines have been rented to them for the local distribution of press messages and commercial prices to their subscribers in the towns of Bombay, Calcutta, Delhi, Lahore and Madras.

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- (b) The total charges for the circuits rented between the main centres are Rs. 88,500 per annum. The rental and royalty charges for the local lines realised from Reuters during the year 1938 amounted to Rs. 7,120.

(c) Yes.

Mr. S. Satyamurti: With reference to part (a) of the question, (I am asking out of mere curiosity), may I know, besides Reuters, whether there are any other offices where these teleprinters are being used?

The Honourable Sir Thomas Stewart: Is the Honourable Member referring to departmental teleprinters or those working in the offices of private concerns?

Mr. S. Satyamurti: Outside the department?

The Honourable Sir Thomas Stewart: So far as I am aware, Reuters are the only people at present.

Mr. S. Satyamurti: Is there any in the Viceregal Lodge?

The Honourable Sir Thomas Stewart: I know of no such instrument.

Mr. S. Satyamurti: With reference to clause (b) of the question, may I know whether Government have made any calculation of the money they would have received if these teleprinters had not been working, and may I know if they have come to any conclusion as regards the financial results to the exchequer of the installation of these teleprinters by Reuters?

The Honourable Sir Thomas Stewart: The rents charged for these circuits are based on the buying cost and maintenance charges and depreciation. On top of that we have the additional advantage that our own circuits are relieved from the very great pressure of press messages.

Mr. S. Satyamurti: Having regard to the financial results resulting from the relief to the telegraph lines and to the fact that these teleprinters are now working without paying the press telegraph rates, are the Government satisfied that they are making a good bargain out of this, or at least that they are not losing over this?

The Honourable Sir Thomas Stewart: It is very difficult to put into rupees and annas a matter of convenience but so far as the actual money received is concerned, it is more advantageous to Government to hire out a circuit.

Mr. K. Santhanam: What is the rate per 80 words, which this arrangement works out for Reuter's messages?

The Honourable Sir Thomas Stewart: I could not possibly give an answer to a conundrum of that sort.

Mr. K. Santhanam: Is it a fact that for Reuters it works out at less than half the rates at which other press messages have to be sent?

The Honourable Sir Thomas Stewart: I could not answer a question of that sort without notice being given and without an opportunity of making the calculation.

Mr. K. Santhanam: May I know whether the Department are taking any steps to calculate the rate per word which they are getting from Reuters and from others?

The Honourable Sir Thomas Stewart: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

CONSULTATION OF GOVERNMENT ABOUT THE RECOGNITION OF GENERAL FRANCO'S GOVERNMENT IN SPAIN.

1261. ***Mr. S. Satyamurti:** Will the Secretary for External Affairs please state:

- whether the Government of India were consulted about the recognition of General Franco's Government in Spain by the Government of Great Britain;
- whether the Government of India sent any reply to any such consultation; and
- if so, what that reply was; whether in sending that reply they took into account the public opinion in this country?

Sir Aubrey Metcalfe: (a) No.

(b) and (c). Do not arise.

Mr. S. Satyamurti: May I know whether the answer "no" to part (a) of the question connotes the normal state of affairs, that is, that the Government of India are not consulted about any major questions of foreign policy by His Majesty's Government, or whether it is an exception?

Sir Aubrey Metcalfe: The Government of India are not ordinarily consulted about larger questions connected with European foreign policy.

Mr. S. Satyamurti: May I, therefore, take it that the Government of India do not get any opportunity of influencing the judgment of His Majesty's Government, with regard to major questions of foreign policy?

Sir Aubrey Metcalfe: Not with regard to European policy, regarding which the Government of India are necessarily not in as good a position as His Majesty's Government to judge of the merits of an individual case.

Mr. S. Satyamurti: May I know the reason why the Government of India are not consulted and why the Government of India acquiesce in this position, while Australia, which is further from England than India is, is consulted but India is not consulted?

Sir Aubrey Metcalfe: That is clear: Australia has dominion status and India has not.

ENQUIRY INTO THE HAZARIBAGH TRAIN DISASTER.

1262. ***Mr. S. Satyamurti:** Will the Honourable Member for Railways please state:

- whether Government have made up their mind regarding the committee or the court of enquiry into the Hazaribagh train disaster;

- (b) what the personnel and the terms of reference are; and
 (c) when the committee or the tribunal is expected to report?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the Press communiqué issued by the Railway Department (Railway Board) on the 16th March, 1939.

(c) Government are unable to forecast when the Tribunal will conclude its labours.

Mr. S. Satyamurti: May I ask for some light on the terms of reference? I read the communiqué, but, as far as I can see, the terms of reference are not very clear. May I know specifically whether the terms of reference include an investigation into the general question of preventing such disasters in the future to the extent to which human brain and human ingenuity can?

The Honourable Sir Thomas Stewart: Sir, I do not think that would have been appropriate in the terms of reference.

Mr. S. Satyamurti: May I take it that this court of inquiry is confined by its terms of reference to merely investigating and reporting upon the causes of this accident alone?

The Honourable Sir Thomas Stewart: No, Sir, it has to deal with at least five occurrences.

Mr. S. Satyamurti: With regard to these five occurrences, may I know whether this court of inquiry will be called upon to report on the general causes, in order to give some information to Government and this House and the public as to the possibility of minimising such accidents in the future?

The Honourable Sir Thomas Stewart: I think the terms of reference are perfectly clear.

Mr. Mohan Lal Saxena: May I know if any facilities will be given to the non-official witnesses who may desire to appear before this court of inquiry?

The Honourable Sir Thomas Stewart: I understand that a general invitation to the public has already issued.

Mr. Mohan Lal Saxena: Will they be given any facilities regarding travelling expenses such as a free railway pass,—just as facilities are given to other witnesses appearing before any court?

The Honourable Sir Thomas Stewart: I am not prepared to offer free travel facilities.

HARMONIOUS DEVELOPMENT OF BROADCASTING IN INDIA ON ALL-INDIA LINES.

1263. ***Mr. S. Satyamurti:** Will the Honourable Member for Communications please state:

- (a) whether Government have considered the implications of section 129 of the Government of India Act, 1935, especially the provision that "it shall not be lawful for the Federal Government so to impose any conditions regulating the matter broadcast-by, or by authority of the Government or Ruler";

- (b) whether Government propose to take any steps to bring about co-operation between the Central Government on the one hand and the Provincial Governments and the States on the other so as to provide for the harmonious development of broadcasting in India on all-India lines; and
 (c) whether Government have considered the question of conditions on which the Government of any Province or Ruler of any State may be enabled to construct and use transmitters and regulate and impose fees in respect of the construction and use of transmitters and the use of receiving apparatus in the Province or the State; if so, what they are?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Steps have already been taken to acquaint Provincial Governments and the States with the desirability of co-ordinated development in the interests of broadcasting in India as a whole and Provincial Governments and those States who are actively interested in broadcasting have generally co-operated or have shown their willingness to co-operate with the Central Government to achieve co-ordinated development.

(c) Government do not consider it necessary at present formally to lay down any conditions under section 129 of the Government of India Act, 1935.

Mr. S. Satyamurti: With reference to the answer to clause (b) of the question, may I know whether the Government of India have addressed the Provincial Governments and the States who are interested in broadcasting or have heard from them, with regard not only to the co-ordination of receiving sets, but have they heard from them with regard to the possibility about the construction of broadcasting stations, which is also contemplated in this section of the Government of India Act?

The Honourable Sir Thomas Stewart: Sir, so far as Provincial Governments are concerned, I am not aware that any Provincial Government has proceeded very far with the consideration of maintaining its own station. I am informed, however, that in some of the States there are projects for the construction of broadcasting stations.

Mr. S. Satyamurti: In view of that possibility, and in view also of the desirability of having at all events broadcasting stations under one common control, have Government explored, or will they explore the possibility of bringing about co-operation between the Government of India on the one hand and the Provincial Governments and the States on the other hand so as to prevent the doubling, trebling or quadrupling of broadcasting stations, which may ruin the prospects of the harmonious development of broadcasting in this country?

The Honourable Sir Thomas Stewart: Our experience so far has been that there is the utmost desire on all sides to co-operate, and I should be reluctant to raise what might be an unpleasant issue if the Honourable Member's suggestion were adopted.

Mr. S. Satyamurti: Have Government satisfied themselves of this? I merely want to know the grounds of my Honourable friend's optimism. Have Government been assured by Provincial Governments and the States that they have no intention of constructing their own broadcasting stations?

The Honourable Sir Thomas Stewart: That is my deduction from our experience.

Mr. S. Satyamurti: Congratulations!

Mr. K. Santhanam: May I know if Government have an agreement with the States in regard to the wave-lengths?

The Honourable Sir Thomas Stewart: That is a matter in regard to which we have control,—if broadcasting stations other than our own were set up, they would have to conform to our plans in regard to wave-lengths.

Mr. K. Santhanam: Have you got that control in regard to the Indian States—not the Provinces? Have you got control in regard to Indian States by virtue of your paramount power or by agreement?

The Honourable Sir Thomas Stewart: That is my understanding of the case.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

AMENITIES TO THIRD CLASS PASSENGERS AND REDRESS OF THEIR GRIEVANCES.

1264. ***Mr. S. Satyamurti:** Will the Honourable Member for Railways please state:

- whether Government have considered the cut motion to the Railway Budget regarding the increased amenities to third class passengers and the redress of their grievances;
- whether Government have taken or propose to take any specific steps apart from the construction of new type of third class carriages for increasing accommodation to third class passengers in other carriages and in other lines;
- whether Government have taken or propose to take any steps to see that no overcrowding takes place in third class compartments; and
- whether Government have taken or propose to take any steps to see that third class compartments and carriages are cleaned every three or four hours and passengers educated to keep them clean?

The Honourable Sir Thomas Stewart: (a) to (d). All suggestions made in connection with the 'cut motion' regarding amenities for third class passengers are under consideration.

Mr. S. Satyamurti: May I know whether the third class passenger—the long-suffering man—can expect some relief in the course of this year by way of increased and more comfortable accommodation for him on the Railways in this country?

The Honourable Sir Thomas Stewart: Yes, Sir, but I would hesitate to say that he will be afforded relief in the measure that I think the Honourable Member has in mind.

Seth Govind Das: May I know by what time the Honourable Member hopes to finish their consideration and to take steps in this direction?

The Honourable Sir Thomas Stewart: The Honourable Member is aware that plans have already been drawn up for the construction of improved types of third class carriages.

Seth Govind Das: May I know when those plans will be executed?

The Honourable Sir Thomas Stewart: In the course of the coming year.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

CONTRACTS TO SELL ICE AND AERATED WATERS ON THE NORTH WESTERN RAILWAY.

1265. ***Mr. Sham Lal:** (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that during the hot weather the North Western Railway grants licences to certain mineral water contractors to sell ice and aerated waters in running trains and at station platforms at the rates fixed by the Railway?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member further state who those contractors are who have been working for the last six years or more?

(c) Is it a fact that such contracts are granted every year as per letter of the General Manager, North Western Railway, No. 18-AC/O/11P.-111, dated the 13th September, 1938, to the address of the Indo-American Engineering Company, Lahore, and vacancies are advertised in the press?

(d) If the answer to part (c) be in the affirmative, will the Honourable Member state through which of the papers such applications were invited every year, and if not, why not?

(e) Is it within the knowledge of Government that there is monopoly of certain contractors for the last many years, and if so, what is the cause of this? Why are chances to others not given?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) From 1931—1933:

The Ganga Ice Factory.

Messrs. Manohar Lal & Bros.

Messrs. Bliss & Company.

The Central Aerated Gas Company.

From 1934—1938:

Captain Kanwar Deep Chand, Delhi.

Messrs. Bliss & Company.

The Central Aerated Gas Company (now known as the Teptlitz Aerated Water Company).

(c) No. With effect from this year, the contracts are being granted for three years instead of one year as previously.

(d) and (e). As the working of the contractors in the past had been satisfactory, the contracts were renewed each year and there was no necessity to invite applications.

Prof. N. G. Ranga: Are tenders called for each year?

The Honourable Sir Thomas Stewart: No, Sir, they are not called for each year.

Prof. N. G. Ranga: May I know why tenders are not called for even after the previous experience?

The Honourable Sir Thomas Stewart: Because the General Manager was satisfied with the contractors who held the contracts in the past.

Prof. N. G. Ranga: Is the Honourable Member satisfied that that service cannot be done at a cheaper rate?

The Honourable Sir Thomas Stewart: The Honourable Member will hear about that from the next question.

Mr. S. Satyamurti: Will the Railway Board consider the adoption of the general principle of letting out contracts only by open tender, and will they find out and inform the House of the reasons why in this particular case that well-known method of guaranteeing to the exchequer and to the public the best and the cheapest service has been departed from, and the same man has been continued?

The Honourable Sir Thomas Stewart: The practice has not been departed from. I understand that it has always been the practice on the North Western Railway to grant contracts without tenders.

Mr. S. Satyamurti: I am not asking about the general practice. What I want to know is whether the Railway Board will correspond with this Railway and impress upon it the need in the interests of all concerned for inviting tenders and not to give any contract without inviting tenders.

The Honourable Sir Thomas Stewart: I am prepared to ask the Railway Board to discuss the matter with the General Manager of this Railway.

CONTRACTS TO SELL ICE AND AERATED WATERS ON THE NORTH WESTERN RAILWAY.

1266. *Mr. Sham Lal: (a) Will the Honourable the Railway Member be pleased to state whether applications were invited in January, 1939, from the mineral water contractors to apply for the licence to be granted for the years 1939, 1940, 1941 on the North Western Railway and obtain forms against payment of Rs. 5 each?

(b) Under what circumstances did the General Manager, North Western Railway, invite the applications this year for three years?

(c) How many applications from contractors were received in response to this public notice calling for them?

(d) Will the Honourable Member state whether amongst these applications, there was also an application from one firm the Ice and General Mills, Meerut, who suggested and volunteered to sell the minerals at a reduction of three pies per bottle and ice at a reduction of four annas per maund? If so, will the Honourable Member state if it was rejected, and on what grounds?

(e) Were the licences granted again to the old three contractors, adding one new one?

(f) What were the circumstances which led the General Manager to grant licences to the old contractors?

(g) Will the Honourable the Railway Member be pleased to state whether it is within the knowledge of the Honourable Member and the Government that a reduction of three pies per bottle sold in mineral and four annas per maund in ice makes a total of approximately Rs. 10,000 every year which could be saved to the public?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The North Western Railway Administration considered the three-year contract more suitable.

(c) Fifty.

(d) The answer to the first part is in the affirmative. As regards the second part, the Administration considered the contractor selected for the section was more suitable.

(e) Yes.

(f) I would refer the Honourable Member to the reply just given to parts (d) and (e) of his question No. 1265.

(g) Government have no information.

Mr. S. Satyamurti: Will my Honourable friend also have this matter examined by the Railway Board in consultation with this Railway on the same point, namely, not to renew contracts without inviting tenders?

The Honourable Sir Thomas Stewart: That, I think, would be covered by the guarantee I gave to the Honourable Member just now.

FIXATION OF SENIORITY OF STAFF GOING TO WALTON TRAINING SCHOOL ON THE NORTH WESTERN RAILWAY.

1267. *Mr. Sham Lal: (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that the seniority of the North Western Railway staff who go to the Walton Training School, Lahore Cantonment, is fixed according to the school merit, i.e., marks obtained in the said school?

(b) If so, why is this practice not followed in the case of relief clerks promoted from number-takers under Divisional Superintendent, North Western Railway, Lahore?

(c) Is the General Manager, North Western Railway, Lahore, aware of this fact? If so, what action has been taken by him to redress the grievances of the sufferers?

(d) Has the General Manager, North Western Railway, Lahore, taken any action in this matter? If not, why not?

(e) Has the attention of Government been drawn to the grievances published in the *Tribune*, dated the 1st February, 1939? If so, what action has the General Manager, North Western Railway, Lahore, taken on it?

(f) Is it a fact that the recognised North Western Railway Union, Lahore, informed the General Manager, *vide* his letter No. 188/19, dated the 6th February, 1939, to issue instructions to the Divisional Superintendent, North Western Railway, Lahore, to act according to the policy in force? If so, what action has been taken by the General Manager?

(g) Will the Honourable the Railway Member throw light in details in this case?

The Honourable Sir Thomas Stewart: (a) The seniority on appointment of students, including those recruited for relief clerk posts in each batch joining a division on the same date, is regulated by their respective order of merit in the school examination.

The order of promotion of staff qualified in the duties of a guard is regulated by the order of merit obtained by each batch in the qualifying examination. In regard to other staff, sent to the school for promotion courses, the order of merit in the school examination does not affect their seniority.

(b), (c) and (d). Under instructions from the General Manager the permanent posting of relief clerks, who had been promoted from the category of number-takers, as ticket collectors and train clerks, was arranged in the order of their seniority as number-takers.

(e) and (f). I have not seen the newspaper referred to and have no information in regard to the other points.

(g) The matter is one within the competence of the General Manager to deal with and I do not consider that any interference on my part is called for.

Mr. Lalchand Navalrai: With reference to the answer to part (d) of the question, may I know what is the basis on which these relief clerks are promoted from the grade of number-takers? Are they promoted on merit or because of seniority?

The Honourable Sir Thomas Stewart: Under instructions from the General Manager the permanent posting of relief clerks, who had been promoted from the category of number-takers, as ticket collectors and train clerks, was arranged in the order of their seniority as number-takers.

Mr. Sham Lal: May I ask whether the General Manager passed an order on the 22nd February, 1939, that the seniority should be determined by merit and that after the receipt of these questions he set aside that order?

The Honourable Sir Thomas Stewart: I have endeavoured in the course of this somewhat long reply to give all the information I have regarding the orders passed by the General Manager.

Mr. Sham Lal: Will the Honourable Member make an inquiry whether the order was passed on the 22nd February, 1939, and was subsequently set aside by Government?

Mr. President (The Honourable Sir Abdur Rahim): Next question.

DEPARTMENTAL WORKING OF REFRESHMENT ROOMS ON CERTAIN RAILWAYS.

1268. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

(a) whether the Bengal Nagpur Railway works the European refreshment rooms and the Madras and Southern Mahratta Railway works the Indian refreshment rooms only departmentally, and the latter attempt has proved very profitable;

(b) whether Government are prepared to direct the Bengal Nagpur Railway to work its Indian refreshment rooms departmentally;

(c) whether Government have finished their consideration of the advisability and profitability of taking up the Indian refreshment rooms for departmental working; if so, what is their conclusion;

(d) whether the Central Advisory Council for Railways was consulted about this matter, and if so, whether before or after coming to their decision; and

(e) if not, whether Government are prepared to place their estimates of the business position of departmental working and contractors working before the Council, along with an account of the experience of the Madras and Southern Mahratta and South Indian Railways?

The Honourable Sir Thomas Stewart: (a) Yes. The Madras and Southern Mahratta Railway has 35 Indian refreshment rooms, of which 29 are worked departmentally, the remaining six by contractors. Government have no information regarding the profits from departmental working of Indian refreshment rooms. It is a fact that the catering as a whole, which includes refreshment cars, platform contracts, Indian refreshment room contracts, etc., shows a profit.

(b) No. This is a matter for the Railway Administration to decide for itself.

(c), (d) and (e). The matter is under consideration and will be discussed with the Central Advisory Council for Railways before which all available information will be placed.

Prof. N. G. Ranga: Is it not a fact that this matter has been under consideration for more than a year?

The Honourable Sir Thomas Stewart: I am prepared to take the Honourable Member's word for it.

Prof. N. G. Ranga: What is the reason for this delay, because an assurance was given to this House, either by the predecessor of the Honourable Member or the Honourable Member himself, during the last Budget Session, that this question was under their active consideration and that they were going to come to a final conclusion very soon?

The Honourable Sir Thomas Stewart: As the Honourable Member could himself deduce from the statement that I laid on the table a few days ago, the inquiry has been a very elaborate one.

Seth Govind Das: Will Government come to some decision on this question within this year?

The Honourable Sir Thomas Stewart: I have already informed the House that the matter is under immediate consideration.

TAKING OF POSTAL INSURANCE POLICIES BY RAILWAY EMPLOYEES.

1269. *Prof. N. G. Ranga: Will the Honourable Member for Communications please state:

- (a) whether the Railway employees (gazetted and non-gazetted) are entitled to take up policies in the postal insurance scheme;
- (b) if not, whether the advisability of permitting them to do so was considered, and if so, when;
- (c) whether it is proposed to be considered again;
- (d) whether Government are prepared to consider the advisability of extending the scope of the postal insurance to the employees of all Local Boards and Provincial Governments;
- (e) what steps are being taken to bring prominently to the notice of all Government employees and those of Local Boards the existence and advantages of insuring themselves in the postal insurance; and
- (f) if none have so far been taken, whether suitable steps are proposed to be taken in future?

The Honourable Sir Thomas Stewart: (a) and (d). I would invite the attention of the Honourable Member to Rule 2 of the Rules relating to Postal Life Insurance and Endowment Assurance.

(b) and (c). Do not arise.

(e) and (f). No special steps are necessary as the Fund is already popular and well-known to all Government and quasi-Government servants.

Prof. N. G. Ranga: Does that mean that the fund is open to the employees of the State Railways?

The Honourable Sir Thomas Stewart: Yes.

Mr. M. Thirumala Rao: Will Government permit the use of the provident fund for the railway employees to be utilised for their insurance premiums?

The Honourable Sir Thomas Stewart: I submit that question does not arise.

Prof. N. G. Ranga: With reference to part (e) of the question, are the employees of the Local Boards entitled to insure themselves?

The Honourable Sir Thomas Stewart: That is the substance of my reply.

PROVISION OF RADIO SETS IN VILLAGES.

1270. *Prof. N. G. Ranga: Will the Honourable Member for Communications be pleased to state:

- (a) whether any attempt is being made to see how many radio sets are being taken by people in rural parts as compared to those taken for urban areas, in view of the fact that the presence of a radio set in a village is a greater civilising element than in a town;
- (b) if so, how many radio sets are to be found till now in villages (if possible please give figures Province by Province);
- (c) if not, whether Government propose to collect such statistics and at least keep separate lists of licences granted to people of rural and urban areas, respectively, for the future;
- (d) how many rural community sets are today functioning and how many in each Province;
- (e) whether Government are giving or propose to give, any subvention for the establishment, maintenance or reducing licence fees, in addition to the financial assistance given by Provincial Governments in order to encourage more and more villages to go in for such sets; and
- (f) whether any systematic effort is sought to be made to provide adult educational talks in local languages, specially needed by rural folk at times of day when they can be expected to listen to them?

The Honourable Sir Thomas Stewart: (a) No statistics of this nature have so far been kept.

(b) Does not arise.

(c) Government do not consider that the advantages to be derived from the collection of such statistics would justify the labour and expense which would be involved.

(d) The exact number functioning is not known, but 20 rural community receiving sets have so far been installed in Delhi Province and 165 applications to instal such sets have been sanctioned in other provinces, viz., 114 in Madras, 28 in the United Provinces, 17 in Bengal, three in the Punjab and one each in Bombay, Sind and the Central Provinces.

(e) No. I would, however, invite the attention of the Honourable Member to the reply given by me to part (d) of Mr. Mohan Lal Saksena's starred question No. 918 on 9th March, 1939.

(f) Yes.

Prof. N. G. Ranga: What is the objection on the part of Government for keeping these statistics at least for the future? I am asking this with reference to part (c) of the question.

The Honourable Sir Thomas Stewart: I gave a very straight answer in reply to part (c).

Prof. N. G. Ranga: In view of the fact that the Honourable Member's statistics themselves show that only very few sets are being given to the rural parts, is it not a fact that it will not involve the Government in any undue labour or cost?

The Honourable Sir Thomas Stewart: I suggest that the Honourable Member should make his representation to the Provincial Governments and not to the Central Government.

Prof. N. G. Ranga: How do the Government of India expect to have the spread of this broadcasting in rural areas if they do not maintain the statistics?

The Honourable Sir Thomas Stewart: I think the Honourable Member refers to the increase of broadcast receivers for rural organisation purposes; that is primarily the concern of the Provincial Governments.

Prof. N. G. Ranga: Is it not the policy of the Government of India to see that more and more of these sets are spread out in the rural areas?

The Honourable Sir Thomas Stewart: Yes, Sir. The Government of India would welcome such a development.

MEASURES FOR SAFETY OF WOMEN TRAVELLING IN THIRD CLASS COMPARTMENTS.

1271. ***Prof. N. G. Ranga:** Will the Honourable Member for Railways be pleased to state:

- (a) the number of cases during the last three years in which women travelling in third class women's compartments were either assaulted or insulted or robbed by men who entered their compartments either stealthily or forcibly;
- (b) whether Government are investigating carefully every one of those cases and taking suitable action against the miscreants who are involved in them, if any;
- (c) whether his attention has been drawn to the suggestion made by the North Western Railway Advisory Committee which met on the 21st April, 1938, that grills or fixed venetian frames should be set up in the upper part of partitions separating women's compartments from adjacent compartments in lower class carriages, which would assist in the prevention of crimes against female passengers and the opinion expressed by the committee in favour of an opening close to the roof fitted with an expanded metal grill;
- (d) if so, whether he has considered the advisability of adopting that suggestion for incorporation in the designs now being approved of for the construction of new third class carriages;
- (e) if the North Western Railway are introducing this alteration in their carriages containing women's reserved compartments; and
- (f) if Government propose to bring to the notice of all other railways the need for making this change in all their carriages containing women's reserved compartments within the shortest possible time?

The Honourable Sir Thomas Stewart: (a) to (f). I would refer the Honourable Member to the reply given to Mr. B. N. Chaudhury's starred question No. 159 of the 12th August, 1938, and, in regard to part (a), I am obtaining from Railways the number of such cases which occurred in 1938 and will lay a statement on the table of this House.

Prof. N. G. Ranga: Part (c) was not covered in that answer. I want to know what conclusion the Government of India have come to in regard to the suggestion made by the North Western Railway Advisory Committee "that grills or fixed venetian frames should be set up in the upper part of the partitions separating women's compartments from adjacent compartments in lower class carriages"?

The Honourable Sir Thomas Stewart: My memory is that the proposal was considered in the railway conference and the general view of the experts was that it was not a practical proposition. But I believe that experiments are still going on.

Prof. N. G. Ranga: Will this suggestion be placed before the next meeting of the Central Railway Advisory Committee?

The Honourable Sir Thomas Stewart: I cannot off-hand anticipate the agenda of that meeting.

MENTION OF CERTAIN INFORMATION IN RAILWAY TIME TABLES.

1272. ***Prof. N. G. Ranga:** Will the Honourable the Railway Member be pleased to state:

- (a) if his attention has been drawn to the suggestion made and accepted by the South Indian Railway Advisory Committee that a foot-note be added under the timings on each page in the time-tables to mention the page of the time-table in which the timings of the trains on the reverse section appear;
- (b) whether the suggestion has been brought to the notice of other Railway authorities in any special manner; and
- (c) if so, whether Government propose to see that the suggestion is carried out in all Railway time-tables?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) All Railways are supplied quarterly with particulars of meetings of Local Advisory Committees.

(c) I am prepared to call the attention of Railway Administrations to the minutes of the 59th meeting of the South Indian Railway Local Advisory Committee held on the 6th May, 1938, for any such action as they may desire to take.

FIRST DELIVERY OF MAILS IN NEW DELHI.

†1273. ***Pandit Krishna Kant Malaviya:** (a) Is the Honourable the Communications Member aware that the first delivery of mails in New Delhi does not take place before 9 A.M. daily?

(b) Is the Honourable Member aware that in most other towns in India the delivery is at 7 A.M.?

(c) Does the Honourable Member propose to arrange that deliveries are made at 7 A.M. in New Delhi?

† Answer to this question laid on the table, the questioner being absent.

The Honourable Sir Thomas Stewart: (a) The first delivery of mails is issued from the New Delhi Post Office at 8 A.M. daily excepting Sundays and not at 9 A.M.

(b) It is a fact that in some towns the first delivery issues at 7 A.M.
(c) No.

PROVISION OF UNIFORMS TO POSTMEN IN DELHI AND NEW DELHI.

†1274. ***Pandit Krishna Kant Malaviya:** (a) Will the Honourable Member for Communications please state whether postmen are given uniforms to wear, while on duty, and whether they do so in New Delhi?
(b) Is it a fact that most of the postmen of Delhi and New Delhi wear no uniform?

(c) Is the Honourable Member prepared to issue orders that the postmen of Delhi and New Delhi wear uniforms while on their rounds?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) No.

(c) Does not arise.

EFFECTING OF ECONOMIES IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

1275. ***Dr. P. N. Banerjea:** Will the Honourable Member for Railways please state:

(a) whether it is a fact that the apportionment by machines in the Railway Clearing Accounts Office was substituted with a Grand Summary Scheme of apportionment in February, 1938, and, as a result of this, certain economies, including the abolition of the Deputy Director's post, were promised;

(b) whether it is a fact that the required economies were only partially effected for a few months;

(c) whether it is a fact that Government have recently issued orders for effecting economies in the Railway Department;

(d) whether it is also a fact that, despite the orders, an additional post of an Assistant Accounts Officer has been sanctioned for the Railway Clearing Accounts Office; and

(e) if the answers to parts (a) to (d) above be in the affirmative, the justification for this extra expenditure?

The Honourable Sir Thomas Stewart: (a) The reply is in the affirmative, except that the abolition of the post of Deputy Director was in no way connected with the introduction of the grand summary method.

(b) No.

(c) Yes, certain instructions were issued in September, 1938, and afterwards.

(d) When the post of Deputy Director which was of administrative rank was abolished, it was anticipated that a junior officer instead might, at least for some time, be necessary, and subsequent experience has shown the need of such a post. A junior officer's post has accordingly been sanctioned temporarily, and the need for its continuance is being watched.

† Answer to this question laid on the table, the questioner being absent.

(e) The question of any extra cost does not arise. The savings anticipated from the introduction of the grand summary method, the downgrading of the post of Director and the abolition of the post of Deputy Director of administrative rank have all been realised.

NON-ACCEPTANCE OF CIRCULARS OF BROKERS, ETC., AT BOOK POST RATES.

1276. ***Mr. Manu Subedar:** (a) Will the Honourable Member for Communications please state whether Government have received representations complaining that circulars of brokers and others reporting rates are not accepted at book post rates, if the rates are written in hand in blank spaces of a circular otherwise printed or cyclostyled?

(b) What are the reasons preventing Government from complying with such representations on the subject?

(c) In what manner do Government expect that such a practice would affect the revenues of the Postal Department, or would lead to the abuse of the privilege asked for?

(d) Have Government any information as to the practice on this subject in the United Kingdom?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The circulars in question do not comply with the provisions of Rules 17 and 19 of the Indian Post Office Rules.

(c) The Postal Department suffers loss of revenue because, correctly, these documents should pay the letter postage rate.

(d) No.

Mr. Manu Subedar: Will the Honourable Member make an enquiry whether in the United Kingdom circulars from brokers in which rates are put down in manuscript are allowed at book post rates?

The Honourable Sir Thomas Stewart: Certainly.

Mr. Manu Subedar: Will the Honourable Member tell us what is the nature and volume of loss which he anticipates and which is attempted to be saved by Rules 17 and 19 of the Indian Post Office Rules?

The Honourable Sir Thomas Stewart: Without carrying out a census of the circulars which have been placed under objection I could not possibly estimate.

Mr. Manu Subedar: Has the Department considered whether they would not have a certain number of well-known brokers who are well established and *bona fide* persons and where in their case this rule may be relaxed?

The Honourable Sir Thomas Stewart: I do not understand the Honourable Member's plea *ad misericordiam*.

Mr. Manu Subedar: Difficulty is experienced by brokers who are dealing in stock exchange of wheat and various other markets who have got to send out to hundreds and thousands of their clients circulars. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not make a speech. The Honourable Member wants to persuade the Government to take a certain course of action. He is not asking for information. Next question.

COUNTRIES HAVING RECIPROCAL ARRANGEMENT FOR THE ENFORCEMENT OF CIVIL DECREES.

1277. *Mr. Manu Subedar: (a) Will the Secretary for External Affairs please state with which countries India has got reciprocal arrangement for the enforcement of civil decrees? Is France one of them?

(b) Are Government aware that serious difficulties arise through the claims of Indians against foreign companies or individuals trading in India, leaving debts behind, which cannot be enforced through the absence of the acceptance of reciprocal obligations to enforce decrees?

(c) Have Government made a representation to His Majesty's Government for securing this arrangement with France?

(d) Are Government examining the proposal for pushing this part of international relationship so far as India is concerned with the United States, France and other countries?

Sir Aubrey Metcalfe: (a) Reciprocal arrangements for the enforcement of decrees are restricted to cases arising between British India and other parts of the British Empire. There are therefore no reciprocal arrangements with France.

(b) Government are aware that difficulties may arise.

(c) and (d). No. I may explain that the Code of Civil Procedure (Amendment) Bill as originally introduced by the Government of India in this House provided for reciprocal enforcement of decrees between India and foreign countries. The Act as finally passed however excluded foreign countries from such reciprocal arrangements and foreign countries cannot be expected to afford India any special treatment when this country is not in a position to reciprocate.

Mr. Manu Subedar: With reference to part (d) which mentions the United States of America, may I know whether Government will bear this subject in mind at the time of negotiating a treaty for commerce and navigation?

Sir Aubrey Metcalfe: They can certainly bear that in mind. But they cannot obviously expect the United States to give them something which India cannot give them in return.

PROPOSAL FOR ENTERTAINING THE PRESIDENT OF FRANCE BY THE INDIA OFFICE.

1278. *Mr. Manu Subedar: (a) Will the Secretary for External Affairs please state whether it is a fact that there is a proposal for entertaining the President of France when he is in London by the India Office?

(b) On how many previous occasions had the India Office incurred such expenditure on behalf of India in entertaining heads of foreign States visiting London?

(c) Was the arrangement with regard to the French President made in consultation with the Government of India or independently?

(d) What is the object and occasion for the India Office in doing this?

Sir Aubrey Metcalfe: (a), (b) and (d). The Government of India have no information.

(c) No communication was made to the Government of India in the matter.

Mr. Manu Subedar: May I know whether Government have read in the Press, from which I derived the information in asking this question, of the announcement that the India Office was organising a reception in honour of the President of the French Republic.

Sir Aubrey Metcalfe: That was not the announcement I saw. What I saw was that His Majesty's Government was organising a reception at the India Office. It merely refers to the use of the building.

NEGOTIATIONS ON SUBJECTS OF RELATIONSHIP BETWEEN FRANCE AND INDIA.

1279. *Mr. Manu Subedar: (a) Will the Foreign Secretary please state whether the Government of India have opened through His Majesty's Government any negotiations on any important subjects of relationship between France and India either in the matter of the execution of legal decrees, or defence, or trade?

(b) Have Government represented through His Majesty's Government to France about the opposition to the poll-tax which is proposed to be levied on every Indian who resides in the French possessions in India?

Sir Aubrey Metcalfe: (a) No.

(b) The attention of the Honourable Member is invited to the reply given by me in this House on 3rd February, 1939, to part (c) of Mr. K. Santhanam's question No. 33A.

Mr. S. Satyamurti: My Honourable friend, I remember, informed the House last time that this proposal to levy a poll-tax has been adjourned. May I know whether the Government of India have got any information since then that it has been adjourned *sine die* or only adjourned and it may be brought up again?

Sir Aubrey Metcalfe: Government have no further information. All I can say is that the day for revival has not yet arrived.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to parts (b) to (h) of starred question No. 1204 asked by Mr. Brojendra Narayan Chaudhury on the 10th November, 1938.

ACCIDENTS IN SYLHET AND CACHAR ON THE ASSAM-BENGAL RAILWAY.

(b) Yes, two seriously injured and seven killed.

(c) Four seriously injured and 15 killed, including the figures in (b) above.

(d) No, the unfenced line in Sylhet and Cachar districts are 94½ and 117½ miles, respectively; these sections carry light traffic and fencing is not considered necessary.

(e) Yes, by mixed, goods and engineering trains.

(f) Yes.

(g) Assam Bengal Railway—

	Rs.
Highest old scale	200
Lowest old scale	30*
Highest new scale	190
Lowest new scale	32-8*
Average of all drivers	55*

(*An addition of Rs. 10 is allowed for English speaking and Rs. 5 for Line Clear reading to drivers drawing pay up to Rs. 90 on old scales and Rs. 80 on new scales of pay.)

Eastern Bengal Railway—

	Highest substan- tive pay.	Lowest substan- tive pay.	Average based on substan- tive pay.
	Rs.	Rs.	Rs.
Old scale Drivers, Class III	220	140	180
Drivers, Class II	170	90	130
Drivers, Class I	62	34	48
Revised scale Drivers, Class III	180	160	170
Drivers, Class II	(fixed). 140	(fixed). 100	120
Drivers, Class I	(fixed). 60	30	45

NOTE.—In addition to pay overtime and mileage allowances are given on both railways.

(h) The service and salaries of the drivers of trains, which were involved in the accidents referred to in parts (b) to (f) of starred question No. 511 of 26th August, 1938, were :

Date of accident.	Years of experience.	Pay in- cluding allowances.
		Rs. A. P.
1. 11th July, 1938	21	74 6 0
2. 9th July, 1938	21	74 6 0
3. 3rd July, 1938	14	140 0 0
4. 6th June, 1938	9	59 8 0
5. 6th May, 1938	19	65 8 0

Information promised in reply to starred question No. 197 asked by Mr. Brojendra Narayan Chaudhury on the 8th February, 1939.

PRICE OF PETROL IN CERTAIN PLACES.

Statement showing the prices of petrol (ex pump) in Calcutta, Bombay and Delhi from January, 1937, to January, 1939.

	Calcutta.	Bombay.	Delhi.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
	(per gallon).	(per gallon).	(per gallon).
1937.			
January	1 5 0	0 15 0	1 5 6
February	1 5 0	0 15 0	1 5 6
March	1 5 0	0 15 0	1 5 6
April	1 5 0	0 15 0	1 6 6
May	1 5 0	1 0 6	1 6 6
June	1 5 0	1 0 6	1 6 6
July	1 5 0	1 0 6	1 6 6
August	1 5 0	1 2 0	1 8 0
September	1 5 0	1 2 0	1 9 0
October	1 5 0	1 2 0	1 9 0
November	1 5 0	1 2 0	1 9 0
December	1 2 0	1 2 0	1 9 0

Calcutta. Bombay. Delhi.
Rs. A. P. Rs. A. P. Rs. A. P.
(per gallon). (per gallon). (per gallon).

1938.

January	1 2 0	1 2 0	1 9 0
February	1 2 0	1 2 0	1 9 0
March	1 2 0	1 2 0	1 9 0
April	1 2 0	1 2 0	1 9 0
May	1 2 0	1 2 0	1 8 0
June	1 2 0	1 2 0	1 8 0
July	1 2 0	1 2 0	1 7 0
August	1 2 0	1 2 0	1 6 0
September	1 2 0	1 2 0	1 6 0
October	1 2 0	1 2 0	1 6 0
November	1 2 0	1 2 0	1 6 0
December	1 2 0	1 2 0	1 6 0

1939.

January	1 2 0	1 2 0	1 6 0
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Information promised in reply to starred question No. 364 asked by Mr. Manu Subedar on the 14th February, 1939.

TENDERS FOR THE R. I. N. PROJECT AT MANORA, KARACHI.

(a) Notice of tender was issued on the 26th July, 1938, and tenders were opened on the 27th August, 1938.

(b) Messrs. Herman and Mohatta Ltd., Karachi, to whom the contract was given were the lowest tenderers.

(c) After acceptance of the tender, changes were made in the specifications, but not in the conditions of work.

(d) Certain modifications in the detailed financial arrangements with the contractor were necessary but they did not involve any change in the total value of the contract.

Information promised in reply to part (d) of starred question No. 389 asked by Prof. N. G. Ranga on the 14th February, 1939.

RELEASE OF MR. DHANWANTRI SENTENCED IN THE DELHI CONSPIRACY CASE.

(d) After taking into account remissions earned the prisoner's release will fall due on the 13th May, 1939.

Information promised in reply to starred question No. 574 asked by Mr. Sham Lal on the 21st February, 1939.

DENIAL OF THE RIGHT OF PURCHASING LANDS BY DEPRESSED CLASSES IN RURAL AREAS OF DELHI PROVINCE.

No.

Information promised in reply to starred question No. 746 asked by Mr. K. S. Gupta on the 27th February, 1939.

RESOLUTION PASSED BY THE EXCISE ADVISORY BOARD OF DELHI REQUESTING FOR A REVISION IN ITS CONSTITUTION, ETC.

Government are informed that no such resolution was passed.

Information promised in reply to starred question No. 881 asked by Mr. K. S. Gupta on the 8th March, 1939.

GRANT OF ARMS LICENCES TO SPECIAL POLICE OFFICERS IN DELHI.

(a) All persons requiring arms licences in Delhi (including persons who happen to be Special Police Officers) apply to the District Magistrate. Except in the case of persons whose standing is well known, applications are sent to the Police for enquiry, and licences are granted to persons who require arms and are not likely to make careless or improper use of them.

(b) None.

(c) As explained in reply to part (a) of the question an enquiry is made in the case of persons—official and non-official—whose standing is not well known.

(d) No fresh enquiry is made when an arms licence is renewed, unless there is some special reason for an enquiry.

(e) No separate registers are maintained of the licences issued in these areas, and the information is therefore not readily available.

(f) and (g). No.

Information promised in reply to starred question No. 935 asked by Prof. N. G. Ranga on the 9th March, 1939.

EDUCATIONAL FACILITIES IN THE TRIBAL AREAS.

(a) 22,50,000. This figure is only roughly approximate.

(b) 2,70,000 calculated as 12 per cent. of the figures given at (a) above.

(c) 1.5 per cent. This does not include the tribal students in schools and colleges in British India.

(d) 57 in addition to a few schools of higher standards with primary sections.

(e) 99.

(f) Senior certified teachers . . . Rs. 40—2—60 plus Rs. 20 per cent. Frontier Allowance.

Junior certified teachers . . . Rs. 25—1—35 plus Rs. 20 per cent. Frontier Allowance.

Untrained and uncertificated teachers. Rs. 20 fixed plus Rs. 20 per cent. Frontier Allowance.

(g) and (h) No.

MOTIONS FOR ADJOURNMENT.

ALLEGED CRIMINAL ASSAULT ON A RESPECTABLE INDIAN LADY BY BRITISH SOLDIERS AT THE FEROZEPUR CANTONMENT.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has received a motion for adjournment of the House from Sardar Mangal Singh. He wants that the business of the House be adjourned for the purpose of discussing a definite matter of urgent public importance, namely, the criminal assault on a respectable Indian lady by British soldiers at the Ferozepur Cantonment. The Chair understands that this case has gone before a Magistrate.

The Honourable Sir Nripendra Sircar (Leader of the House): We sent for information, and this is what we have got. The Staff Captain, Ferozepur Brigade Area, reports that two men of the Green Howards were brought before a Magistrate at 14-30 hours on Wednesday, the 22nd March, and charged under the Indian Penal Code section 354, molesting, and section 325, grievous hurt.

Mr. President (The Honourable Sir Abdur Rahim): The motion is disallowed.

MOTIONS FOR ADJOURNMENT.

REPORTED APPOINTMENT OF MR. BIRD AS THE SPECIAL INCOME-TAX COMMISSIONER.

Mr. President (The Honourable Sir Abdur Rahim): The next motion for adjournment is in the name of Mr. Avinashilingam Chettiar. He wants to discuss a definite matter of urgent public importance, namely, the policy involved in the reported appointment of Mr. Bird, as the Special Income-tax Commissioner on a special pay of Rs. 800 more than his present salary ignoring the claims of senior and qualified Indians.

The Chair wants to know when this was done.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore cum North Arcot: Non-Muhammadan Rural): I understand that a decision has been taken a few days ago and the appointment is going to be made shortly.

Mr. President (The Honourable Sir Abdur Rahim): The Chair wants to know this. Is any Honourable Member entitled to ask the business of the House to be adjourned because a certain appointment has been made which may be in alleged supersession of the claims of others?

Mr. T. S. Avinashilingam Chettiar: May I point out that this new appointment was created by the passing of the new Income-tax (Amendment) Bill.

Mr. President (The Honourable Sir Abdur Rahim): Therefore, this is not a matter of ordinary promotion?

Mr. T. S. Avinashilingam Chettiar: The point is that a European has been appointed.

Mr. President (The Honourable Sir Abdur Rahim): There is no policy involved. The Chair disallows the motion.

The Honourable Sir James Grigg (Finance Member): Sir, may I with your permission state the facts with regard to this matter? I think it is important that the facts should be stated. An announcement appeared in the Gazette of 29th October last to this effect:

"Mr. J. B. Bird, I.C.S., is appointed Special Investigating Officer for Income-tax in the Central Board of Revenue at Bombay with effect from the 10th October, 1938."

In the newspapers of the 24th January, 1939, there appeared an article announcing this appointment with the heading,—I am not responsible for the heading,—

"Catching the Dodger. Sleuth for Income-tax Investigation. Special Branch in Bombay."

And, in view of these facts and the bringing of this particular motion, I should like to inform the House that some of the people in Bombay interested in income-tax announced their intention, as soon as Mr. Bird was appointed, of having him out within six months.

Mr. President (The Honourable Sir Abdur Rahim): That is not the concern of this House.

Mr. T. S. Avinashilingam Chettiar: May I know whether this appointment of Mr. Bird as Special Commissioner has been made or not?

The Honourable Sir James Grigg: On the 10th October, 1938, he was appointed Special Investigation Officer and that was gazetted.

Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): Sir, you have disallowed the motion, and so I will not raise that point. But the question is, has he been appointed Special Income-tax Commissioner? The allegation is that he has been appointed one of the three Special Commissioners, which the Act has authorised Government to create. I want to know whether he has been appointed as one of those three Commissioners.

The Honourable Sir James Grigg: The Act does not operate till the 1st April, and even if he is appointed as one of these three Commissioners it will be a change of designation without any change of remuneration or duties whatever. And the Honourable Member knows from the discussions in the Select Committee on the Income-tax Bill that the Select Committee and the House had full notice of our intention to appoint under that section officers for this kind of duty.

Mr. S. Satyamurti: We hoped they would be Indians.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 noon on Monday, the 20th March, 1939, the time fixed for receiving nominations for the Standing Committee for Roads seven nominations were received. Subsequently one Member has withdrawn his candidature. As the number of remaining candidates is equal to the number of vacancies I declare the following Members to be duly elected, namely:

- (1) Khan Bahadur Shaikh Fazl-i-Haq Piracha,
- (2) Sardar Bahadur Captain Dalpat Singh,
- (3) Mr. Sham Lal,
- (4) Dr. P. N. Banerjea,
- (5) Babu Kailash Behari Lal, and
- (6) Mr. J. Ramsay Scott.

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that upto 12 noon on Monday, the 20th March, 1939, the time fixed for receiving nominations for the Standing Finance Committee for Railways eighteen nominations were received. Subsequently the candidature of one Member has been withdrawn by the proposer and six Members have withdrawn their candidature. As the number of

remaining candidates is equal to the number of vacancies. I declare the following Members to be duly elected, namely:

- (1) Haji Chaudhury Muhammad Ismail Khan,
- (2) Mian Ghulam Kadir Muhammad Shahban,
- (3) Lieutenant-Colonel M. A. Rahman,
- (4) Rao Sahib N. Sivaraj,
- (5) Mr. M. S. Aney,
- (6) Mr. Satya Narayan Sinha,
- (7) Mr. K. Santhanam,
- (8) Pandit Nilakantha Das,
- (9) Mr. M. Thirumala Rao,
- (10) Mr. Muhammad Nauman, and
- (11) Mr. F. E. James.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State at its meeting held on the 22nd March 1939, agreed without any amendment to the following Bills, which were passed by the Legislative Assembly at its meetings held on the 27th February and the 8th March, 1939, namely:

- (1) A Bill to establish standards of weight throughout British India;
- (2) A Bill further to amend the Indian Merchant Shipping Act, 1923 for a certain purpose;
- (3) A Bill to amend the Insurance Act, 1938;
- (4) A Bill further to amend the law relating to the protection of Inventions and Designs;
- (5) A Bill further to amend the Workmen's Compensation Act, 1923 for a certain purpose; and
- (6) A Bill to amend the Cotton Ginning and Pressing Factories Act, 1925 for certain purposes."

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the following amendment to clause 4 of the Indian Finance Bill:

"That clause 4 of the Bill be omitted, and the subsequent clauses be re-numbered accordingly."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, I was speaking when we broke up yesterday with regard to the effect on cotton prices of the change intended to be put in by the Finance Member in the duty. As I said, there are many factors leading to variations in cotton prices and the speculative factors predominate in this market, which is operated upon not only by people in this country but by people from Liverpool and from New York. And a small speculative rise at the moment ought not to mislead any Honourable Members of this House as regards the permanent effect on the prices of cotton. As I explain—

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ed, Sir, in my opinion the permanent effects on cotton prices in this country will be disastrous because by favouring competitors to the cotton textile industry, who will be enabled to send in more stuff manufactured from foreign cotton purchased outside and by weakening the Indian textile industry itself, the general demand for cotton in this country will go down. Sir, the Indian textile industry are the best friends and supporters of the Indian cotton grower in this country as the figures of their offtake will show. The prosperous year as 1937-38 was enabled them to take several hundred thousand bales more and this was the offtake with regard to that quality of short staple cotton which is giving the greatest anxiety, whose price is particularly low, and in which India has a definite surplus. Sir, at the last sitting of the Indian Central Cotton Committee all members, including the cotton growers' representatives, were unanimously of the opinion that import duty may be levied only if there are countervailing duties on cloth and yarn, that without such countervailing duties on cloth and yarn no direct benefit can be expected either on the price of cotton or on the growth of long-staple cotton in this country which is a desideratum to which everybody agrees. Sir, the effect on yarn prices have also to be examined from another point of view. There is a handloom production in this country and if cotton of the grade which is imported in this country will be taxed, such spinning of yarn in this connection as takes place must necessarily become costly. This extra cost is going to fall, in the first instance, on the handloom weavers. And, Sir, in connection with the production of textile goods in this country we always have this problem, and I will mention, where we have our sympathies, viz., that the handloom worker has got to be protected. Measures have already been taken in several directions to help handlooms and there is no doubt we shall take other measures, but, in the meanwhile, I do not like that by the action of the Finance Member the handloom worker should be penalised.

Sir, with regard to the cotton growers' representatives and all who sympathise with him in this country may I mention that it is 12 Noon. for them to choose who their real friends are? The idea that the Honourable the Finance Member and the people on the Government Benches can be friends of the cotton grower and that any Members who are elected in this House could not be friends and would be inimical to the cotton growers is one which is too absurd for words and I am sure it will not appeal to any Honourable Members in this House.

Sir, I go on to the next point which I want to make very briefly and that is with regard to the sanctity of estimates. The Finance Member, as Sir Homi Mody mentioned in his speech, had already played on the soft pedal with regard to the possible benefit to the cotton growers. In his reply to the deputation of the millowners, which waited on him, he made it clear that his concern really was merely with the amount of revenue. Sir, I do not know whether he will get the amount of revenue from this particular head which he budgeted, but as he has made much noise with regard to the estimating and under-estimating of revenue, I will say this that there is no sanctity with regard to these estimates. All human error has got to be allowed for and the Finance Member will be the last man to claim that his budget estimates have invariably come to be correct. I could show at very great length as I have got the entire estimates and the entire realisation with regard to all heads during his five years of stewardship; but I do not wish to take up the time of this House on this point. All

I say is this, that the Honourable the Finance Member himself has made large errors in his estimates. Having done so, he cannot claim that he alone and his opinion alone is the sound one and everybody else is not entitled to put in an opinion. At best every budget estimate is a guess and though it is a guess on his part, with such equipment as he has got and it is likely to be more correct than the guess of a layman in the street, still he cannot claim that his estimates are so correct that he must be allowed to make up what he considers a deficit. I will illustrate this by only two points. In 1937-38, with regard to customs as a whole, he budgeted for Rs. 42,60 lakhs and he realised Rs. 43,93 lakhs—an excess of Rs. 133 lakhs. In the matter of excises, during the same year, he budgeted for Rs. 716 lakhs while his revised estimate was Rs. 774 lakhs which is an excess of about 48 lakhs. Similarly, in the next budget, we find him in the matter of excise giving us a budget figure of 776 lakhs and actually realising Rs. 825 lakhs, roughly again a matter of Rs. 50 lakhs more than he had budgeted. This emphasis he has laid in the course of a speech, which I must say is in very unhealthy contrast to the great courtesy which this House has known to expect from his predecessor, a speech in which he has spouted a singular amount of abuse and vituperation on everybody who dared to differ from him—may I say that the striking part of the rebuttal in his reply relating to figures is due to the vituperation and the abuse, I must give sitting behind him, but as for the Finance Member. I do not think that it is his the credit entirely to the Finance Member. I do not think that it is his attempt to make up the deficit in the budget as he has presented which is prompting him to impose this cotton duty. I fear that it is his attempt to make up for the preference which he intends to provide, whether this House agrees to it or not, in the case of the Indo-British Trade Agreement. These preferences at the expense of India, are a free gift from the Indian treasury to the British commercial community, these preferences have to be provided and, incidentally, in passing, he has given a hit to the Indian textile industry because it was these people who, in his opinion, were very obstinately refusing to accept the compromise, i.e., to accept the dictatorial terms which were put forward on the other side of the waters.

As the Finance Member is very fond of picking out the weaknesses and the loopholes of individual interests and individual pride of people in order to set them one against the other, I want to make it quite clear that I am not interested in any textile industry whatsoever, that I do not possess a single share of any textile company and that I am speaking here as the representative of business in India

The Honourable Sir James Grigg (Finance Member): Not of the masses, but of business.

Mr. Manu Subedar: He is still indulging in his perpetual game of dividing and setting one section against the other. He is an incorrigible man. The constituency that I represent is not a constituency of big business or small business. I represent two hundred odd kinds of trade and industry; most of them small, most of them affecting the masses as he calls them; but he loves to create difficulties; he thinks that big business is opposed to small business, that small business is opposed to still smaller sections of the masses. He loves to break up our country. He loves to divide us into warring sections like this, urban and rural, industry and agriculture, masses and classes. All

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big business and small business, one community and another community, one province and another province. He even tried to divide the front bench and the back bench. If a microscope was given to him, he would try to divide my right hand from my left hand

The Honourable Sir James Grigg: Not necessary.

Mr. Manu Subedar: As a matter of fact, he tried to quote me against my Chamber and my Chamber against me, that Chamber in building up which I have given solid contribution for 22 years and which has returned me here as an unopposed Member

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): What about his Chambers?

Mr. Manu Subedar: I want most respectfully to say that while His Excellency the Viceroy is making an appeal for unity—and I entirely believe in the depth and sincerity of that appeal—there is his disloyal councillor here, who has for five years not done anything else except seek to divide on all previous occasions, as he has sought to divide on this occasion, one section of the House against another, one set of people against another. He hates to see India in a united form; he belongs to that Churchillian die-hard section, dyed in the wool, who can never change and whose idea of this country is that it must be perpetually disrupted in warring and conflicting economic groups

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can get on with the motion: the House has had enough of this digression: it is time he got on with his subject.

Mr. Manu Subedar: I will come back to cotton. Take the textile industry which is affected by this cotton duty. When the textile industry approaches Government it is usual from the front treasury Benches to be told that they must learn to be self-reliant and they must not run up to Government every time they want a little assistance; and when the textile industry becomes self-reliant and when it makes an appeal to its own countrymen to purchase Indian goods, to patronise Indian concerns, and otherwise to support the efforts of Indians in one field or the other—and what is true of the textile industry is doubtless true of all other industries—when they thus go to their own countrymen with this appeal, the Finance Member charges them with having created racial hatred and kept it up. This double standard of judgment which has been formed in this country by foreign rule must be ended. This has become intolerable. The Finance Member objects to the Federation of Indian Commerce and Industry, but he kisses the rod and he grovels before business when it is the Associated Chambers of Commerce. We know what the truth is. He grovels on the ground when he is dealing with the white section of those who are engaged in industry.

I do not want to detain the House but I will only end by referring to one or two small matters. Sir, I would like to know from the Honourable the Finance Member whether he has ever come across a rebuke given to industrialists in the United Kingdom, when they approached the Board of Trade with any proposals that they are exploiters, that they were doing something dirty on the rest of the people and that they must be suppressed? Sir, this standard with regard to the United Kingdom and with regard to

English business interests in this country and quite a different standard when they have to deal with Indian business cannot be tolerated.

An Honourable Member: Give him more garden parties.

Mr. Manu Subedar: It is suggested that the undue vehemence and abuse in the speech, which the Honourable Member delivered two days ago, was due to the excessive number of garden parties which were given to him. If that is so, it may be forgivable, but I have no doubt he will explain that it was so.

Then, Sir, in conclusion, I say this, that though the Finance Member may be very fond of putting us on the horns of a dilemma, of setting one section against the other, of dividing out India into various disunited and conflicting interests which would destroy each other, though he may profess,—and I have still to wait for a single sign that he has carried out the welfare of the masses,—though he may profess all this, I think he will be disappointed. This country is going to march from one stage of unity to another in spite of people like him. The Honourable the Finance Member had the opportunity and the privilege given to him to do good to millions of people in this country. He has wasted that opportunity and he has attempted to divide the country. There is a soul of things, and he will discover when he goes to his home that the same disunity which he has tried in vain to plant here will probably rise up in his own country in his own sphere.

Lastly, Sir, he has tried to placate this side of the House by paying a belated visit to Mahatma Gandhi. This is a very significant thing. Sir, we have a proverb in Gujrathi,—doubtless to this proverb there are counterparts in other languages,—that a mule can go to the Ganges and have his bath, but that will not change him into a horse. I hope the Honourable the Finance Member will reflect on his sins in due course when he is away from this country and realise that he has wasted the chance which Providence had given him to do good to millions of people and which he has failed to do.

Mr. M. Ghasuddin (Punjab: Landholders): Sir, I would like to place the point of view of a layman before this House. Of course, there has been a good deal of talk on high finance and various figures have been quoted, but I shall not dabble with figures. I will merely place before this House a few facts as a layman sees them. Sir, the Honourable the Finance Member's Budget has been called as insipid, featureless and so on. I do not know what a Budget with features is. I only know that if there is a deficit, either they should borrow or tax any of the industries, and if an industry is to be taxed, they have to consider whether it can bear the burden of taxation that will be imposed on it. For this purpose, I shall quote before this House figures of the profits which the textile industry has made, and for that purpose I shall take the Index number. Base 1928 equal to 100.

1933.	...	33.9.
1934.	...	90.1.
1935	...	89.1.
1936.	...	98.4.
1937.	...	117.7.

[Mr. M. Ghiasuddin.]

These figures are only averages. They conceal the true position. The excellent profits made by the majority of the mills are covered by the losses suffered by a few inefficient mills or mills having heavy liabilities incurred in the past, so that the average looks small. But, throughout this period, the majority of mills were making substantial profits. The Textile Labour Committee of Bombay found that in 1936, out of 55 mills examined, while 35 made profits of 72 crores, 18 had a loss of 15 crores, but of this loss of 15

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Who made 72 crores?

Mr. M. Ghiasuddin: The Bombay mill industry.

Sir Cowasji Jehangir: 72 crores of profits. Who made it?

Mr. M. Ghiasuddin: Yes, they made 72 crores.

As I was saying, Sir, the Textile Labour Committee of Bombay found that in 1936, out of 55 mills examined, while 35 made profits of 72 crores, 18 had a loss of 15 crores, but of this loss of 15, 11 crores was due to the working of ten mills. If these ten are excluded, the number of losing mills falls to eight and their loss to 4 crores as against the profit of 72 crores made by 37 mills. As the number of mills making profits are in great majority and the average is influenced by the losses of a few mills to an extent which is out of all proportion to their number, the actual profits made by reasonably efficient (that is, representative) mills is very much greater than the average figures would indicate. In 1938, the profits continued to be high in spite of the wage increase granted in Bombay. The fall in the price of cotton and the decline in the imports from Japan are the major causes which have contributed to the profits of the mill industry. The price of Broach cotton has fallen by 31 per cent. and that of East African cotton by 27 per cent. as compared to the average prices which prevailed in 1936. This led to a substantial widening of the profit margin in the year 1937. The profit index showed a rise from 98 in 1936 to 117 in 1937. In 1937 the composite weighed index number of cloth prices (based on the prices of long cloth, shirtings, dhoties, and drills) compiled by the Textile Labour Inquiry Committee showed an upward tendency. When cotton was declining precipitously. This is what the Bombay Textile Labour Inquiry Committee says in para. 106:

"On *a priori* grounds, the cloth market should have received a set back in August last on receipt of the news of the fall in the price of cotton. Ordinarily, a pronounced fall in the price of raw materials should lead to expectations of a fall in the prices of the manufactured goods, and the immediate reaction of the traders would be to hold back, waiting to take advantage of the reduced prices. Such a movement, however, did not take place in the Indian cloth market either immediately or after an interval. This indicates that demand for piecegoods has been active and that informed opinion in the piecegoods market does not expect cloth prices to follow the trend in the price of cotton. The maintenance of the low level of stocks referred to in a previous chapter strengthens the same conclusion. We are, therefore, justified in holding that mills do not find any difficulty today in disposing of their increased production at existing prices and it is unlikely that they will experience such difficulty in the near future."

In paragraph 107, it says:

"In its evidence, the Bombay Millowners' Association laid considerable stress on the likely effects on cloth prices of the heavy importations from Japan during the last quarter of 1937. The Association also placed us in possession of certain reports regarding special efforts planned in Japan to stimulate these imports. It is not possible for us to enter at any length into this question. We shall content ourselves with only two observations. Firstly, a country exporting goods under a quota restriction has ordinarily no incentive to depress prices unduly. Secondly, though the imports from Japan reached an unusually high level in October, 1937, they do not yet seem to have had any depressing effect on the prices of cloth in India."

Now, Sir, in 1938, cloth prices have no doubt fallen to some extent, but the price fall must not be exaggerated. The conclusion is that even after allowing for the burdens imposed on the industry by the Provincial Government in 1938, the industry is still earning a sufficiently handsome profit to enable it to absorb this additional increase. I will now give a few figures as to the imports of cotton into India. In 1933-34, it was 240.3 thousand bales, 1934-35, 339.2 thousand bales, and 1937-38, 750.4 thousand bales. The imports of cotton are not due entirely to the needs of production. Between 1936-37 and 1937-38 the production of yarn above 21 counts increased by less than 19 per cent, while the imports of cotton increased by about 100 per cent. This point is made clear by the Bombay Textile Labour Enquiry Committee. I am not going to read it as that was quoted by the Honourable the Finance Member in his speech day before yesterday; but I will say this, that this will show that the increase of the imports is not because Indian cotton could not be used, but because it does not help in profiteering to the same extent as the foreign cotton does. Now, Sir, I think I have proved to the satisfaction of the House two points, one, the appalling quantity of foreign cotton that has been bought in this country, and, secondly, that the mills are well able to bear this burden of taxation. So much for the mill industry.

Now, let us look at the position of the cotton growing industry. The conditions there are really very, very bad. People with small holdings cannot afford to pay their taxes and a good many people are even selling their lands in order to pay the taxes, while the profits of the millowners are increasing to a very large extent. I have often heard from the Benches on my right as the cry of self-sufficiency for this country. Self-sufficiency, as I understand it, means, raw material of the country wherever it is possible, and turning that raw material into finished products in the country. My point is that the country is able to produce the raw material, but because certain interests are making more money they are importing the raw material from outside India to the detriment of the cotton growers in this country. So, in the name of patriotism I would appeal to this House that this is very detrimental to the interests of the cotton growers in this country. I can say that this duty is welcomed by all cotton growing people in this country. Professor Roberts, in his speech at Lahore—he belongs to the British Cotton Growing Association,—welcomed this duty, and so many other people. I should have very much wished to vote against this amendment, but on considerations of broad policy I am unable to do so, but I will ask the Honourable the Finance Member to go ahead with this policy.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): My excuse for speaking on this amendment is because my province Sind grows long staple cotton. I must say that the growth of that cotton, in Sind, is in its infancy, and, therefore, it requires as much support as it can get from

[Mr. Lalchand Navalrai.]

what quarter whatsoever. It is necessary for the millowners to give their attention to the province of Sind in support of this cotton and to purchase more than they have been doing at present. I am myself not a grower of cotton.

An Honourable Member: What a pity!

Mr. Lalchand Navalrai: I am not a millowner also. If it is a pity at all, there are so many curses upon the millowners we have been hearing in this House at present. I am not against the richer millowners, because, they also contribute to the welfare of India to an extent. But it is necessary that they should give more of their attention to the poor people, for their better welfare. I am confounded on this question, confounded by the Finance Member by his usual way of not giving us his opinion conclusively and in an unqualified manner on the question that has been raised in regard to this matter in this House. The question clearly is whether it is really the intention of the Government, especially of the Honourable the Finance Member, to help this growth of long staple cotton, or it is simply only to balance the budget. If a direct reply is given, I hope there will be many in this House who will be influenced by what he says.

The Honourable Sir James Grigg: Only one.

Mr. Lalchand Navalrai: If you want my vote, you will give me a very straight reply, without mincing matters or giving the sort of address which he made on the budget the other day.

An Honourable Member: Consider your constituency.

Mr. Lalchand Navalrai: I am considering my constituency.

The two points that have been raised are whether this is a contrivance to give a subsidy to Lancashire, or it is really a *bona fide* attempt to help the growth of long staple cotton in India. That is the main question before the House and I submit that on that point there is no direct reply from the Treasury Benches. When the Budget was presented, I received a telegram from the Secretary of the Buyers and Shippers Association, who are not so cursed as the Federation is in the view of the Finance Member. They say: 'I must strongly urge proceeds of the import duty on foreign cotton earmarked for grant to Imperial Council of Agricultural Research for improving and increasing the production of long staple cotton' In my former speech I said there ought to be some guarantee or promise by the Finance Member that what he is getting from this additional duty should be devoted to the development of the growth of long staple cotton. Besides Sind, Punjab also claims to grow long staple cotton. These two provinces are progressing in this and the millowners should, even at some little sacrifice, try to purchase the long staple cotton grown in these two provinces and stimulate its growth rather than buy American or any other cotton which may be even finer. When I got this telegram, I decided that the duty should be supported if its proceeds are earmarked for the development of long staple cotton. Since then I have heard the opinions of many responsible people and also studied the opinion of the Federation of the Indian Chambers of Commerce which clarifies the issue. One view is

that this is going to promote the growth of long staple cotton. Another view is that it is only a pretext. If the Honourable Member gives me an assurance that this duty is intended to promote the growth of long staple cotton, I shall vote for him but if he does not, then I think he is only throwing dust into the eyes of the millowners on one side and the growers of cotton on the other. This is what the Federation say:

"In justification of this tax proposal, it was implied by the Finance Member" (*I shall read his speech also and show what his bona fides are in this matter*) "that the tax will be in the interest of the Indian agriculturist, in so far that it will tend to encourage the production of long staple cotton in this country."

They say, after a very careful consideration—and they are, after all, a very responsible body—that this argument about stimulating the growth of long staple cotton in this country is "merely an attempt to raise a smoke screen and sidetrack the real implications of this proposal which virtually amount to a subsidy to Lancashire and foreign textile interests". There are thus two points of view and how are you going to vote? The Finance Member ought to tell us which view is correct. I am not satisfied from what he said in his budget speech about his *bona fides*. He says:

"I propose that the duty should be doubled. I shall no doubt be told that by this measure I am indulging in my usual vendetta against indigenous industry."

I say, holding a responsible position as he does, he should not even think of these enmities and vendettas. Then he says:—

"I might with a good deal more justice retort that perhaps the increased duty would do something to promote the growing of the longer staples of cotton in India."

He is saying something which has no meaning. Further on he says:

"My design is simply to balance the budget by the least burdensome means open to me."

May I ask if this duty is only to balance the budget or help the growth of long staple cotton. If it is for the promotion of the growth of long staple cotton

An Honourable Member: Certainly not.

Mr. Lalchand Navalrai: then we ought to get a straight reply from the Finance Member. He must show us his *bona fides* even before he leaves India.

An Honourable Member: He is leaving in four days.

Mr. Lalchand Navalrai: He may be going in four days but by his jugglery he can do many things. He has been said to be a Conservative, a prodigal and also a socialist at the same time and I submit that his qualities of jugglery will be used in this case also.

I would tell him seriously that in the interest of India this growth of long staple cotton in this country should be able to meet outside competition. If that is his real intention then he should tell us plainly and thus prove his *bona fides*. I hope he will give us a clearer idea of what was in his mind when he made his budget speech.

Mr. Brojendra Narayan Chaudhury (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, I am a comparatively new Member to this House having been here for less than two years, but what strikes me strange is this. We are simply given the impressions and opinions of one side.

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against the impressions and opinions of the other, instead of facts and figures. I may pardon the Opposition Members but not the Government who have elaborate and costly machinery to collect facts. They should come forward before us with much more definite figures about the profits that the mill industry is making,—not the profits of this year or that, chosen at a convenient random or the mere mention which my Honourable friend, Sir Homi Mody, did yesterday that they have made profits in two years after several lean years of little or no profit. This is not sufficient. What I want the Honourable the Finance Member to do, in order to be able to convince me, is to produce figures of the average profits of the cotton mill industry in India over a large number of years which could be taken as the normal condition of the industry. I would also ask him not only to produce figures for Bombay but also figures for the infant and the growing mill industry in Bengal also, because this cotton duty will press more upon Bengal than Bombay as I have told this House that the finer cotton Bengal supply comes mainly from foreign countries. Sir, by reading extracts from Sir P. C. Ray's statement, during budget discussions, the Honourable the Finance Member was arguing the other day about the profits of the Bombay mill industry only, in order to convince us that the cotton industry in India can bear the burden well. Well, he was arguing what in logic would be called "from the particular to the general", and that is fallacious logic: I have got the impression that the additional duty on cotton will hit hard Bengal Mills. I hope I shall be pardoned if I am proved to be wrong because I belong to the Opposition and have not efficient machinery to collect the full information—but I would tell him from the experience of one individual, from as much information as one individual could gather and from my general impression of what I have heard, that so far as the Bengal mill industry is concerned, it is in a struggling stage and that most of the mills there,—although just a few may be making a little profit,—are making no profits or are even working at a loss. If he can show to this House by convincing figures that the duty proposed to be laid on raw cotton will not raise the cost of production so much as to take away from the profits such a big sum as would be appreciably felt, I might agree to vote with him. But he merely said that the Bombay mills are making 'substantial' profits; a matter of opinion not of facts. He also showed us that this duty would increase the cost of production by only four per cent. He has not told us what the percentage decrease by the increase by four per cent. of the total cost would be to the profits. Certainly it would be a much higher percentage in loss, because we all know that the profits do not coincide with the cost of production in this world. Sir, if Honourable Members who come from the cotton-growing districts and who sponsor the cause of the cotton grower want to have the long-staple cotton protected, this is not the forum. The object of this Bill is said to be to balance the Budget, assuming that the Budget is really a deficit budget and requires to be balanced. On this side we do not admit it but for the purposes of argument I will assume that this is a deficit Budget and it has got to be balanced. I say that this is not the forum for discussing a protective duty. We might more appropriately ask the Honourable Member for Commerce for a thorough inquiry into the conditions of cotton protection.

We have here statistics exhibited from the report of the Cotton Committee by Members on both sides but I must say that I have been left in the

same ignorance as I was in regarding this matter three days before, more especially as regards the cost of production of the long-staple cotton and the price it now fetches in the market. In order to vote for protective duty I have to find out whether the cost of production is higher than the market price and that alone is responsible for loss to the cultivator or deters him from growing it in abundance. Figures have been arrayed for us to show that the total amount of long staple cotton produced cannot be large. What is the cause? To find out the exact cause or causes, is the thing. We would like to know, not now, but when any question of imposing an additional protective duty on cotton will be discussed in this House after adequate inquiry, just as this House did in regard to the additional protective salt duty Bill,—then we would like to be convinced by an inquiry that if the price of long staple cotton could be raised we are sure that in India a large quantity of long staple cotton could be raised. Sir, I am not connected with either the management of a cotton mill or as shareholder or as a grower of cotton except that I once grew successfully a cotton tree at little or no cost. But, unfortunately, my villagers did not take kindly to that, as you know our villagers are conservative and very shy. May I ask whether anything has been done to find out why the long staple cotton production in India is not popular? It may be the same reason of conservatism of the cultivator or other scientific reasons or financial reasons? My Honourable friend, Mr. Ghiasuddin, has drawn the attention of the House to the fact that the import of foreign cotton is falling, and that ought to be some assurance to the cotton growers of India. Recently the weekly cotton market review from Delhi has issued certain figures which will show that the import of cotton in January last has been much less in comparison with the corresponding month of the previous year. The Honourable the Finance Member has often said that the mill industry is very wayward or stupid in preferring foreign cotton to Indian cotton. Now, what is the reason? The only reason for this is that foreign cotton is cheaper than what the country could produce of the same quality or that a sufficient quantity of the same quality is not available at the mill door at that price. Not apathy or partiality but price and quantity and quality are the businessman's concern. He said that the Punjab-American cotton, though very good and the price is also lower than that of the corresponding imported cotton, does not find a sale. I assure him that whatever be the price in the cultivator's field, it will not find a sale in Calcutta unless his colleague, the Honourable Member for Railways, reduces the freight. The price of cotton to the mill industry has only one meaning: it is the price at the mill door. Ocean freights on foreign cotton are generally lower than the Railway freights on Indian cotton which prevail in India. Sir, this duty is going to hit appreciably the mill industry. The propriety of this duty will be proved only if it was not going to hurt appreciably the cotton mill industry. But I have a paper in my hand, the share market report, which shows that even the very proposal of this duty has already hurt the Calcutta market cotton shares. It is reported that the price of cotton mill shares has gone down and the share market, as the Honourable the Finance Member knows, is a very correct barometer. I do not mean to say that so far as the Bombay mill industry is concerned, this duty will hurt them or will not hurt them. I keep an open mind on that subject and expect the Honourable the Finance Member to produce definite figures. But so far as Calcutta is concerned, my general impression is that it will hurt it. If the Honourable the Finance Member can still convince me that this duty will not appreciably affect

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either Bombay or Calcutta, I am quite ready to vote with him, otherwise not. I again protest against confusion of issues. We have nothing to do with protective duty now. The sole object of the Bill is to balance budget. With these words, Sir, I support the amendment for the deletion of the clause imposing the additional duty on cotton imports.

The Honourable Sir James Grigg: Sir, I think perhaps it would be for the convenience of the House if I intervene at this stage in the debate and state the attitude of the Government. First of all, I will make a remark or two about Mr. Manu Subedar's speech. One of his remarks gives me an opportunity of performing a duty which I should have had to perform anyhow before I leave India. He said that the whole of the operative part of my speech was that of my Honourable colleague behind me and that all the vituperation was mine. It is not necessary to go into the exact degree of truth or relevancy of that remark. I admit that most of the controversy was mine. Be that as it may, I would like here and now to pay a tribute to Mr. Sanjiva Row for his devoted and efficient collaboration throughout my time as the Finance Member of this country and I am very glad that the Honourable Mr. Manu Subedar has given me this opportunity, instead of my having to manufacture one, for paying a tribute which not only myself but everybody who has worked with Mr. Sanjiva Row would be glad to pay.

Then, Sir, the only other remark that I would like to pass about Mr. Manu Subedar's speech—the House will see that I am in a studiously moderate mood this morning—is to point out a certain inconsistency between his remarks last night and his remarks this morning. It is sometimes said to be the case that in the morning cometh wisdom, but I think his wisdom was overnight. He referred last night to the fact that this little duty—he talked about it contemptuously—will not do any good to raw cotton. This morning he said that this little duty will ruin the mills and ruin the handloom weavers too. So, he is also an adept in having it both ways.

Now, Sir, I come to the debate. I propose to be very brief because I have already made my position clear in the matter and I have not heard anything during the debate which would make me alter that. It is true that I have not yet heard the speech of the Leader of the Opposition, who, I understand, is going to speak on this amendment. So, the full force of the artillery has not yet been brought to bear upon me. Here I might permit myself to make another death-bed observation and to point out that it is extremely unfair that on amendments the Government does not get the last word. In the House of Commons the practice is that the Government always gets the last word.

An Honourable Member: They are responsible: you are not.

The Honourable Sir James Grigg: The Leader of the Opposition has to get the last word today and I do not grumble at that. I do not want to try and tire out his patience as to who should have the last word and I gracefully concede it to him. I know we are all doing in this debate a certain amount of tight-rope-dancing. Sir Homi Mody is quite right in thinking that it is a good principle not to tax raw material and it is also true that to some extent I am departing from the rigour of my own fiscal principles.

Sardar Sant Singh (West Punjab: Sikh): May I ask the Honourable Member whether it is a good principle that the raw material should not be taxed in the case of countries which do not produce the raw material or in the case of countries which entirely produce it?

The Honourable Sir James Grigg: That would take me too far and I will have some further observations to make on the principle in a minute. But I do not think even with the best will in the world I am prepared to prolong the debate for the two or three days which would be necessary if I were to follow that question. My inconsistency in this matter is nothing like that of some of the Honourable Members who have spoken of great breaches of principle. A great inconsistency of principle has been expressed in this matter by those Members who are opposed to the raw cotton duty and they cannot escape from this dilemma that whereas they think it outrageous to buy foreign cloth they think it the height of patriotism to buy foreign cotton. I want to point out another inconsistency. Quite a number of Members in this House have in these very Budget debates advocated a duty on rice, so that we get again two contradicting principles, namely, that it is right to tax the food of the poor but it is wrong to tax the raw material of the millowners.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Why did you allow the wheat duty?

The Honourable Sir James Grigg: Moreover, I would, in any case, admit two qualifications to my own principle against taxing raw materials. The first is, that the principle should not be applicable or fully applicable when the industry is already heavily protected and the second is, when it is ousted by another very important principle. I do not want to pursue the first of these qualifications any further because I dealt with it fully the other day. As regards the second, Mr. Mortimer-Chapman was quite right when he said that I do regard the balancing of the budget as a much bigger principle and one which should, if necessary, oust the other. Now, the Party opposite, Sir Homi Mody and Sir Cowasji Jehangir, attach no importance to a balanced budget and I do not agree with them. They think that a balanced budget is of minor importance and that being the case, nothing that I can say will affect them.

But I should like to say a few words to my Honourable friend, Mr. James. Mr. James agrees that the principle of balancing the budget is vital, he also agrees with me in thinking that the revenues have not been under-estimated. But he says there are better alternatives and that the Honourable the Finance Member knows quite well what they are. I take exception to this. It is to be presumed that before presenting the Budget to the House, I had a duty to perform which I performed, *viz.*, before deciding upon the proposed increased tax on raw cotton, that I should consider all possible alternatives. If Honourable Members will remember I set out in general terms some of the considerations which were relevant in this connection and which governed the consideration of possible alternatives. Incidentally, my Honourable friend, Mr. Chapman-Mortimer, had suggested one possible alternative which I did not mention in the budget speech, but I can prove to him that that is not really practicable. He suggested a federal surcharge on income-tax was a possible alternative.

Mr. T. Chapman-Mortimer (Bengal: European): I did not make myself quite clear on that. What I meant to convey was that instead of removing, as in effect he has done, the existing surcharge on the lower incomes,—that is to say incomes of less than Rs. 2,000 a year, my Honourable friend might have retained the position as it was prior to the new scale of rates of income-tax and super-tax now to be brought in. That was my point, not that there should be any surcharge.

The Honourable Sir James Grigg: I may as well read to the House the section of the Government of India Act which governs the question of a federal surcharge because, in case any other Member thought that was a possible alternative, he may know the real position. Section 141 (2) of the Government of India Act says:

"The Governor General shall not give his sanction to the introduction of any Bill or the moving of any amendment imposing in any year any such Federal surcharge as aforesaid unless he is satisfied that all practicable economies and all practicable measures for otherwise increasing the proceeds of Federal taxation or the portion thereof retainable by the Federation would not result in the balancing of Federal receipts and expenditure on revenue account in that year."

So that the Government of India specifically prescribes that federal surcharges are the last resort of all. Then, the other suggestion which Mr. Chapman-Mortimer made falls into the general argument which I now propose to use or the general assertion. I maintain to Mr. James that I did consider all practicable alternatives, and, obviously, the increase of income-tax or the non-reduction of income-tax on lower ranges was one of these. I do not want to go into them in detail but I will say that I will undertake to demonstrate to Mr. James that no suggestion he can produce is as little open to objection to the one which has in fact been adopted. In fact in this controversy my last word is the same as my first and I will read it out again:

"My design is simply to balance the budget by the least burdensome means open to me and that I claim to be doing."

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): Sir, after the somewhat long speech that I made on the occasion of the discussion on the second reading of the Finance Bill I almost thought that I had better retire from the contest. But considering the line of argument which has been pursued on this question of additional duty on imported cotton, I think it is my duty to explain to the House the reasons which have prompted me and those who think with me in taking the stand which we do, and, in doing so, I am fully conscious that it is always possible to level general charges which it is rather difficult to refute. I am glad my Honourable friend paid a deserving compliment to his colleagues and, particularly, to Mr. Sanjiva Row in supplying the materials for the purpose of his speech. It will probably remind him that if to the extent to which he has used them he has laid himself open to the charge of being even worse than a gramophone record, but I at least claim this, and I always claimed that if my Honourable friend had taken the trouble to read my speech that if you bring a trained mind to apply itself to information and figures partly compiled by yourself and partly composed, undoubtedly, by persons interested in the trade, I plead guilty to the charge of being less of a gramophone record than he has himself admitted. Perhaps he forgot during the course of a forensic reply of inventing a few more epithets which he will not be able to use once he leaves this country except to his subordinates in his place, perhaps he forgot that I represent in this

House, apart from my general Group to which I belong, a constituency which perhaps he is aware of, and that is Guzarat. I suppose he is also aware that on a modest estimate, the textile mills in Ahmedabad produce a third of the cloth produced in this country. Therefore, if my Honourable friend's charge against me was that I look after the points of view of my constituency, have regard to their views and the information supplied to me and that to the extent which is necessary even advance their interests, I can make a present of the compliment which my Honourable friend gave me, that I am, if he likes to think so, the supporter of every part of the interest of my constituency. But they have never played that prominent part in my way of thinking in so far as my judgment in this matter is concerned as other interests which my Honourable friend was not allowed to forget and, therefore, we at least even in so far as this exchange of compliments are concerned.

Coming back to the points at issue, which I wish to put forward as briefly as I can, the two lines which have been pursued in this House, and I have, fortunately, the advantage which my Honourable friend has too frequently enjoyed that he does not wish to make any speech requiring an answer which he does not wish to give. He always used to get up and say "that A cancels B and that C cancels D and, therefore, I alone remain, the dominant factor of this great place". That is not the line which one ought to pursue. I think it is just as well to examine the arguments which have been put forward by way of any justification of this source of taxation and the line pursued by my Honourable friends of the European Group is one of those lines, where they agree with the Government to purport to quarrel among themselves over matters which do not affect us except to the extent to which we have got to pay for it. Because, when you analyse the dispute between my Honourable friend, Mr. James, and my Honourable friends of the European Group, so far as they are concerned, they make a present of the first argument to the Honourable the Finance Member. "Oh, yes, you are right; the budget must be balanced". And what they did venture to examine is that it cannot be balanced without a further 50 lakhs being produced. But they assumed and said that the budget must be balanced, one of them saying, "You tax A" and another man saying "You tax B"; and that is the only dispute as between them. And, therefore, it really does not touch the true issue in this case. Only they forget what their Leader himself said,—and I will ask him to correct me if I am wrong. He said in some bated breath that the budget may possibly balance itself with about 30 lakhs left over.

Mr. A. Aikman (Bengal: European): No.

Mr. Bhulabhai J. Desai: My friend may re-read his speech if he likes. I have taken the trouble to read it and I cannot put any other meaning upon it except the one that I am submitting to the House.

Mr. A. Aikman: Sir, on a point of personal explanation, I tried to induce my Honourable friend to support his opinion that there will be a four crore surplus, and I allowed myself a surplus margin and said that the budget would be nearer breaking even than having a surplus of 25 lakhs. But he maintained that there would be a four crore surplus.

Mr. Bhulabhai J. Desai: If the dispute only is whether there would be a four crore surplus or not, that is an issue which does not arise; it might

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arise on the amendments. I am only dealing with a narrow point for the moment whether, without the 50 lakhs which are to be produced by this source of taxation, the budget can be balanced and it is from that vantage point that I wish to proceed before this House to make the point that I have got to make. I think my Honourable friend will also remember, notwithstanding his explanation, that what he said, undoubtedly, was this. He disagreed with me that the additional amount which I calculated from the source of sugar excise *plus* sugar import was in the neighbourhood of 150 lakhs; but he did say that he did not quite agree with the Honourable the Finance Member that the estimate was really not a little low. I am quite certain he said that in any case. All that they say then is, "Oh, yes, we do differ from each other but after all he is the Bible and we must accept it." That is not the spirit in which any person doing his duty can afford to work in this House. Undoubtedly up to a point I may surrender my judgment to a man whom I have employed or who happens to be opposed to me. But when it comes to a vital matter like an additional source of taxation it is not possible for one to surrender his judgment quite so easily to an expert. That brings me to the next point, which my Honourable friend emphasised, quite cynically and quite rightly, as a matter of forensic reply. After giving certain figures he said, "I quite agree that my Honourable friend" (referring to me) "is no financier". That admission I hope my Honourable friend will understand, that if one gives a generous compliment to an expert, if this is all that one can get out of that generous compliment, he would probably find if he had remained longer that he would not have got it. The fact is that I employ quite a large number of experts and I admit them to be experts, but my Honourable friend equally knows, during the course of the Bill which has now passed into law and with which we are both familiar, that the experts are in their own place and those who with a trained mind examine what the experts state have a higher place. And, therefore, even if my Honourable friend lays to himself the flattering function that he remains a financier and a financier and nothing but a financier, I give him his proper place; but so far as we are concerned, we retain the right to judge him as much as any other expert by whatever name he is called. Therefore, I do not surrender my judgment in the way in which my Honourable friends of the European Group appear to do. I suppose they are concerned either with the stability of the investments of their prices or the possibility of leaving a certain amount of concealed surplus, as it is not uncommon to do in the balance-sheets of many companies including banks of which I am aware.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

THE CRIMINAL LAW AMENDMENT BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I present the report of the Select Committee on the Bill further to amend the Indian Penal Code and the Code of Criminal Procedure, 1898, for a certain purpose.

THE INDIAN FINANCE BILL--contd.

Mr. Bhulabhai J. Desai: Mr. Deputy President. Before the House rose, the point which I was trying to make was the effort made by the European Group, notwithstanding the difference between them, as to the source from which the 50 lakhs should be provided, and I was submitting to the House that it is a difference which is immaterial so far as we are concerned as to which of the two sources, as to which my Honourable friend has been taken into confidence either by Mr. Chapman-Mortimer or Mr. James, is a matter of little consequence as to the efficacy of that advice. The issue with which the House is now concerned—and on which I venture to differ from my Honourable friend, the Finance Member—is whether there is such a deficit that it requires to be made up by source of taxation he has chosen: and, lastly, an issue which has been joined somewhat irrelevantly but has undoubtedly suited the Honourable the Finance Member, whether incidentally, though the main purpose of the duty is a revenue purpose and a revenue objective, whether it does not, incidentally, also afford a certain amount of material advantage to the cotton growers, particularly in the Punjab. That is the turn that the debate has taken and it is those three points which I must attempt to meet and explain them to the best of my ability.

As regards the first point, whether there is any deficit at all, I do not wish to keep the House long. It is neither fair to the House nor even perhaps to my Honourable friend. I have pointed out where our difference lies and my Honourable friend can still maintain his opinion, as he is well able to do in the present state of affairs; and I may remind him of this: supposing he had reverted to the high position that he enjoyed before he came here or even a higher one in the same department, he would still have had to take orders from a non-expert, to wit, Sir John Simon: so that my friend may well satisfy himself by this that he may well take the advice of every interest concerned, every coalescing and cooperating interest, and yet attempt to come to a dispassionate conclusion in the interests of the taxpayer. For, after all, it is a point of view of some importance, however little it may appeal to my Honourable friend opposite. He says "I am not concerned: I must have the money and I must preserve the credit of the Government of India whose salary I am drawing." That is the short premise of his argument. Therefore, I do not wish to weary the House as to the differences between us as to the likely yield from the sources of taxation which we discussed already. At all events I will say this: that in his very long and exhaustive reply my Honourable friend has not given us any figures as to why he thinks that the imports of Java sugar, yielding, naturally, about four and a half times the revenue that the excise duty on local sugar of equal quantity would yield, would not be in the neighbourhood of the quantities which I suggested. He says "Yes, it may be 50, it may be 70, it may be 100 lakhs". I think if he had gone on in that mood for the moment he might easily have reached the 150 lakhs which I took. But there is one other point of real finance to which I wish to call the attention of my Honourable friend's technical advisers of the Finance Member of the Government of India. They say the budget must be balanced. As a general proposition of substantial application nobody here at all events, whatever I may be, I do not question it. But there is one thing that I do question and that is where the expert gives place and

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must go away to the lay better-trained mind. The expert is generally inclined to apply it literally without estimating the true result in particular cases. You go to an expert even in a matter like a toe, and I am quite certain if you went to him, in all human probability he will say that if you have a stomach ache, the ache is the result of something in your toe. That is always the unfortunate strength and the weakness of the expert.

Now, let us examine what is this deficit and whether it is a deficit of such a character so definitely ascertained that we must assume it in company with my Honourable friends of the European Group and the Finance Member. It is 50 lakhs out of a budget of 87 crores; so that with even bad arithmetic it is 1/174th of the total amount of revenue that he proposes to raise. Now, I do seriously ask Honourable Members of this House whether it is even decent to treat us to this kind of joke that you cannot possibly have erred to the extent of 1/174 in your estimate in getting 87 crores from the country. Really, in almost any department where even if science were exact I do not think a man would pledge himself to the kind of certainty and emphasis that my Honourable friends have applied to it. After all is said and done he must realise that there is a latitude in his estimate, as there must be. But to be told seriously by my Honourable friends in support of the taxation of what they otherwise think is not proper. At all events one of them thinks

An Honourable Member: Who said?

Mr. Bhulabhai J. Desai: One of them does say it. (Interruption from the European Group Benches.) But it does not matter. One of them is good enough for me. One of them at all events says it is a commodity which we must not tax; but what is the process of the logic? The logic is that we are so sore driven to the necessity, to the last point, that without it the whole credit of the Government of India would break down. Let us be a little more serious about it if we are to support it on its merits. There is a limit to that kind of support to be extended by commercial interests in this country, irrespective of the race to which they belong. They must recognise that after all said and done an error of 1/174 is one for which they may easily give the benefit of the doubt to an industry which has been pleading not to be further burdened, rather than to the Finance Member who, undoubtedly, comes to their aid time and again. They have put forward amendments in a persuasive and courteous if not a courtly way only to be generally convinced and withdraw their amendments. That is the method of their attack and their opposition . . .

An Honourable Member: Question.

Mr. Bhulabhai J. Desai: It is a fact. I have seen it for five years now and I cannot allow the question to have any other answer than that. The fact remains, however, that there is such a narrow margin of that supposed deficit that it cannot possibly even from the point of view of the science of finance ever admit of the kind of stress that is applied to it. It is admitted that there is neither mathematics nor instruments to measure it: it is entirely a question of finding out by means of estimates as to how much we may expect and in such an inexact science and with a mind, however superior, it still can be inexact in certain particulars, partly on account of

its own infirmity which I believe every one will acknowledge and partly by reason of the additional infirmity of the bias with which he proceeds—all these are apt to make calculations err more than 1/174th legitimately. I think I may even appeal to him even now it is not too late for him—legitimately to allow that even in his exact, trained, highly-skilled and highly paid mind there is room for a mistake of 1/174th. If that is so, to my mind not even a fanatic financier will go to the extent that he is going in insisting upon this particular source of taxation being tapped at this moment to meet this supposed deficit. Therefore, my first submission to the House is that, if I am right, as I hope I am, at all events to the extent where you need not agree with me, whether the excess amount that I anticipate would be as large as I have presented, no more or no less than you need agree with him that it does not exist at all, but the fact remains that we are only concerned with the question of the present vote with that item of Rs. 50 lakhs only, and to that extent I think it is quite obvious that by now the House has been persuaded that neither the demands of science nor the demands of credit of my Honourable friends' investments in this country, are so strong and so correct that they should insist on this not merely a pound of flesh but the last drop of blood. That is not the process by which a Finance Minister should try to deal, as I said at all events, with a Budget. He is bidding farewell as he feels he does under some happy atmosphere, and he might at least recognise,—and it is not a recognition of a grave error,—it is a recognition of a calculation which is so small in itself that at any moment right from any source of income or all of them put together, he might be out by 50 lakhs. Therefore, I appeal to him again without being a financier and yet having a right to judge a financier and all that he stands for by way of experience and even by way of replies here, he stands to command. In any other place his proper place would have been probably to advise, and I ask the House to rule it out.

Then, the next point I take up in this matter is the ground which is taken by my friend, Mr. Ghiasuddin. When he was reading out some passages I was wondering where he got them from, because he read them with a certain amount of faltering understanding of the exposition. Anyway I give him the credit of a close study of the subject, but a close study of the subject is one thing and its application to the facts so far as this particular issue is concerned is quite a different thing, and it makes all the difference in this particular case. His arguments ran in two directions somewhat not quite consistent. One line of argument was that this duty was going to in some mysterious manner produce two results, first, that it was going to grow longer staple cotton as soon as the duty was levied. That is a scientific argument, and on that I have not yet heard anything, and I do not think anybody exists in this country who has the temerity to understand or subscribe to what my friend called utter nonsense. But you come to the second argument, and he says Punjab will be assisted. I have been thinking over in my mind, being at least an economist which I claim to be, having taught it for many years and having studied it for many more,—I began to ask myself how, except as a matter of speculative measure, which I don't deny, a small margin would be found in the pockets of those who pay and receive differences, except for that the fact that a certain class of longer staple cotton would, when sold in India, have a further surcharge of prices.

There are two factors which my friend may well remember. I am very much in touch with the greatest speculative market which exists in my

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[23RD MARCH 1939.]

[Mr. Bhulabhai J. Desai.]

home town of Bombay, and many people from the Punjab and the Frontier make occasional incursions into that market through Commission agents. I am fully aware of the nobility of their professions and the utility of their operations, but let me point out what is it that my friend has been pleading for? I don't deny that perhaps a particular class of higher quality of commodity, if it is a little more costly, may, to a certain extent, affect what is called the moral, which is really immoral,—the immoral effect on the market of another lower type of commodity. In other words, supposing the better class of cotton was sold at Rs. 210 and became Rs. 212, my friend's cotton, if it is Rs. 150, he might expect, 4, 6 or 8 annas more for a time, whereas the man who really wants to make something out of it will say, "Oh, yes"

But allow me to tell him that when the cultivator gathers his cotton and sells it actually in the market, this additional duty is not going to help him economically at all. He may be quite certain about that, so that, as far as the argument of growing cotton is concerned, it is a matter of chemistry which yet has got to be invented. I make him a rich offer of a reasonable amount of money and quite a large amount at that by which we shall be able to buy a certain amount of land and grow cotton. If my Honourable friend can agree, then we can grow cotton, because after all what we want is to grow cotton, and not pay the money. Therefore, I deny that it is going to help the growth of longer staple cotton. I am not denying, therefore, that it is the obvious duty of the Agricultural Department of the Government of India to see to it that experiments are continued with great energy and great care and make its results available so far as the people are concerned in order that the public may grow better and better cotton. For one thing is certain that the market is assured, and if it is so easy as my friend thinks,—that if an additional duty, to what there is already, is imposed, the cotton will be there tomorrow morning, I have never heard.

Mr. M. Ghiasuddin: They are both in demand.

Mr. Bhulabhai J. Desai: That an additional duty equivalent to what it is going to be levied would produce cotton? All right, if that is the demand, I absolutely understand the demand. I may easily understand this that there may be a certain amount of understanding, if you do something for me, if you scratch my back I will scratch yours,—that is possible. But I will not go into that line of argument because I do not like it. The fact, however, remains that in so far as I can see, the plea that this duty is going to remain for only one year, cannot hold good, for, after all, there may be no deficit next year. And do my friends seriously contend before this House that because the duty will be levied for one year that next year that cotton is going to grow longer by a millionth of an inch? It is really a delusion. I am very sorry they do not understand what they do in extending their support to this duty. But, at the same time, I cannot allow an argument of this kind to delude the House by saying that a duty which must necessarily be temporary because next year there may be no deficit and if there is,—I do not know whether this

Mr. M. Ghiasuddin: I hope this additional tax is there next year as well.

Mr. Bhulabhai J. Desai: This is no friend of India, I can tell you,—a gentleman who sits in this House seriously and says and wishes for a deficit in the Budget of this country in order that a duty, a paltry levy, may be imposed on cotton to benefit the Punjab? I think it is the limit

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): If it is such a paltry levy, why talk about it?

Mr. Bhulabhai J. Desai: Is it a paltry levy from the point of view of the gain he makes? I am sure Sir Muhammad Zafrullah Khan will seriously follow what I say. I have told him that he is getting nothing, neither a millionth of an excess in the size of his cotton supply nor is he getting more than perhaps an anna speculatively in the price of cotton that he actually grows. The point really is this, that the grounds on which my friends claim that it is in the interests of this country, irrespective of revenue purposes, to levy this duty,—it is that which I am contesting, and I say, and I repeat it again, and I hope and trust that my friend's hopes would be frustrated,—that this country will not be faced with a deficit budget next year, and at all events, my friend will not have the pleasure and satisfaction of seeing that there will be a deficit in order only that this duty may be increased. That I think is as bad an argument as could be urged before this House. But what we are now talking of is what human affairs ordinarily require and ordinarily expect of a man to do. The ordinary affairs of human requirements are that it is a duty for a year in order to meet an emergency deficit this year. That is the basic argument on which the whole foundation is based. Therefore, I am entitled to argue and not to consider the fact that this may be continued for all time: order that cotton may continue to grow in size and size. It is an absurd argument, absurd on the face of it. Therefore, I say that in a year's time it cannot possibly assist in increasing the price or increasing the staple. That is the argument of my Honourable friends.

Then, there was another argument which was suggested during the course, though not properly developed. The argument was it is quite likely that American cotton, particularly, could be purchased and to an extent displace the Indian cotton with which it might compete. I have got here the figures of the import of foreign cotton into this country. I will eliminate those from 1928 to 1932, because the point of the moral that I am trying to draw before the House can be easily understood from the figures for 1932 to 1938, of the purchases in pounds of the finer counts of cloth above forties. If they are carefully studied, it shows this, that not a single bale of Indian cotton could ever have been displaced by the imported cotton. A man has only got to study the figures as to what is the actual production in pounds above 40s into which this cotton has gone, to see, whereas the whole of that cotton that came in did not go into the finer counts which were produced by this country—true there is jealousy that we should in less than five years produce, and I have got the verified figures from the Bombay Millowners' Association. In 1934-35, it was 101 million pounds, in 1935-36, it was 126 millions, 1936-37, 132 millions, 1937-38, 174 millions, and 1938-39, 201 millions. I quite realise that those who are our competitors in this must naturally wake up, must recognise—I see where the shoe pinches, where or how the background of these fumes come. Yes, he says, a few years ago it

[Mr. Bhulabhai J. Desai.]

was an import of 2,500 million yards of cloth, now there are only 200 million yards, and why are you grudging this? I see the point. I see the point to this extent that I have destroyed your market and captured it and you are re-capturing it which I am rather jealous about, it is perfectly human nature to do so. I do not deny for a moment that during the years 1934 to 1939 we have produced finer yarn from 101 millions pounds to 201 million pounds. Therefore, I fully understand the situation in which our competitors are placed. The two arguments with which we are concerned are, first, that the additional imports of cotton, in so far as they grew from time to time, have gone into the production of the yarn for which they are fitted and, therefore, have not displaced the Indian cotton; in fact, you have had it from Sir Cowasji Jehangir, and he gave you figures to show that in fact six lakhs of bales in excess were used so far as the Indian cotton was concerned. Therefore, let us examine this in the light of the information that we possess. I submit that having regard to the fact that it is intended to meet this deficit, this House must treat it as of an entirely temporary character and, therefore, it cannot possibly do anything of an enduring benefit by way of growth of better cotton. Then we come to the next one, whether it will add to the price of cotton that he grows. I have submitted to the House that it does not. Thirdly, I have shown that there is an entire misapprehension, if there any exists, that the imported cotton has been substituting what would otherwise have been got from the Indian cotton. Those are the points which had been made, though I submit with great respect that they were hardly relevant. They merely grew by accident but for different reasons we come to the same conclusion. The Honourable Sir James Grigg wants money. He thinks the mill industry is a good one to hit at; others think that if we find that our cotton may have some advantage let us support it. That is the way in which the logic goes. There are two inconsistencies, which if I had not felt it my duty to examine, both the sets of arguments might have destroyed each other. But my Honourable friend must stand or fall entirely by the one claim that he made, because I take it, and you cannot read his speech otherwise, but for the deficit as to which there is a dead, mathematical, scientific certainty,—but for that deficit he would not have thought of this duty. That is the short argument in the nutshell of the whole point of this debate in so far as this issue is concerned. I, therefore, respectfully submit to the House that it is an impost of a character which is entirely uncalled for, and the reason of emergency does not in fact exist, and if it does, in the sense that my Honourable friend places it,—I take he does,—we are not obliged to agree with him, having regard to the tiniest, narrowest margin of the possibility of that emergency. I have great pleasure in supporting the amendment before the House.

Mr. M. S. Aney (Berar: Non-Muhammadan): The motion before the House is for the elimination of the clause which seeks to double the duty on the import of cotton. We have listened to the arguments in support of as well as those against the motion. A debate of a very high level has taken place, initiated by my Honourable friend, Sir Homi Mody. Two very distinguished Members of the European Group cancel each other, one supporting it and the other opposing it. The points which strike me most in connection with a matter of this kind are these. We have listened in this debate to two points being frequently emphasised.

One of these was, the balancing of the budget, and the other was the justification of the imposition of a duty on raw materials. Those two points have been made points of principle, and each party has been emphasising the point as it suits it. But I, as a nationalist, who have been brought up from my studenthood in the traditions of the boycott of British cloth, can only take one view of the question, and that is this. The position of the Indian industry has now reached a stage where it is a matter of sore grief for Lancashire. But no nationalist will feel sorry for that established position, and if any duty has got the remotest bearing of disturbing that position and creating a position which is likely to affect adversely Indian industry, no nationalist can take any other view except that that duty must go. That is the only consideration which a nationalist mind has instinctively to take.

I had taken a vow for the boycott of British cloth in the year 1895 when the countervailing duties were first started, and when the first swadeshi agitation was begun. That was repeated by us in 1905, when the anti-partition agitation was started and swadeshi and boycott became the watchwords of political agitation in the country. We have been carrying on that boycott agitation against Lancashire since then for so many years. As a matter of fact, in the year 1930 myself, and a number of the members of the then Nationalist Party, had resigned our seats in this House because a law was passed which gave certain preferences to Lancashire textile industry. So far as my instinctive tendencies are concerned, I am naturally inclined to oppose any duty which is likely to give a concession in favour of Lancashire. Having said this, it is also necessary, in my opinion, to bring out certain points which I thought would have been cleared by those who were interested either on that side or on this side. I expected the champions of the Indian industry—and, fortunately, we have got the best advocates of that industry here—to clearly demonstrate before this House as to how this imposition of duty was likely to affect the prices of the Indian textiles produced by them and make their position worse in competing against the same things imported from Lancashire and Japan. I thought the argument as regards the effect on the prices on account of this duty and the adverse position in which they will be placed should have been made more intelligent than what mere frequent repetition of some general principles here was able to achieve.

Mr. Bhulabhai J. Desai: Sir James Grigg himself admitted at least 3 P.M. three per cent. difference in cost.

Mr. M. S. Aney: I know. I wanted it to be made clear by those who represent the Industry here as to how this duty is going to affect them and to say whether it will mean a mere reduction in the percentage of their profits or a state of helplessness to compete with their rivals *viz.* the British and the Japanese manufacturers.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): That is obvious. 55 lakhs is 55 lakhs.

Mr. M. S. Aney: Anyhow, what I find is this. Sir James Grigg stated that this duty is likely to affect the prices by enhancing them to the extent of three or four per cent. Now is this additional rise of three or four per cent. going to put the Indian industry in such a way as

[Mr. M. S. Aney.]

to make it impossible for them to compete against British or Japanese manufacturers? That could have been made perfectly clear by them in their arguments but they took it for granted and the matter stopped there. It may be that in my absence Mr. Manu Subedar said something on this point and I was not present in the House. There was another important business which called me away. Anyhow, it strikes me that an addition of three or four per cent. to the existing price of the Indian textile manufacturers is a factor which is likely to give a considerable advantage to the foreign competitors. That is what strikes me, though I am not in possession of all the necessary details which I expected to get from my Honourable friends. Another point is whether this rise in price will be reflected on all varieties of cloth and not merely on the finer counts, although the duty is on the import of cotton of long staple. I want to know how the disadvantage will be distributed.

Mr. Manu Subedar: On a point of explanation. The Finance Member in his reply to the deputation from the millowners said that it would merely mean a rise in cloth prices of one pie per yard but, in doing so, the Finance Member had, unfortunately, calculated on all sorts of production which was not fair. I said that the rise in the price of cloth should be calculated only for the fine counts and that would be four per cent. and for that four per cent. we had all this bother of the Indo-British negotiations for three years.

Mr. M. S. Aney: I have listened to that argument but I have not been able to see that the manufacturers will not try to distribute this rise over the prices of all the varieties so as to minimise it in the case of the finer count cloths. That has not been made clear.

Mr. Manu Subedar: It cannot be done in this way.

Mr. M. S. Aney: Another point that strikes me is this. It seems to me that turning out finer cloth is more profitable and leaves a larger margin of profit than turning out the coarse cloth out of the mills. If I am wrong, I should like to be corrected. If I am right, it is only natural that the cloth which is likely to give a larger margin of profit should be manufactured more and more. That will be the natural tendency.

Mr. Bhulabhai J. Desai: The demand cannot be infinite.

Mr. M. S. Aney: That is a matter of calculation. If the tendency is there, it will result in a displacement of the quantity of Indian cotton that is being consumed by the Indian mills. You cannot increase the manufacture of a particular variety without cutting into the quantity of cloth of other varieties in the same mill, unless you find consumers or buyers outside the country. Therefore, the impression one gets is that it is bound to result in reducing the demand for the short staple cotton so far as the Indian mills is concerned.

Mr. Bhulabhai J. Desai: We have not displaced the foreigner yet.

Mr. M. S. Aney: I have read the figures. I find that there is an increase in the consumption of Indian cotton by a few lakhs of bales. But I would also remind my friend of the figures of 1936-37. I find there some reduction in the consumption of Indian cotton in mills in Bombay and Ahmedabad. The increase was due to greater consumption of Indian cotton in the up-country mills and those in other parts of India. In subsequent years the position is not like that and a little bit improved. I am putting the points that occur to me before the House. After all is said and done, I am not sure whether this duty is going to help the growth of Indian cotton and that being the position I do not see the propriety of running to the help of my Honourable friend, Sir James Grigg, to balance his budget and oblige him by sanctioning the duty which he seeks to impose now.

Then, Sir, I do not understand the fetish that is being made of the injustice of imposing duty on raw materials. If we find that certain kinds of raw materials grow in this country but importing of similar materials from other countries is going to affect the market for the raw materials of this country itself or the producing capacity of the Indian cultivator in regard to that matter, certainly we ought not to be guided by the fetish of any economic principles but we must be guided by the realities which we have to face. I do not want to subscribe to this principle that raw materials should not be taxed at all in this country. It might be a good proposition enunciated by economists at one time. If I really find that adherence to this principle is likely to affect the indigenous agricultural industry which gives livelihood to millions and millions of people in this country, then I maintain that it would be proper for the Government not to make a fetish of that principle enunciated by the Fiscal Commission report several years ago, a report which is, in my opinion, now entirely out of date, but they should study the question purely from the point of view of the requirements of the Indian people and from the point of view of the requirements of Indian agricultural industry itself. If that requires that raw materials at times should be taxed, then they should have no hesitation in doing that in spite of this orthodox principle of the school of economics so often repeated today in the course of the arguments here. So that is the third point on which I want to make my position clear. Now having said all this, I feel anyhow, taking the advantages and disadvantages of the situation at present, I do not find that this duty is going to help either the cultivators or anybody else in this country. Of course, it might serve to oblige the Finance Member by balancing his Budget in case the deficit of which he is making so much is a real deficit. But whether it is real or not, I feel that anyhow, being in a dubious position, it is better for us to stick up to what our patriotism instinctively tells us that this is a concession in favour of Lancashire at the cost of the indigenous industry on which we must make up our mind once and for all. We must not be generous today on the plea put forward but must throw out this proposal for the imposition of this double duty on the import of cotton.

Several Honourable Members: The question may now be put.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is: "That the question be now put."

The Assembly divided:

AYES—44.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthakar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafarullah Khan, The Honourable Sir Muhammad.

NOES—56.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Das, Mr. B.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadeil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Rai, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Bahadur.
Lahiri Chaudhury, Mr. D. K.

Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, the speech made by the Honourable the Finance Member day before yesterday in reply to the general debate on the Finance Bill was a rather

poor performance. He was unable to meet the argument with argument, and naturally he indulged in abuse and vituperation. We have been familiar with his language and his manners in this House for the last five years, and this is not a matter for surprise. But I take very strong exception to two of his statements of fact. The other day he said that I had observed in the course of the debate on the railway disaster which had taken place near Hazaribagh that the driver was drunk. I made no statement of that sort. What I said was that there were several possible causes of the disaster and these various causes should be investigated, and one of these possible causes was, I said, that the driver was drunk.

The Honourable Sir James Grigg: On a point of personal explanation. I did not say that the Honourable Member had stated that the driver was drunk. I said that he suggested that he might have been drunk. If after what he has said he still thinks my statement was not completely accurate, I ask the House to judge between me and the Honourable Member.

Dr. P. N. Banerjee: I have seen the official report of his speech and I say that he did not say what he is saying now.

The Honourable Sir James Grigg: I say I did.

Dr. P. N. Banerjee: Then, bring out the official report. I maintain that what you are saying now is not correct.

The Honourable Sir James Grigg: It is correct.

Dr. P. N. Banerjee: However, that is one point. In the second place, he stated that I was fomenting racial hatred. That is another statement which is incorrect—I will not use a stronger word although a stronger word would have been more appropriate. I have been in public life now for 38 years and during all these years I have never indulged in anything which may incite racial or communal hatred. Only the other day, I made it clear that I would be an advocate of co-operation if co-operation could be secured on the basis of fair-play and justice. It is surprising that Sir James Grigg, who occupies a very important position as a Member of the Government of India, did not say things which he ought to have said. He ought to have had a better sense of the responsibility which attaches to a Member of the Government of India. Happily, the Finance Membership as an institution is disappearing soon. I wish that in the interests of good relations between India and Britain this institution had disappeared earlier.

Not only did Sir James Grigg indulge in abuse but he also indulged in half-truths. Referring to the report of the Fiscal Commission, he said that the Commission had laid down that where there was no raw material available, there should be no protection given. But the language of the Fiscal Commission report is quite clear. On page 54 of the report they say:

"The industries which possess natural advantages, such as, an abundant supply of raw material, cheap power, a sufficient supply of labour and a large home market."

Abundant supply of raw material is only one of the things and India has an abundant supply of raw material. Again, on page 63 of the Report we find the following words:

"Raw materials required for Indian industries should ordinarily be admitted free of duty."

[Dr. P. N. Banerjee.]

Thus, that statement of Sir James Grigg was perhaps worse than a half-truth.

I also find that Sir James Grigg referred to Mr. Aney's statement to the press, but he forgot to refer to his statement in this House in which he made it clear that the cotton grower would not get any substantial advantage from the enhanced duty.

Now, coming to the Finance Member's diatribe against "big business", I do not know whom he had in mind when he used the words 'big business'. If he had in mind the big Bombay business, I will not argue with him, for the big millowners of Bombay are strong enough to defend themselves. But if he had in mind the cotton industry as a whole, I must say that he was entirely mistaken. The cotton industry as a whole is not big business. In Northern India there are cotton mills—the mills which are, as a rule, small, very small in size. This is specially true of Bengal.

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

Sir, Bengal has had her grievances against Bombay, but that is a matter to which I shall not refer at present. But I must make it clear that Bengal will be hard hit by this additional duty. It is well-known that the climate of Bengal is hot and moist, and people use preferably thin wearing apparel. Therefore, there is a demand for cloth which is made of long staple, and it is because of this demand that Bengal mills have been specialising in thin sorts of apparel. This is a very important point. There is another factor which is also to be borne in mind. It is often said that the people of Bengal are more sentimental than the hard-headed people of Bombay. Anyhow, they took to this business at a much later date than Bombay did. Naturally, they have not been able to stand competition with Lancashire to the same extent as the Bombay millowners have. There is also another fact to be taken into consideration, and that is that the margin of profit which the Bengal millowners earn is, as a rule, very small; in some cases, there is no profit at all, and in other cases they even work at a loss. The Finance Member said that it was only a difference of three per cent. This is a matter of great importance so far as Bengal mills are concerned. The Honourable the Leader of the Opposition gave a somewhat higher figure, namely, four per cent. Mr. Manu Subedar put it at five per cent. Even if we take the lowest figure which is the figure of the Honourable the Finance Member, I say that the Bengal millowners would be hard hit.

Then, apart from the millowners, we know there is a handloom industry in Bengal. This handloom industry uses only thread of finer qualities. This industry was at one time in a very flourishing condition. Even now there is a handloom industry at Dacca, at Shantipur and various other places. The handloom industry of Bengal is decadent because it could not stand the competition of the mills of Lancashire and the Indian mills as also competition of *khaddar* cloth. Naturally they are in a very bad way at the present moment. The additional duty which they will have to bear now will prove exceedingly burdensome to them and many of the weavers will have to starve. It is on account of these factors that I urge that this additional import duty should not be levied.

My Honourable friend suggests that it may encourage long staple cotton. The reply has been given by experts who ought to know that this is not likely to be the case. If we read the annual reports which are published by the Cotton Committee, we find that experiments are being made for the growth of long staple cotton but it will take a long time before they are fully successful. In one passage they say that it will take 15 to 20 years to grow long staple cotton in a sufficient quantity for the needs of the country. Even if you put it at a shorter period, say, ten years, no immediate advantage will be gained by the cotton grower. Therefore, the imposition of this duty will not help the cotton grower. On the other hand, it will greatly harm the cotton mill industry as well as the handloom weaving industry in the country.

The Honourable the Finance Member said something about raw materials. When we look at the great manufacturing countries of the world, what do we find? We find that they do not hesitate to import raw materials. Britain never hesitates, Germany never hesitates, Japan never hesitates. Therefore, I do not see why India should hesitate to import raw materials. If we can grow long staple cotton in this country, let us not import it. I am a protectionist, but I am not a blind protectionist. The doctrine of self-sufficiency will be carried too far when it is laid down that no country should import any raw materials. International trade will then come to an absolute standstill. It is clear from what has already been said that the grower of Indian long staple cotton will not be benefited. The price will not be enhanced. On the other hand, great impediments will be placed in the way of the Indian cotton industry,—both the cotton mill industry and handloom weaving industry.

If the Honourable the Finance Member thinks that he cannot do without this duty then what prevents him from levying a countervailing duty? This would not be opposed to the policy of free trade. He is a free trader and his free-trade conscience ought to permit him to levy a countervailing duty when he seeks to levy an import duty on cotton. But he is a very convenient free-trader. He becomes a free-trader when it suits his purpose and he becomes a protectionist when that policy suits him better.

Sir, I support the amendment and I hope the House will carry this amendment by an overwhelming majority.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I do not propose to discuss whether the present budget is under-estimated or over-estimated. We said a lot during the general discussion of the Finance Bill and the general discussion of the budget. The next thing that I do not also like to discuss is whether the Honourable the Finance Member can afford to forgo a small sum of 50 lakhs without seriously affecting his budgetary position. Had this been the only demand, it might have held some consideration. But the House has cut 168 lakhs on salt duty, 50 lakhs on cotton duty and about 65 lakhs are to be cut on postcards, and then the total of all these cuts will not be an insignificant figure.

As regards the question whether India can grow long staple cotton, I may remind my Honourable friend from Bengal that they should remember the long staple cotton in Dacca from which they made the Dacca Muslin, and that was a finer count than Manchester or the mills can weave now.

Dr. P. N. Banerjee: But it does not stand competition; that is the trouble.

Dr. Sir Ziauddin Ahmad: I think on this analogy I can maintain that long-staple cotton can be grown in India if there is a demand for it. Of course, it cannot be grown all at once. If my Honourable friend, Sir Cowasji Jehangir, writes out a cheque for a crore of rupees, my Honourable friend, Mian Ghiasuddin, cannot produce it by magic from out of his desk. But the Chairman of the Bombay Millowners' Orphanage can place an order with Mian Ghiasuddin today, and, I am sure, he will be able to supply the entire amount of cotton by the end of this year. That is really the position.

Sir Cowasji Jehangir: There is an order of 700,000 bales of cotton ready for Mian Ghiasuddin to supply.

Dr. Sir Ziauddin Ahmad: Bring a cheque tomorrow and Mian Ghiasuddin will supply it by January, 1940.

There is one point I do not understand, i.e., on whom will this tax of half an anna fall? Will it fall on the grower of foreign cotton or on the manufacturers or on the consumers? I was told by my Honourable friend, Mr. Manu Subedar, that since we began to discuss this duty, the price of cotton in Kenya had gone down, so much so, that Japan had placed large orders for Kenya cotton. That shows that the incidence will fall on the cotton growers alone, and not on the Bombay manufacturer. I am, of course, not clear about it, but I was told so.

Sir Cowasji Jehangir: We also said that that cotton had gone up in price in India. It had gone down in Africa, but it had gone up by the same margin in India.

Dr. Sir Ziauddin Ahmad: I will come to this question just now. If prices have gone down so much in Kenya, it means that the incidence of taxation has fallen on the growers. Now, my complaint is this,—and I say it with all emphasis,—that when we give protection to the sugar or textile industry, we do not give it for the benefit of the capitalists, but for the benefit of the cane growers and the cotton growers. My other complaint is that Government have not done what they ought to have done to raise the price level of cotton. From the printed report, I find that the price of cotton in 1914 was 317, it is now 163. That is to say, it has gone down to 51 per cent. In the case of mill cloth, it was Re. 0-10-3 and it has gone down to Re. 0-9-7, i.e., from 100 to 93. So cotton has gone down to 51, and manufactured cloth to 93, which means that Government have not done enough for the protection of cotton.

As regards cotton piece-goods coming from abroad, we find that British cloth from Re. 0-10-6 has gone up to Re. 0-12-6, i.e., it has gone up to 113 and the Japanese from Re. 0-5-12 to Re. 0-9-13, i.e., to 171. Therefore, we find that the price of all the imported piece-goods have gone up from 100 to 113 and 171, and our prices have gone down to 93. So, even if they charge higher prices and put the entire incidence of the tax on the consumers, by a comparison of the prices, it is evident that they can do so.

Then, turning to "The Review of the Trade of India", I find that it is not an unnecessary taxation as is made out by my Honourable friends from Bombay, and I say that the import of this foreign cloth has enormously diminished, and if we compare it with "The Review of the Trade of India" and the report of the Textile Labour Inquiry Committee on page 14, we will find that the import of British cloth has gone down. For instance in 1924-25, it used to be 1509 million yards, and now it has gone down to 267 million.

Mr. Suryya Kumar Som (Dacca Division: Non-Muhammadan Rural): Are you sorry for that?

Dr. Sir Ziauddin Ahmad: No, I am glad.

Now, Japanese has come down from 434 to 306, while, at the same time, the cloth manufactured in this country has been gradually going up, and it has gone up to over four billion yards, so much so, that they are now beginning to export the cloth; that is, the export of Indian piece-goods increased in quantity from 50.3 million yards to 241 million yards, and its value from 126 lakhs to 650 lakhs. Therefore, the position of Indian piece-goods is not so bad; and the one thing which I want to make out particularly is that this protected industry is in a very flourishing condition. It has been giving very fat dividends, and it is not unfair to ask them to pay something for the benefit of the cotton growers in this country. In this connection I would like to quote some figures from page 45 of the Labour Inquiry Committee's report. They say that the Bombay group have put in a capital of 11 crores and 76 lakhs. Out of this capital they have got their depreciation fund of 11.92; they have got buildings and lands amounting to 30 crores and 3 lakhs; they have got a reserve amounting to 4.25 crores,—the total being 47 crores and 10 lakhs. So a capital of 11 crores and 76 lakhs has already accumulated for them a sum of 47 crores and 10 lakhs at the expense of the poor consumers on account of the specially high tariff which they have put; and, at the same time, their profit was 10 per cent. even in the year 1936. This is the condition of this poor industry which is said to be on the verge of ruin that they have accumulated four times the amount of their capital and, at the same time, given a dividend of 10 per cent., while the rate of interest in the country is only 3 per cent.

Now, Sir, I come to one or two individual factories, and we find their position is very good. First, I will take the factory of Sir Cowasji Jehangir himself. I am reading from page 148 of the Investor's Year Book of 1937-38 in which the accounts of companies have been given.

Sir Cowasji Jehangir: I was reading 1939—you are reading 1937-38.

Dr. Sir Ziauddin Ahmad: That is the latest book that is available.

Sir Cowasji Jehangir: I am giving you the latest figures that are available.

Dr. Sir Ziauddin Ahmad: Unfortunately the millowners never reveal their figures to any person: they keep them to themselves. It is only from printed books that we can find something out. This mill started

[Dr. Sir Ziauddin Ahmad.]

with a capital of Rs. 15 lakhs only. Now, it has a depreciation fund amounting to Rs. 19,15,000: its reserve fund now is six lakhs: profit and loss account six lakhs: block expenditure 28 lakhs: and it has been paying 5 per cent. dividend. But some other mills are even better. Take the Purshotamdas Mill. It started with a capital of 39 lakhs, and it has got a depreciation fund of 35 lakhs already

Mr. Manu Subedar: Sir Purshotamdas has got no mill !

Dr. Sir Ziauddin Ahmad: It has a reserve fund of six lakhs and block expenditure on buildings and lands about 65 lakhs; and it has been giving a dividend of 13 per cent., 15 per cent., 7½ per cent. and never less than 7 per cent.

Mr. Manu Subedar: Which is that mill?

Dr. Sir Ziauddin Ahmad: It is called the Gokak Mills, Ltd.

Mr. Manu Subedar: It is a European concern: ask those friends over there.

Dr. Sir Ziauddin Ahmad: Another mill is the Indore Malwa United Mills: they have been giving a dividend of 26½ per cent., 26 2/3rd per cent., 30 per cent., 25 per cent., 25 per cent. and 19 per cent. in the previous years. I come now to the Lakshmi Cotton Mill: they started with a capital of 16 lakhs, and their reserve fund is now 24 lakhs.

An Honourable Member: In how many years?

Dr. Sir Ziauddin Ahmad: It may be any number of years, but the depreciation fund exceeds the capital. The dividends of this mill are 45 per cent., 36 per cent., 36 per cent., 12 per cent. and 16 per cent. These are the dividends which have been paid all this time. If you look into the financial position of these mills, can you say that this half anna extra duty will bring them to the verge of ruin? It would only mean that their enormous profit would be slightly reduced. I doubt very much whether it will be reduced at all, because I am told that the incidence will fall entirely on the producers of foreign cotton, and not on either the manufacturers or the consumers.

Sir Cowasji Jehangir: You have given us the dividends of the Bombay mills: how much dividend do you pay?

Dr. Sir Ziauddin Ahmad: My friend asks me how much I pay. Unfortunately I put some money in one of these mills. I was really taken in by one of these reports, and I invested some thousands of rupees in one of these factories: I will not mention the name of the managing agents—it is known to everybody coming from Cawnpore: they started another

company, and then this other company, in which I did not have any share, but those other gentlemen had shares, have taken my company for 120 years without any profit. Ask Mr. Scott. This is the way in which managing agents treat their poor shareholders.

An Honourable Member: Poor shareholders!

Dr. Sir Ziauddin Ahmad: Compared with Sir Cowasji Jehangir, I am a poor shareholder. This textile industry has been making enormous profits at the expense of the poor consumers. They are enjoying very high protection, and they ought not to grudge if a little portion of this is given to the poor cultivators of the Punjab, Guzarat, Sind and Berar.

Some Honourable Members: The question may now be put.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

“That the question be now put.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

“That clause 4 of the Bill be omitted, and the subsequent clauses be re-numbered accordingly.”

The Assembly divided:

AYES—59.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Bhagchand Soni, Rai Bahadur Seth.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
James, Mrs. F. E.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sardar.
Joshi, Mr. N. M.
Kailash Behari Lal. Babu.

Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—44.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.

Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.

Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.

Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.

Gidney, Lieut.-Colonel Sir Henry.

Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.

Hardman, Mr. J. S.
Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.

The motion was adopted.

Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.

Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.

Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.

Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.

Row, Mr. K. Sanjiva.

Scott, Mr. J. Ramsay.

Sher Muhammad Khan, Captain Sardar Sir.

Sircar, The Honourable Sir Nripendra.

Sivaraj, Rao Sahib N.

Slade, Mr. M.

Spence, Mr. G. H.

Stewart, The Honourable Sir Thomas.

Sukthankar, Mr. Y. N.

Sundaram, Mr. V. S.

Zafrullah Khan, The Honourable Sir Muhammad.

given against this amendment will be the usual one, that it will cause a loss in the income of the department. But that should not prevent this being done. There are many ways of meeting it. Decrease the salaries, decrease the other undue expenditure of the department, and from that help the poor as well as the rich.....

Mr. N. M. Joshi (Nominated Non-Official): This will help the rich only.

Mr. Lalchand Navalrai: Do not labourers send letters?

An Honourable Member: Very long letters.

Mr. Lalchand Navalrai: and very long letters too. I shall come to postcards later. On the question of letters I submit that this concession should be given. Under the present rate, even if there be an addition of a quarter tola or half a tola, we have to pay one anna and six pies. I want it to be one anna and three pies. It cannot be denied that there is no scale balance in the hands of each and everybody to weigh out the exact weight of the letter and then apply the stamp. Many a time the post offices for very little extra weight are charging us the penalty too. Therefore, it would be only reasonable that the amount should be lessened and it should be one pice instead of two pice. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head *Letters*, for the words 'Half an anna' the words 'Quarter of an anna' be substituted."

Mr. G. V. Bewoor (Director General, Posts and Telegraphs): Sir, the amendment moved by my Honourable friend, Mr. Lalchand Navalrai, seeks to reduce the rate of charge for the subsequent stages of the letter postage rate. As he stated, there is no doubt that if you reduce the charge from half an anna to one quarter of an anna, you will be benefitting the people who use the letter class of traffic, but when he said that it is going to benefit the poor man, I was surprised.

Mr. Lalchand Navalrai: I said, also benefit the poor man.

Mr. G. V. Bewoor: I do not think the poor man writes letters of more than one tola weight. Actual statistics show that in the letter traffic nearly 75 per cent. of the letters are in the one tola category and the remainder are in various other different categories of weight. I do not think that it is worth-while arguing on this question until the House is aware of the loss that is involved in the acceptance of this amendment. The loss is estimated to be Rs. 52 lakhs in a year, and it is clear from the budget of the Postal Department as well as of the Central Government as a whole, that we cannot possibly accept a loss of Rs. 52 lakhs. Sir, I oppose the amendment.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head *Letters*, for the words 'Half an anna' the words 'Quarter of an anna' be substituted."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): That disposes of clause 4. Clause 5 relates to postal rates. The Chair thinks there are quite a large number of amendments to the First Schedule to that clause, and it will perhaps be more convenient if the Chair takes up the amendments to Schedule I first. The Chair will take up the clause afterwards.

The question is:

"That Schedule I stand part of the Bill."

Mr. Lalchand Navalrai: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the second entry under the head *Letters*, for the words 'Half an anna' the words 'Quarter of an anna' be substituted."

Sir, it will be observed that in the First Schedule, under the heading "Letters", it is stated, for a weight not exceeding one tola, the rate is one anna. My amendment is not with regard to that at all. My amendment relates to the second line under it, that for every tola or fraction thereof exceeding one tola, the rate should be one pice only instead of half an anna as at present. We have been paying one anna per tola on letters, and for every additional tola or fraction thereof we are now paying half anna, whereas my amendment seeks that for every additional tola or fraction thereof the rate should be only one pice and not half an anna. It will be easy for poor people to send letters because when sending letters they have to pay one and half annas for letters exceeding one tola, and so if my amendment is adopted, they will pay for all letters under two tolas one anna and one pice instead of one and half annas as at present. Formerly we used to pay one anna and three pies, but then it was raised to one anna and six pies. The only reason that will be

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, I move.

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

Single	six pies.
Reply	one anna."

I do not think that much need be said in support of this amendment, because, for a number of years, we have been pressing this particular demand on the attention of the Government of India. Although the Government did not accept it, they could not very well advance any relevant reasons for which they could not accept it except that they could not afford to lose this amount. I wish to place before the House just one consideration, namely, that the people who use the postcards are mostly poor people in this country. If Government at all wish to pretend to care for them, they ought to accept this demand and agree to this reduction of the postcard rate. It is not very much and it may not cost the Indian Exchequer any considerable sum. What is more, the Posts and Telegraphs Department is on the whole doing very well, and that is why the emergency cuts were restored and they are even thinking of increasing the salaries, allowances, and so on. They are even making very costly experiments in regard to teleprinter, and so on....

The Honourable Sir James Grigg: Not costing anything.

Prof. N. G. Ranga: It does not cost? You would like to pretend that you are not losing, in order to give some sort of preference to the Reuter. Coming to the air mails, why is it that you have reduced the rates to such a scandalous extent? Why is it that on an ordinary letter to England, I should be charged two annas, whereas, on the air mail, two annas and six pies only? This sort of thing does not exist even in England. There they charge.....

Mr. G. V. Bewoor: There is no two anna charge.

Prof. N. G. Ranga: Then, there is no distinction whatever, I suggest, between the air mail and the ordinary mail. If that is so, then certainly it is an invisible subsidy to England, and I do not know why Mr. Bewoor, who wants to claim all the privileges of an Indian here in this House, should agree to the particular proposal of the Government and has agreed to lose the money that they have been losing. Not being satisfied with this, they are giving, I learn, a subsidy of as much as six lakhs of rupees per annum. Why should they continue this particular practice? This is a utility service whose primary purpose ought to be to serve the people of this country, then secondarily only to think of paying their own way. I do not mean to say that they should not pay their own way and that they should always be a losing concern. But there is no reason why they should make a fetish of paying their own way, without asking for a subvention or whatever it is from the general revenues and refusing the ordinary facilities for the public in this country. We wanted rural facilities, and we are given only some sort of a small concession, and not very much is being done even in that direction. Of course, I need not say very much in that connection, because what the Government have been doing is not

enough. This particular reform is very badly needed and we want that it should be considered by the Government. We shall continue to press this demand on the Government until the Government come into our own hands and we are able to pass it, and what is more, to implement it. It may be possible for Sir James Grigg simply to take it to His Excellency the Viceroy and get a rubber stamp on it and insist on collecting the same amount of money again and again from year to year.

The Honourable Sir James Grigg: Nine pies stamp.

Prof. N. G. Ranga: He wants nine pies stamp. It is in this frivolous way that he has been dealing with all our requests. He only cares for his money. He has got his own share, and he wants to give Mr. Bewoor his share. We have been standing in this House for Indianisation. What for? Not for providing these people with scandalously high salaries which the Englishman is enjoying. I do not see any reason why Indians should not come forward voluntarily with a salary cut. They should say: "Here we are prepared to undergo a sacrifice for the sake of the poor people of this country and agree to a cheaper postcard". That will demonstrate their patriotism in concrete terms. They do not do that. They want to live like Englishmen in house, dress, privileges and everything. The Postal Department spends large sums of money in producing beautiful photographs of people who have got slavish titles conferred by His Majesty the King of Emperor or His Excellency the Viceroy. We are not interested in these titles. Let them earn the title of "Friends of the poor" and forego some of their allowances and privileges in order to give a cheap postcard to the poor man. We want a spring cleaning of this Postal Department by making this particular demand and making it incumbent upon them to make their own salary cut and, if necessary, to effect retrenchment and give us this satisfaction.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

Single	six pies.
Reply	one anna."

Dr. P. N. Banerjee: For many years, the price of the postcard was three pies, or one pice; seventeen years ago, owing to a succession of deficit budgets, the price of the postcard was raised to two pice, or six pies; and then nine years afterwards the price was raised to three pice or nine pies. Thus in the course of the last seventeen years, the price of the postcard has been increased by 200 per cent. Now, is that not a very great increase? And on whom does this increase fall? As the previous speaker rightly said, the burden of this increase fell mainly on the masses of the population,—the poorest classes of the people. There was a time when the income and expenditure of the Postal Department was shown separately from the income and expenditure of the Telegraph Department. It is a well-known fact that, while year after year there was a profit in the Postal Department, there was a deficit in the Telegraph Department. But now they have lumped up the two departments in order to show that there is not sufficient balance in the department as a whole. This is a jugglery of figures. The Telegraph Department and the recently started Air Mail Service are not

[Dr. P. N. Banerjee.]

paying concerns, but these departments are not taken advantage of by the poor people. It comes to this, that you sacrifice the interests of the poor in order to satisfy the interests of the richer classes of people. Is this fair, just and honourable? This demand has been put forward time and again in this House. When the price was raised in 1922 and again in 1931, the promise was given that at the earliest opportunity the price would be reduced. This has not been done. The great part of the surcharges that fell on the richer people has recently been taken off but this surcharge that falls on the poor has been continued in spite of the protests of the people throughout the length and breadth of India. I hope that Government will now take a more enlightened view of the matter and accede to the request that has been made.

Mr. N. M. Joshi: I rise to support this amendment as a protest against the wrong policy which the Government of India is pursuing in this matter of administering the Posts and Telegraphs Department. I do not believe that the Postal Department, although it is a public utility department, should be ordinarily run at a loss. If we consider postal charges as a tax I feel that it is not a very unfair and unjust tax. I am not, therefore, prepared to support ordinarily, as I said, running of this department at a loss, but, Sir, the policy, which the Government of India is following in administering this department is unfair and very wrong. I, therefore, feel it is necessary to enter our protest against that policy. The Government of India is unwilling to incur a loss by reducing the price of the postcard. I can understand it if they had not been incurring losses elsewhere but the Government of India is willing, I may say even enthusiastic, to making losses on the Air Mail. I have been protesting against that for the last two years. After all the people who send Air Mail letters are well-to-do people, such as merchants and officers of Government. The loss of ten lakhs on Air Mail is considered by the Government of India as a very reasonable thing. They make losses on the telegraph side also. Telegrams are not sent by poor people but by rich merchants. If this concession is not shown to them, how will they support the Government? The Government of India must be supported by some classes of people. They cannot please the masses and so they make friends with the mercantile community who can send telegrams. The Government make loss also on press telegrams to please the press. They make losses on press telegrams willingly and I feel it is a sort of bribe given to the press. I, therefore, feel that the Government of India should be prepared—if they are prepared to suffer a loss on the Air Mails, on the Telegraph Department and on bribing the Press—then the Government of India can very well afford to meet the loss—I do not know the exact amount, it may be Rs. 30 lakhs or 40 lakhs or 50 lakhs, but if, for the sake of pleasing twenty-five thousand people who make use of the Air Mail the Government of India make a loss of ten lakhs, why should they not make a loss of even fifty lakhs for the three hundred and fifty millions who use the postcard? Sir, the Government of India also follow a wrong policy in the treatment of their employees. They should properly adjust the salaries of the higher officers and those of the lower-paid people. Sir, the Government of India are exploiting the subordinate employees in various ways. I have recently stated in the House how they are exploiting them. They are not filling up vacancies, with the result that people have to work more and for longer hours. They have to

work more intensely, and then the poor people in Bombay, for instance, are deprived of their compensatory allowances. They are not giving the inferior servants even a pension. Sir, this rotten policy of the Government of India deserves a strong protest and I want to enter my strong protest.

Mr. Sri Prakasa: Sir, this battle over the postcard threatens to be as long as the Wars of the Roses.

An Honourable Member: Hundred years' war.

Mr. Sri Prakasa: The Honourable the Finance Member and the Director General of Posts and Telegraphs appear to have challengingly put on the symbolic red rose in their button-holes; but the white rose of our side is represented only by our white caps. Sir, the battle, whatever the fortunes may be, is bound to be as bitter, as long and in the end as successful as the battle across the ocean many centuries ago. My Honourable friend, the Finance Member, in his closing speech on the general discussion, was so taken up by his own brilliant satire against the various Leaders in the House that he almost seemed to treat with contempt the more solid arguments that were presented in the course of the speeches of our back-benchers; and I looked in vain for him to answer the very pertinent point I tried to make, viz., that the income of Government should be first computed before the expenditure. With the various incursions we have already made in the Finance Bill, I fear this little postcard of mine stands very little chance; for when everything else is certified, this surely is also going to be certified. But I may say this, that if only Government had followed what I called the wholesome system of the ordinary household and estimated their income before their expenditure, such a scene would not have been seen. They would probably have realized that it is, for instance, not necessary to spend a sum of 17 lakhs for maintaining the Viceregal Palace with a useless lot of secretaries, A.-D.-C.s and the rest of them. If the expenditure on heads like this were curtailed, then the poor man, with his postcard, his salt, his sugar and his raw cotton, would have some chance.

Sir, the Honourable the Defence Secretary, I think, laid down a very good law against entertaining any candidate for the naval services who had not seen the sea, who had not seen a ship, who had, perhaps, not been drowned and who has not received a bullet; but when we come to high offices, it seems that a man can be appointed there without any knowledge of the subjects with which he has to deal. I have here. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the amendment before the House. We have had quite enough of this sort of preface.

Mr. Sri Prakasa: I was going to say that persons who do not use postcards do not realize the value of the postcard. . . .

Mr. President (The Honourable Sir Abdur Rahim): That is rather a long way to go round.

Mr. Sri Prakasa: Sir, the long way always proves the shortest way in the end if it happens to be the smoothest way also, for the motor car runs more swiftly on a good long road than on a short *kutchra* road. I have heard it said that when a gentleman of the name of Lord Goschen became the First Lord of the Admiralty, "he had no notion of the motion of the ocean",

[Mr. Sri Prakasa.]

and, therefore, it is no wonder that my Honourable friends opposite, who have no notion of a postcard, who perhaps never use one, do not realise its value to those who do use them. Sir, the postcard has a long and chequered history. It used to be a very small little bit of paper,—requiring just one pice of postage; it then became bigger and still bigger, and now we are allowed to use private postcards of a size even slightly bigger than that supplied by the post office. But the postage has gone up from one pice to three pice. If my Honourable friends did use postcards, they would know how important it is that the postage should be reduced. Even the big folks in the land are very careful when they have to pay out of their own pockets. I will give an illustration. I was in communication with the Governor of a Province and when he wrote a personal letter he used very thin paper so that the letter could be carried for one anna—those were the days when only half-a-tola could go for an anna—but when the same gentleman after a few days wrote an official letter to me, he used a very thick envelope, with an anna and a quarter of postage, with the word 'service' printed upon the stamp. That shows that even big folk are very careful when their own pockets are touched; and so, while interested parties have seen to it that letters are carried by air for two annas and a half because they send letters in that way; while they have reduced the five pice stamp on the envelope to four pice, how is it that the postcard goes on begging for a reduction of its rate in vain all these many years? I think the time has come when the rate of the postcard should be reduced.

One of my friends—I do not remember who he was—made some fun at the poor man who uses postcards. He said he uses only two postcards in the whole year. What did it matter to him if he used only one now? Mr. Aney very rightly pulled him up by asking: "why deprive that poor man of the pleasure that he gets of receiving at least two postcards in the course of the year giving news of his dear ones at home; and why reduce him to only one postcard a year?"

Of course, my Honourable friends opposite will say that the arguments are all right and they too are anxious to reduce the rate of the postcard. They also do not want that the rate should be so high; but where is the money to come from? This reduction in the price of the postcard will mean a loss of 50 or 60 lakhs of rupees. Well, the money should come from the sources whence money does come for these purposes which fit in with the notions of my Honourable friends opposite. The country seems to flow with milk and honey and there seems to be abundance of cash available all over the place when they have to carry on operations across the frontier; but, evidently, no money is available when we demand a little reduction of the burden on the shoulders of the poor man in the village. I hope, therefore, that no further arguments of this kind will be advanced and Government will realise the futility of opposing our demand and will concede us this. I understand that if the Government only took in hand, for instance, the acquiring of the Telephone Companies in Bombay, Calcutta and Madras, they would be able to get an additional revenue of 30 to 40 lakhs of rupees on trunk calls and long distance telephones. If there is a will, there is always a way. If the Government are really bent upon doing a thing, they can do it.

I want to put this argument before them. I want them to see the injustice of the whole thing. Justice has to be done even at great expense. After all, a Federal Court is being maintained at enormous expense in order

that justice may be done in problematical cases that may arise years hence. So that when there is a will there is a way; and if there is a desire to do justice, justice can and shall be done. I want my Honourable friends opposite to explain to me the justice of this phenomenon. In three pice you can only send 20 short lines; and by spending one pice more, that is, in one anna, you can send three full sheets of an ordinary note paper which can weigh up to one tola; and for 2½ annas you can send an ounce or a tola and a quarter of matter across the ocean. These postcards from the humble village people may contain important items of domestic news, they may give news of the weather and of the crops; whereas most of the letters that go by air only carry greetings, good wishes, kisses to the baby and things of that sort. I know these important domestic items have to be sent; I have no objection to them. But let those who send them pay for them, and the more they pay for the kiss the more valuable will that kiss be when it reaches the babies at the other end. Sir, to the village man, the postcard is a very important factor of life and I must press upon the Government the iniquity of the present position and the justice of accepting our demand. I hope they will relent and do the right thing at long last.

Mr. Lalchand Navalrai: Sir, I have to say a very few words on this. I hope that my Honourable friend, Mr. Bewoor, the Director General, will not oppose me now in respect of this postcard duty on the ground that the postcard is not being used by poor men. He said that letters are not being used by poor men but he cannot possibly come forward and say that these postcards are not being used by poor men. The other day I heard an amazing statement from my Honourable friend, Sir Muhammad Yamin Khan,—he is not in the House now—that in the rural parts of the country no poor man writes any postcards or letters. This is a bewildering statement that comes from such a gentleman as Sir Muhammad Yamin Khan, who bewilders everybody. I submit that it is only to support the Government that one can make such a statement, otherwise we know and no Postal official will come forward and say that there are no post offices in the rural parts. In fact, more and more post offices are being opened in the rural parts. What are they for? Are they meant for these poor men or are they meant for very rich men or for millowners who live in those rural parts? Therefore, I submit that there is no reason, whatsoever, not to accept this amendment and reduce the burden on the poor. Then, Sir, it has been said that poor people write only a letter once a year. I cannot endorse that statement. They have been writing letters as anybody else does. Nowadays, when you are introducing in the rural areas radios and other means to educate the villagers, they have come to know fully what the post offices are meant for and they know that they can carry their news to their nearest and dearest ones. There is only one stereotyped reason that is being given every time by the Treasury Bench, namely, that there will be loss of income. Beyond that, they have no justification to reject this amendment. Sir, a motion like this has been coming before the House for a long time and so many reasons are placed before the Government year after year. And yet the Government is not moving. On the other hand if the Director General wants that he should have two more Deputy Directors General or that there should be two more Postal Superintendents, he will find money for them; but for the poor man he is unable to find the money. I submit, therefore, that there is no reason whatsoever not to help the poor and I whole-heartedly support this amendment.

Mr. G. V. Bewoor: Sir, I do not propose to undertake any elaborate review of the financial position of the department which used to be the practice in the past. In the annual report of the Department we take special care to bring to the notice of the public the exact financial position and its developments and copies of the report are supplied to those Honourable Members of the Assembly who ask for them. I only wish to deal with the points that have been raised in the debate today. It must be admitted that if the rate of the postcard is reduced, it will benefit the users of the postcards. The only question really is, what it is going to cost and whether in the present financial position of the Department we can undertake an experiment of reducing the charge which involves considerable loss?

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): What is the amount?

Mr. G. V. Bewoor: I am coming to that point. The number of postcards of which we make an estimate is estimated to be 378 millions in the course of one year. Now a reduction in the rate from three pice to two pice would bring a reduction of revenue to the extent of 59 lakhs. There must, of course, be an increase in the volume of postcard traffic as a result of the reduction of this rate. If we assume an increase of ten per cent. in the traffic, the loss would be reduced to 47 lakhs. A ten per cent. increase means an increase of 38 millions postcards in the course of one year. There is one important factor which must not be forgotten in making any estimate of the loss. At present the difference in the postage rate between a letter and a postcard is only one pice and when it becomes two pice there will be a diversion of traffic which now goes by the letter rate to the postcard rate. I may mention that 75 per cent. of our letters are in the first tola category and we assume that 15 per cent. of this will be diverted to the postcard category. This would add to our loss of 18 lakhs and, therefore, even assuming a ten per cent. increase the loss will be 65 lakhs.

Mr. M. S. Aney: This diversion from letter category to postcard category will further increase the traffic under the latter category.

Mr. G. V. Bewoor: Yes. Quite true. When I say 15 per cent. will be diverted, I have only taken the loss of half-anna only on it and not the complete loss of one anna.

Even if we assume an increase of 20 per cent. in the traffic, the loss will be 53 lakhs. I wish to submit to the House that it is no use making assumptions which are not justified by our experience in the past. When the postcard rate was doubled at the end of 1922, the postcard traffic fell only by 19 per cent. When it was increased by 50 per cent., that is from two pice to three pice in 1930-31, it fell altogether by 17 per cent. in two years. I would not like to make large assumptions in order to please the supporters of this amendment, but from the experience I have had in the Public Accounts Committee with my Honourable friend, Mr. Satyamurti, when our estimates were wrong by a few thousands, I should certainly not like to commit myself to any estimate which is likely to go wrong. I was saying that we lose 50 to 60 lakhs.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): What was the peak figure for the postcard in any year?

Mr. G. V. Bewoor: The peak figure was in 1921-22 when the rate was quarter anna and it was 644 millions. That fell down to 520 millions when it was doubled. It then went up to 587 millions in the course of 1928-29 and it then began to fall for the next two years though the rate was the same. Since then it has continued to fall. I want Honourable Members to remember that the figures 644 and 587 millions which I have given include Burma and the figure 378 millions 1938-39 relates to India only.

Now, Sir, I wish to reply to one or two points that have been raised in the course of the debate. It has been said that there is great necessity for rural post offices. I claim that we have done a great deal in this direction, perhaps not as much as Honourable Members would like. We have, in the course of the last 3½ years, opened about 2,000 post offices and we have increased the number of village postmen in order to benefit the desire that we should expand in the rural areas in order to benefit the population. We know great efforts are being made to create adult literacy and the spread of education generally in the Provinces. We want to help in this movement. We cannot do that if our revenues are cut down by such a large sum that we go back to the years of losses. As Honourable Members would have seen from the report, in the last few years we have repaid the accumulated loss of nearly three crores. We have just managed to reach a balanced state. At this time, if we are put into a period of recurring losses, it would follow that expansion would stop and there will be pressure brought upon us to cut down this or that facility which we have been giving to people.

Dr. P. N. Banerjee: Which branch of this department is losing?

Mr. G. V. Bewoor: I would request the Honourable Member to ask me to supply him the Annual Report of the Departments and I would give him one. The loss occurs in different branches at different times. Recently the department as a whole has been working at a profit since 1934-35. Now, Sir, the total profit and loss of the department is made up of the profit and loss for the different branches for which accounts are separately maintained. The telegraph side loses while the post office and telephones give surplus. That is perfectly true. If the Honourable Member wishes to argue from this that the profit or the surplus of the post office side should be used for the reduction of postcard, that is on the post office side only, that the loss on the telegraph side should be left to look after itself; he is greatly mistaken. Why? Because some one has to bear the loss on the telegraph side. The basic fallacy in the Honourable Members' argument is in thinking that the post office is for the poor man and the telegraph is for the rich. Sir, the question of treating each branch as a separate unit was examined by a Committee and I should like to have quoted from their findings, but the quotation will be found in the speech which I made in this House in 1936 and I would not like to weary the House with it. On the telegraph side, I should like to point out that the reason why the telegraph side is working at a loss is not due to any extravagance in management. We have taken every step to cut down all wasteful expenditure by economy but

[Mr. G. V. Bewoor.]

in economy we must not go beyond a point where the telegraph service ceases to be a telegraph service and becomes as slow as the post office service. There must be efficiency, speed and accuracy—these are the soul of the telegraph service. On the telegraph side, we have by our efforts brought down the loss, which at one time used to be about 61 lakhs in a year, to about 16 lakhs. The fall in revenue has made it difficult for us to cover its expenditure. I should like to point out another thing. We have over 4,000 telegraph offices in this vast country. Twenty per cent. of the total traffic is, however, dealt with in five big telegraph offices, the remaining 80 per cent. is done in the rest of the offices. These small offices are as much for the benefit of the poor man as for the rich man.

Before I conclude, I would just like to say one word. It has been 5 P.M. stated in the course of the discussion that the postcard is for the poor man. I do not deny that the poor man uses the postcard, but it is a fallacy to think that the poor man is the greater user of the postcard or that he does not use the letter category as much as the postcard. On this matter opinions differ but I should like to quote to the House certain statements made by various mercantile associations in India in connection with some correspondence I had with them about the postcard:

The Bombay Shroff Association says:

"My Committee submit that generally the commercial community makes a wider use of the postcard than of the cover for important business communications."

The Karnatak Chamber of Commerce says:

"Moreover, the commercial community generally makes a wider use of the postcard than of the cover for important business communications. It is needless to say about lawyers."

The Indian Chamber of Commerce, Calcutta, says:

"It is well-known that in a number of commercial transactions instructions to the other party are often conveyed by a postcard and are to be followed on the same day. The Committee also learn that in the business carried on by the indigenous bankers if a postcard containing the particulars of a *hundi* is sent to the drawee it is taken as a sufficient presentation of the *hundi*."

The Seeds Traders' Association, Bombay, says:

"It is well-known that the Indian trader prefers to use the postcard for all ordinary purposes of communication. The envelope is used only when there is an enclosure such as a *hundi* or a contract known for its counterfoil. A vast majority of the orders of business to be transacted as also a majority of intimation of orders to be conveyed are being conveyed through the medium of the postcard."

I may mention similar statements from the Grain Merchants' Association, Bombay, the Buyers' and Shippers' Chamber, Karachi, the United Provinces Chamber of Commerce, the Maharashtra Chamber of Commerce and the Andhra Chamber of Commerce; but I think this is sufficient.

Prof. N. G. Ranga: This only shows that they also use it; it does not show that they use more of it.

Mr. G. V. Bewoor: That shows that the postcard is used just as much by the rich man as by poor man.

By carrying this amendment, the House will be throwing away a good deal of revenue not for the purpose of benefiting the person it wants to benefit most but for benefiting the person whom it does not want to benefit. On the other hand I have pointed out that by keeping these rates we shall be in a position to give better and wider facilities to the public in the rural areas and our past history will show that we have carried out the promises we gave of giving better facilities such as more postmen and more post offices in rural areas. There is a demand on every side, both from the business people and from the rural population, for greater and cheaper facilities. We cannot do this if this amendment is forced upon us and we are made to lose a sum of 63 lakhs. The department has been able to balance its budget with great difficulty and I would ask the Mover not to press this amendment.

The Assembly then adjourned till Eleven of the Clock on Friday, the 24th March, 1939.

LEGISLATIVE ASSEMBLY.

Friday, 24th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

SCHEME FOR SICKNESS INSURANCE OF INDIAN SEAMEN.

1280. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Commerce Member state :

- (a) whether Government have finished consideration of the scheme for sickness insurance of Indian seamen;
- (b) if so, what are the details of the scheme; and
- (c) when they propose inaugurating it?

The Honourable Sir Muhammad Zafrullah Khan: (a) to (c). The matter is still under consideration.

AMENDMENT OF THE GOVERNMENT OF INDIA ACT.

1281. *Mr. S. Satyamurti: Will the Honourable the Leader of the House please state :

- (a) whether his attention has been drawn to a communication from the Delhi correspondent of the *National Herald* of Lucknow;
- (b) whether it is a fact that the British Government are considering the amendment of the Government of India Act with a view to giving wider powers to the Governor General in times of emergency, for example, war;
- (c) whether it is intended to amend section 126 of the Government of India Act; if so, in which directions;
- (d) whether Provincial Governments have been or are being consulted in respect of these matters;
- (e) whether the Government of India received the opinions of Provincial Governments; and
- (f) when Government intend to take up this question with the Secretary of State and the British Government?

The Honourable Sir Nripendra Sircar: (a) Yes.

(b) to (f). On the ground of its being against the public interest, I cannot add anything to my reply to Mr. T. S. Avinashilingam Chettiar's starred question No. 1214 on the 21st March, 1939.

Mr. S. Satyamurti: Did my Honourable friend say, in the course of that answer, that the amendment of the Government of India Act was mainly intended to give wider powers to the Governor General in times of emergency, for example, war?

The Honourable Sir Nripendra Sircar: I have that answer—it is very long; but I shall read it if required.

Mr. S. Satyamurti: No, Sir. I do not want the whole answer to be read. My recollection is that he stated the purpose of the amendment in those terms. I merely want to know whether he remembers that that is so.

The Honourable Sir Nripendra Sircar: I do not think I said that that was the main purpose, but my recollection is that it did say something about that being one of the purposes. This is part of the answer: (It is a statement by the Secretary of State for India.)

"The amendments proposed in no case raise any new question of principle, or will alter in any material respect what are believed to have been the intentions of Parliament when the Act was passed, but I should perhaps add that the proposed amendments include one which is designed to remove, in the event of war, serious deficiencies which the preparation of drafts of the emergency legislation which might then be required has disclosed in the powers intended to be made available by section 102 of the Act to the Central Government."

Mr. S. Satyamurti: In view of the fact that section 126 of the Government of India Act refers to the Instruments of instructions and directions to be given by the Governor General to the Governors in respect of emergencies, may I know whether the Honourable Member will inform the House whether the Provincial Governments have been consulted and what their opinions are?

The Honourable Sir Nripendra Sircar: As I said, I cannot add anything to my answer. But if the Provincial Governments were consulted, about which I say nothing, such communications must have been confidential.

Mr. K. Santhanam: With reference to the answer to part (c) what is exactly the deficiency in section 102 which is sought to be remedied?

The Honourable Sir Nripendra Sircar: I have nothing to add to the answer I have given.

Mr. T. S. Avinashilingam Chettiar: With reference to part (b), may I ask...

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has said that he has nothing to add to his answer. Next question.

QUOTA ALLOTTED TO INDIA BY THE EGYPTIAN GOVERNMENT FOR COTTON TEXTILES.

1282. ***Mr. S. Satyamurti:** Will the Honourable Member for Commerce please state:

- (a) whether it is a fact that for 1939 India has been allotted by the Egyptian Government a quota of 7,616,000 square metres of cotton textiles;

- (b) whether the Government of India have agreed to this;
- (c) what are the considerations on which this quota has been allotted to India;
- (d) whether there is any trade agreement between India and Egypt; and
- (e) whether Government propose to take steps to conclude an agreement between India and Egypt as early as possible?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) The proposed decree is not an agreement, but a unilateral decision of the Egyptian Government.

(c) The quota for India as for other countries is based on her takings of Egyptian raw cotton during the cotton years 1935-36, 1936-37 and 1937-38.

(d) Indian goods enjoy most-favoured-nation treatment in Egypt on terms of reciprocity under the Anglo-Egyptian Exchange of Notes of 1930, which are being extended from time to time.

(e) There is no such proposal at present under consideration.

Mr. S. Satyamurti: With reference to the answer to clause (b), may I know whether, before the Government of Egypt came to this unilateral decision fixing the quota for India as in (a), the Government of India had an opportunity or did make any representations to the Egyptian Government?

The Honourable Sir Muhammad Zafrullah Khan: Representations on behalf of the Government were made.

Mr. S. Satyamurti: Does the quota actually allotted by the Egyptian Government correspond to the requirements of the Government of India considering the consumption of Egyptian cotton in this country?

The Honourable Sir Muhammad Zafrullah Khan: I am unable to follow what the Honourable Member means by "the requirements of the Government of India".

Mr. S. Satyamurti: That is to say, in the interests of the Indian textile industry?

The Honourable Sir Muhammad Zafrullah Khan: The present quota considerably restricts the exports of Indian textile goods into Egypt.

Mr. S. Satyamurti: May I know whether the Government of India have since made any representation to the Egyptian Government for increasing the quota?

The Honourable Sir Muhammad Zafrullah Khan: Representations on this subject were made as soon as the intention of the Egyptian Government had become known.

Mr. S. Satyamurti: With reference to part (e), may I know the reasons why Government do not propose to take steps to conclude a trade agreement between India and Egypt, as early as possible? Is it due to the Anglo-Indian Trade Agreement being in the way, or have the Government given up any idea of that sort?

The Honourable Sir Muhammad Zafrullah Khan: No. The question of the Indo-British Trade Agreement does not stand in the way; but the position is that trade between India and Egypt is of a peculiar character. We import from them practically nothing but cotton; and having regard to the views expressed on that matter in the last two days, it really seems difficult to put any pressure upon the Egyptian Government in any other direction.

Mr. Manu Subedar: May I know to what extent this unilateral decision of Egypt has destroyed the export trade in textiles which was going to Egypt before?

The Honourable Sir Muhammad Zafrullah Khan: I have not the figures here, and if the Honourable Member desires the information, he will put down a question.

Mr. K. Santhanam: With reference to part (a), may I know the ratio of the value of this cotton we are importing from Egypt and the cloth they take?

The Honourable Sir Muhammad Zafrullah Khan: As I have said in answer to the last question it is difficult for me to work out figures in answer to supplementary questions.

SECURING OF A LARGER SHARE OF THE COASTING TRADE FOR INDIAN SHIPPING COMPANIES.

1283. *Mr. S. Satyamurti: Will the Honourable Member for Commerce please state :

- (a) the total cargo carried on the coasts of India, Burma and Ceylon during the six years, 1932-33 to 1937-38;
- (b) the price of the total quantity of that cargo landed by Indian national shipping companies in that trade during the same six years; and
- (c) whether Government propose, in view of the small percentage carried by Indian shipping companies, to take any steps to secure for them a larger share of the coasting trade when the whole matter comes under review?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). Such information as is available is contained in the "Accounts relating to the Coasting Trade and Navigation of British India", copies of which are in the Library of the House.

(c) Government will always be willing, as occasion arises, to use their good offices, in promoting a settlement of the question of larger participation of Indian shipping in the coastal trade by the method of negotiation and mutual agreement between the shipping interests concerned.

Mr. S. Satyamurti: May I know when the next opportunity will arise for this mutual settlement or agreement among the interests concerned?

The Honourable Sir Muhammad Zafrullah Khan: I understood only very recently that one of the Indian shipping concerns is now putting itself into communication with some of the British shipping concerns for a review of the agreement between them which is due to expire at the end of this year.

Mr. S. Satyamurti: May I know whether the Government of India have taken or propose to take any steps to bring their moral influence to bear on the shipping interests concerned, to secure for Indian shipping a more adequate and a larger share in the coastal shipping of India?

The Honourable Sir Muhammad Zafrullah Khan: Would it not be proper to wait and see how the negotiations between the interests proceed before Government decide what action should be taken?

Mr. Manu Subedar: Have Government had any communications with the British shipping companies on this subject?

The Honourable Sir Muhammad Zafrullah Khan: No. Obviously not. The first step is for the Indian company and the British companies to start conversations between themselves. Government will watch how the conversations are going on.

Mr. S. Satyamurti: Do Government realise that, if the companies quarrel in the course of the negotiations, Government's task will become more difficult, and will they therefore take early steps to do everything in their power to influence both sides to come to an amicable settlement recognising the superior claims of Indian shipping in the coastal services?

The Honourable Sir Muhammad Zafrullah Khan: "Early" is a relative term. I do not know whether it could be decided by actual dates as to when it may become feasible.

Mr. S. Satyamurti: Are Government keeping in close touch with these negotiations to see that they progress on right and helpful lines?

The Honourable Sir Muhammad Zafrullah Khan: That is what I have tried to explain to the Honourable Member. Negotiations have not actually yet started. I understood only last week that the Indian shipping company proposes to start conversations; but conversations have not yet begun.

Mr. S. Satyamurti: Will Government keep in touch with those conversations?

The Honourable Sir Muhammad Zafrullah Khan: I may assure the Honourable Member from my past experience that Government will certainly be kept in touch.

FINDING OF A PLACE FOR INDIAN NATIONAL SHIPPING IN THE INDO-BRITISH MARITIME TRADE.

1284. *Mr. S. Satyamurti: Will the Honourable the Commerce Member please state :

- (a) whether in the negotiations for Indo-British agreement the claims of Indian national shipping for a share of the Indo-British maritime trade are being considered;
- (b) if so, whether the opinions of the interests concerned have been or will be ascertained; and
- (c) if no attempt is being made to find a place for Indian national shipping in the Indo-British maritime trade, the reasons why it is not being done?

The Honourable Sir Muhammad Zafrullah Khan: (a), (b) and (c). I would refer the Honourable Member to the answer given on the 15th August, 1938, to Seth Govind Das's question No. 184.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, what is the specific answer, that is to say, whether the opinions of the interests concerned have been ascertained or will be ascertained?

The Honourable Sir Muhammad Zafrullah Khan: On what matter?

Mr. S. Satyamurti: On the share of Indian national shipping as part of the Indo-British maritime trade agreement.

The Honourable Sir Muhammad Zafrullah Khan: The answer I gave on the last occasion was that the negotiations between the Government of India and His Majesty's Government in the United Kingdom are limited in scope to a discussion of tariff preferences and other arrangements for the expansion of commodity trade between the two countries.

Mr. S. Satyamurti: May I know, Sir,—I am referring now to clause (c), why no attempt has been made in the course of these negotiations to find a place for Indian national shipping in so far as the transport by sea of the commodities covered by this agreement is concerned?

The Honourable Sir Muhammad Zafrullah Khan: For the simple reason that it was from the very start understood on both sides that the conversations would be confined only to matters which I have explained in answer to previous question.

Mr. S. Satyamurti: Did the Government of India address the Government of Great Britain and ask them that this matter should be considered and they refused, or did they not address the British Government on this matter at all.

The Honourable Sir Muhammad Zafrullah Khan: No, Sir, the British Government was not addressed in the matter.

Mr. Manu Subedar: Have Government examined the proposal to make a declaration of their policy on this, apart altogether from trade negotiations, as to the minimum share which must fall in the hands of Indian shipping?

The Honourable Sir Muhammad Zafrullah Khan: The declaration of Government's policy in this matter was made several years ago and has since been repeated.

Seth Govind Das: Did the non-official advisers make any representation to Government in this respect when the trade negotiations were going on?

The Honourable Sir Muhammad Zafrullah Khan: I believe they mentioned this matter in their first Report, and they have also stressed it in their last, but they were kept informed throughout as to what was being discussed. They were perfectly aware of the details, and never throughout these negotiations did they make a suggestion that these matters ought also to be taken up.

Seth Govind Das: The Honourable Member just said they have mentioned it in their first Report, but what steps Government took

Mr. President (The Honourable Sir Abdur Rahim): Next question.

SURVEY TO FIND OUT OIL AND OTHER MINERAL RESOURCES IN ASSAM.

1285. *Mr. Kuladhar Chaliha: Will the Honourable Member for Labour please state :

- (a) whether any Geological survey has been undertaken by the Government of India in Assam to find out the oil and other resources in the Districts of Sibsagar and Lakhimpur and Lakhimpur Frontier Tracts;
- (b) whether the Burma Oil Company made any boring in the two districts and struck any oil there; and
- (c) whether Government propose to make a Geological survey properly to find out coal, oil and other mineral resources of the Province?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). Yes.

(c) A systematic geological survey to investigate all mineral resources of the Province has been in progress since 1933.

Prof. N. G. Ranga: Is that the only company which is allowed to do boring in order to strike oil?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid I could not answer that. I have on several occasions tried to explain that the development of mineral resources is a provincial subject.

Prof. N. G. Ranga: Are private companies allowed to carry on boring operations in order to discover oil and exploit?

The Honourable Sir Muhammad Zafrullah Khan: I do not know what the Honourable Member means by his question. If he means by a private company an incorporated company and so on, they can carry on boring, but if he means whether they do it on their own sweet will, he is aware that they have to obtain prospecting licenses.

Mr. Kuladhar Chaliha: May I know, Sir, when the survey was undertaken by the company?

The Honourable Sir Muhammad Zafrullah Khan: I cannot say.

Prof. N. G. Ranga: Are we to understand that a license has been given to the Burma Oil Company to prospect oil and carry on their borings wherever they think they can find some oil anywhere in Orissa or Assam?

The Honourable Sir Muhammad Zafrullah Khan: How can I give the Honourable Member the conditions of a matter which is the business of the Provincial Governments and of the details of which I am not aware?

SAFEGUARDING OF THE RIGHTS OF INDIANS IN MALAYA.

1286. ***Mr. Kuladhar Chaliha:** Will the Education Secretary please state :

- (a) whether Indians born in Malayan States and resident there for long are declared to be aliens by the Government;
- (b) whether about 21,000 Indians and Chinese were banished from the Malayan States and Straits Settlements between 1911 and 1931;
- (c) whether it is a fact that Indians of non-labouring classes are disallowed entry in the Malayan States now; and
- (d) whether Government have considered the advisability of entering into a convention with the States, so that the rights of Indians of non-labouring and labouring classes are guaranteed duly in the matter of citizenship, wages and housing, etc.?

Sir Girja Shankar Bajpai: (a) and (d). No. The attention of the Honourable Member is invited to the reply given by me to parts (a), (b) and (i) of Mr. K. S. Gupta's starred question No. 830 of this month.

(b) Government have no information but have made enquiries.

(c) The attention of the Honourable Member is invited to the reply given by me to part (j) of Mr. K. S. Gupta's question referred to above.

ESTABLISHMENT OF A SEPARATE OVERSEAS DEPARTMENT.

1287. ***Mr. Kuladhar Chaliha:** (a) Will the Secretary for Education, Health and Lands please state whether Government have arrived at any decision regarding the establishment of a separate Overseas Department to look after the Indians overseas?

(b) In view of the present developments in South Africa, Kenya and Malaya and other countries, are Government prepared to set up the Department in India without delay with men of experience of overseas affairs?

Sir Girja Shankar Bajpai: (a) and (b). I would refer the Honourable Member to the answer given by the Honourable the Home Member to Mr. Muthuranga Mudaliar's starred question No. 626 on the 22nd February, 1939.

Mr. S. Satyamurti: May I know, Sir, if any further progress has been made in this matter, and are Government considering or will they consider the creation of a separate Overseas Department concerning itself with the status and the position of Indians abroad, in view of the very critical situation in several parts of the world, where Indians are settled or are working?

Sir Girja Shankar Bajpai: The desirability of establishing as it were a special organisation to deal with the subject of Indians overseas has been present to the minds of the Government of India for some time, but for reasons of economy, it has not been found possible so far to have a separate department.

Seth Govind Das: Don't the Government of India think it necessary even under the present circumstances to move in the matter. They always say that their attention has been drawn to this and that, but nothing tangible has been done by them so far?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has given the answer that, for reasons of economy, they could not do anything.

Mr. S. Satyamurti: In view of the fact that Education, Health and Lands are now entirely provincial subjects, with which the Government of India have very little to do, may I know whether Government are considering the conversion of the Honourable Member's department into primarily a department to deal with questions concerning Indians overseas.

Mr. President (The Honourable Sir Abdur Rahim): He cannot ask that question. He is raising a much wider question.

RATE WAR BETWEEN SHIPPING COMPANIES CARRYING HAJ PILGRIMS.

1288. ***Mr. Kuladhar Chaliha:** (a) Will the Honourable the Commerce Member please state if an agreement was reached at whereby minimum and maximum fares for Haj pilgrims were fixed between the competing shipping companies for the traffic?

(b) If so, are Government aware that the Moghul Line has been charging different rates of Rs. 80, Rs. 85, Rs. 120; Rs. 125 and Rs. 130 per passenger?

(c) If so, are Government prepared to see that the agreement is adhered to by the shipping companies and prevent uneconomic and varying rates?

The Honourable Sir Muhammad Zafrullah Khan: (a) to (c). The attention of the Honourable Member is invited to the answers given by me to question No. 213 and its supplementaries on the 8th February.

Mr. Manu Subedar: Does the Honourable Member propose to address the two companies?

The Honourable Sir Muhammad Zafrullah Khan: No, Sir.

Mr. Manu Subedar: Was any statement on this subject made in the other place yesterday in which it was suggested that an arbitration settled by Government would be appointed to go into the outstanding questions between the companies?

Mr. President (The Honourable Sir Abdur Rahim): Ordinarily no reference should be made to what happens in the other place.

Mr. Manu Subedar: I have only seen a summarised report, and I am asking the Honourable Member for accurate information

The President (The Honourable Sir Abdur Rahim): The Honourable Member knows that no reference can be made to the daily proceedings which take place in the other place.

Mr. Manu Subedar: Have Government, Sir, defined any policy in the matter in regard to these rival companies in such a situation and will the Honourable Member state what that policy is?

The Honourable Sir Muhammad Zafrullah Khan: I am afraid that does not arise out of this question. The question is directed towards a specific matter, and the supplementary question is a very general one.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member said that it does not arise out of the present question. Next question.

AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

1289. *Mr. Sri Prakasa (on behalf of Mr. Sham Lal): (a) Will the Honourable the Commerce Member be pleased to state whether it is a fact that the Shakti Insurance Company, Limited, closed its life business and sent an application for the refund of securities for the face value of Rs. 25,600 with detailed statement of adjustment with life policy-holders in April 1937?

(b) Is it a fact that the company submitted a balance sheet ending 31st March, 1936, showing Life and Accident Departments separately and submitted the necessary returns for life policy only?

(c) Is it a fact that Government asked the company in its letter dated the 23rd September, 1937, whether the company is doing any other scheme than Higher Life Insurance?

(d) Is it a fact that the company sent a letter dated the 24th December, 1937, in which it was clearly stated that Golden and National policy are deposit scheme with accident benefits which are not life policies according to the Indian Assurance Act, 1912?

(e) Is it a fact that on receipt of the company's letter, the Managing Director discussed the matter with the Secretary, Commerce Department, and a final letter was issued on the 12th March, 1938?

(f) Is it a fact that according to Government's letter, dated the 12th March, 1938, advertisement for calling claims was given by the company in the *Tribune*, Lahore, and the *Tej* of Delhi?

(g) Is it a fact that out of 41 ordinary life policy-holders scheme, only two claims, policies S. H. 81 and S. H. 83, were admitted by Government?

The Honourable Sir Muhammad Zafrullah Khan: With your permission, Sir, I will answer questions Nos. 1289 and 1290 together.

There is no express provision in the Indian Life Assurance Companies Act of 1912 for the return of deposits, but Government require satisfactory proof of the discharge of a company's obligations to its policy holders before agreeing to the refund of deposits. In the case of the Shakti Insurance Company Government are not so satisfied, and have been threatened with the institution of a suit. Government have expressed their willingness to pay the deposit into Court to the credit of the Company, to be paid to the Company if the Court is satisfied that the deposit has become repayable. In view of the possibility of the matters referred to in these questions becoming the subject of a judicial inquiry, Government do not think it desirable to answer these questions in greater detail.

AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

†1290. *Mr. Sri Prakasa (on behalf of Mr. Sham Lal): (a) Will the Honourable the Commerce Member be pleased to state whether it is a fact that it was never asked by Government to adjust the accident policies, namely, Gold and National policies up to May 1938?

(b) Is it a fact that for the first time objection was made by the Government in its letter, dated the 20th June, 1938, that Golden policies are life policies? If so, why was it not issued before?

(c) Is it a fact that Government in the letter, dated the 20th July, 1938, objection regarding National policies were also added? If so, why not before that?

(d) Is it a fact that Mr. Dhruva Sharma, representative of the Shakti Insurance Company, Limited, discussed the matter of refund with the Actuary and it was promised that matter of dispute will be referred to the legal adviser?

(e) Is it a fact that the company submitted points of difference in its letter, dated the 26th November, 1938? If so, will Government be pleased to place on the table of the House a copy of the letter with legal opinion on different points and reply of the Government? If not, what action Government propose to take in the matter?

AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

1291. *Mr. Sri Prakasa (on behalf of Mr. Sham Lal): Will the Honourable the Commerce Member be pleased to state how much liability of the Shakti Insurance Company, Limited, Rupar, is existing at present according to the Government of India: ;)

(a) for ordinary life policy-holders, and

(b) for Golden and National policy-holders?

The Honourable Sir Muhammad Zafrullah Khan: In the absence of an actuarial valuation of the liabilities of the Shakti Insurance Company, Government are unable to state its liability in respect of either of the schemes mentioned by the Honourable Member.

†For answer to this question, see answer to question No. 1289.

EMPLOYMENT OF "DUFFERIN" CADETS.

1292. ***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Commerce Member state:

- (a) how many "Dufferin" cadets have passed out up to date;
- (b) how many of them have found employment; and
- (c) whether there are any companies engaged in the coastal trade of India, who have not yet employed or agreed to employ these cadets; if so, which companies?

The Honourable Sir Muhammad Zafrullah Khan: (a) Since the establishment of the Training Ship "Dufferin" 305 cadets (including seven from Burma and one from Ceylon) have completed their training and taken their Passing out "Dufferin" Certificates. Of these the number of cadets who have obtained their certificates of competency after completing their sea training is, as far as Government are aware, 99.

(b) Of the 99 certificated ex-cadets 90 have found employment (including two who are now preparing for higher examinations). The remaining nine have recently passed for Second Mate's certificate and the majority are believed to be employed.

(c) The reply is in the negative as far as principal shipping companies engaged in the Indian coastal trade are concerned.

Mr. Manu Subedar: May I know, Sir, how many of them have been employed by the P. & O. Company?

The Honourable Sir Muhammad Zafrullah Khan: I have not got the figures.

Mr. K. Santhanam: May I know, Sir, if any of them out of the 90 have become engineers?

The Honourable Sir Muhammad Zafrullah Khan: I believe so. I could ascertain the figures for the Honourable Member if he wants them.

PUBLICATION OF WEEKLY IMPORTS AND EXPORTS OF BERHAMPORE AND VIZAGAPATAM IN THE *INDIAN TRADE JOURNAL*.

1293. ***Prof. N. G. Ranga:** Will the Honourable the Commerce Member be pleased to state:

- (a) if his attention was drawn to the suggestion made by the Bengal Nagpur Railway Advisory Committee at its meeting on the 16th May, 1938, that the weekly imports and exports for Berhampore and Vizagapatam be published in the *Indian Trade Journal*;
- (b) if so, whether he has considered it;
- (c) if so, what his final decision was; and
- (d) what is the facility now provided by the said journal by way of publicity to the Vizagapatam trade and harbour?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) and (c). The matter is still under consideration.

(d) Weekly arrivals and despatches of linseed into and from Vizagapatam are at present published in the Prices and Trade Movements Section of the *Indian Trade Journal*.

STOCKS OF INDIAN TOBACCO LYING IN LONDON.

1294. ***Prof. N. G. Ranga:** Will the Honourable Member in charge of Commerce be pleased to state:

- (a) if it is a fact that large stocks of Indian tobacco have been lying in London for many months;
- (b) what are their approximate quantity and value;
- (c) what is the approximate capacity of the London and other English markets to consume Indian tobacco in a year;
- (d) whether he is aware that such stocks of our tobacco are not having a depressing effect upon the prices of Indian tobacco;
- (e) what are the ranges of prices for Indian tobacco sold in London during the last four years;
- (f) what are the main causes for the growing fall in such prices;
- (g) whether the suggestion of either destroying or returning the most unsuitable and useless Indian tobacco, which is in London, has been made by Indian tobacco exporters;
- (h) if so, what will be its proportion to the total stocks of Indian tobacco;
- (i) whether Government have prepared any scheme of allocating the losses due to the adoption of such a policy of removing the least suitable tobacco from the London market, as between all the exporters and if so, what it is;
- (j) whether there is any scheme under contemplation for prohibiting under the Sea Customs Act, such tobacco as is considered to be utterly unsuitable for being exported under the present international market conditions; and
- (k) if not, what Government propose to do to help Indian tobacco growers by way of introducing grading of different qualities of tobacco, assisting them in the foreign markets and otherwise lessening the depression which prevails in the London market for Indian tobacco caused mostly by surplus stocks, bad qualities, etc?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes, but I may state for the information of the Honourable Member that tobacco has to be stored for a minimum of about two years to mature before it is brought into use.

(b) Stocks on the 31st December, 1937 and 1938, were reported to be 31.8 and 48.9 million pounds respectively. Figures for the value of these stocks are not available.

(c) The capacity of the English market for consuming Indian tobacco depends mainly on quality. During 1937 and 1938, Indian tobacco constituted about 28 per cent. of the total Empire tobacco consumed in the United Kingdom and about seven per cent. of the whole.

(d) Stocks which are mostly for maturing as mentioned above are not responsible for influencing the prices. The position is that low grade tobacco does not meet with a ready demand and the prices of such tobacco are naturally depressed but high grade Indian fluecured Virginia tobacco meets with a ready demand at good prices.

(e) and (f). It is not possible to compare prices in London owing to the lack of standard grades and so far as Government are aware no such fall in prices appears to have taken place though there has been a small decrease in the average declared value of Indian exports to the United Kingdom.

(g) No such suggestion has been received by Government.

(h) Does not arise.

(i) No.

(j) There is no such proposal under contemplation.

(k) Under the Agricultural Produce (Grading and Marking) Act, tobacco marketing rules have been brought into operation, standard grades have been set up and a certain amount of tobacco is now being shipped in these grades. I may further add that an Indian Tobacco Association has been established at Guntur.

Mr. Manu Subedar: Have Government received any report from the Trade Commissioner in London dealing with this subject?

The Honourable Sir Muhammad Zafrullah Khan: I would require notice of that.

Mr. Manu Subedar: Have Government written to the Trade Commissioner, or do they propose writing to the Trade Commissioner, drawing his attention to the situation in which the Indian tobacco finds itself and making suggestions, having regard to the local conditions, as to what can best be done in the circumstances?

The Honourable Sir Muhammad Zafrullah Khan: I believe the Indian Trade Commissioner and his department are doing whatever is possible to help in the matter of clearing a certain amount of low grade tobacco awaiting sale. The greater part of the tobacco in London has already been sold and the stocks are with the manufacturers and not with the agents of the tobacco exporters.

Prof. N. G. Ranga: Is it not a fact that the local merchants have already made representations to the Government of India that under the Sea-Customs Act steps should be taken to prevent in future at least the export of really very low grade of tobacco which cannot command a good market in London?

The Honourable Sir Muhammad Zafrullah Khan: I do not know whether any representation to that effect has been made, but that is a consideration which must be kept very clearly in mind.

Prof. N. G. Ranga: But are Government considering the advisability of prohibiting export of any such tobacco under the Sea-Customs Act?

The Honourable Sir Muhammad Zafrullah Khan: The kind of action taken which I have described in answer to part (k) of the question should help considerably in that direction.

CONTRACT FOR GOVERNMENT BINDING WORK GIVEN TO AN OUTSIDER.

†1295. ***Dr. P. N. Banerjea:** (a) Will the Honourable Member for Labour please state whether it is a practice that when a contract for binding or printing works is given to a person he must have a binding factory or a printing press?

(b) Is it a fact that a contract for Standard File, Boards Bands, Case Covers and Slip-Blocks, etc., was given to a person having no binding factory?

(c) If the reply to parts (a) and (b) be in the affirmative, will the Honourable Member be pleased to state why the contract was given to a person having no binding factory?

(d) If the answer to part (b) be in the negative, will he be pleased to state where the contractor's factory is situated?

The Honourable Sir Muhammad Zafrullah Khan: (a) Contracts for printing and binding are given to persons or firms who are capable of doing the work for which they tender.

(b) No.

(c) Does not arise.

(d) The contractor's premises are situated at 11, Chittaranjan Avenue (South), Calcutta.

SHORTAGE OF WORK FOR BINDERS IN THE GOVERNMENT OF INDIA PRESS, CALCUTTA.

†1296. ***Dr. P. N. Banerjea:** (a) Will the Honourable Member for Labour please state whether it is a practice that no contract for binding and printing works is given to an outsider if there be insufficient work for the employees of the Government Press and Binding Department?

(b) Is it a fact that on account of the giving of a contract for some binding works, Standard File, Boards Bands, Slip-Blocks, etc., piece-hands in the employment of the Government of India Press, Calcutta, have been rendered idle for shortage of work?

(c) Is it a fact that binders in the Government of India Press are not paid any wages if they have no work?

(d) If the answer to parts (a) and (b) be in the affirmative, will the Honourable Member be pleased to state whether the pension of the said employees will be affected in any way on account of such shortage of work?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) No.

(c) Yes, so far as binders on piece rates recruited on or after the 16th July 1925 are concerned.

(d) Does not arise as there is no shortage of work.

†Answer to this question laid on the table, the questioner being absent.

REVISED SCALES OF PAY FOR EMPLOYEES IN CERTAIN GOVERNMENT OF INDIA PRESSES.

†1297. *Dr. P. N. Banerjea: (a) Will the Honourable Member for Labour please state whether it is a fact that the Government of India introduced the new revised scale in 1938 for the piece-hands and salary hands newly recruited in the employment of the Government of India Presses situated in Calcutta, Delhi and Aligarh?

(b) Will Government be pleased to state what were the maximum and minimum pay in the scale of the following salary employees and also the maximum and minimum grade rates of the following piece-hands before 1919 and 1939; *Salary employees*: Section holders, Assistant Section holders, Computers, Checkers, Accountants, Clerks, Head-readers, Second-readers, First-readers, Cashiers, Time-keepers, etc.

Piece-hands, Compositors, Distributors, Machinememen, etc.?

The Honourable Sir Muhammad Zafrullah Khan: (a) No, but there was such a revision in 1934.

(b) The maxima and minima in the scales of pay of salaried employees, as also the maximum and minimum grade rates for piece-workers, in 1939, are given in the Hand-book of the Government of India Presses, a copy of which is available in the Library of the Legislature. A statement, showing the grade rates of piece hands of the Calcutta and Delhi Presses in force in 1919, is laid on the table. The scales of pay of salaried employees of all Presses, and the grade rates of the piece-workers of the Aligarh Press, in 1919, are not readily available.

Rates per hour for men working on time.

Class—		Rs. A. P.
19, earning above Rs. 40		
20, " " Rs. 35 to Rs. 40		0 4 0
21, " " Rs. 30 to Rs. 35		0 3 6
22, " " Rs. 25 to Rs. 30		0 3 0
23, " " Rs. 20 to Rs. 25		0 2 9
24, " " Rs. 15 to Rs. 20		0 2 3
25, " " Rs. 15		0 1 9
26, " " Rs. 14		0 1 4
27, " " Rs. 13		0 1 3
28, " " Rs. 12		0 1 2
29, " " Rs. 11		0 1 1
30, " " Rs. 10		0 1 0
31, " " Rs. 9		0 0 11
32, " " Rs. 8		0 0 10
33, " " Rs. 7		0 0 9
34, " " Rs. 6		0 0 8
35, " " Rs. 5		0 0 7
36, " " Rs. 4		0 0 5
		0 0 4

†Answer to this question laid on the table, the questioner being absent.

PETITION SENT BY THE LABOURERS OF THE GOVERNMENT OF INDIA PRESS, CALCUTTA.

†1298. *Dr. P. N. Banerjea: (a) Will the Honourable the Labour Member please state whether it is a fact that on the 27th July, 1938, the labourers of the Government of India Press, Calcutta, sent a petition to the Honourable Member in charge of Labour through the Manager of the Press and the Manager declined to send it?

(b) If the reply to part (a) be in the affirmative, why did the Manager refuse to forward the said petition, and what step has been taken, or is intended to be taken, in this matter? If none, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). Petitions were received by the Manager of the Government of India Press, Calcutta, in August last not direct from the labourers of the Press but through an outside agency. The petitions were also incorrectly addressed and were returned to the employees concerned with instructions to follow the correct procedure. The petitions were not re-submitted after they were returned by the Manager. Government do not propose to take any action in the matter.

VIOLATION OF THE PROVISIONS OF THE PAYMENT OF WAGES ACT IN THE GOVERNMENT OF INDIA PRESS, CALCUTTA.

†1299. *Dr. P. N. Banerjea: (a) Will the Honourable the Labour Member please state whether it is a fact that the Manager of the Government of India Press, Calcutta, violates the provisions of the Wages Act by deducting certain time from the time allowed by the Section-holders to the Compositors of the Press with the help of the Checker and also by imposing late fine on the workers of the said Press without sanction of the Local Government?

(b) If the answer to part (a) be in the affirmative, will Government please state if any steps have been taken by them in this matter? If not, why not?

(c) Will Government be pleased to state how many hours have been deducted in the Government of India Presses at Calcutta, Aligarh and Delhi, by the Checker in the year 1938?

The Honourable Sir Muhammad Zafrullah Khan: (a) No.

(b) Does not arise.

(c) Government do not propose to collect the information as in their view the result will not be commensurate with the time and labour involved.

PROTECTION OF INDIAN INVESTORS FROM DOUBTFUL FOREIGN VENTURES.

1300. *Mr. Mann Subedar: (a) Will the Honourable the Commerce Member please state whether Government have seen the appeals sent out by companies not registered in India or the United Kingdom, such as the Commercial Pine Forests Limited of New Zealand, canvassing for funds and investments in shares and bonds in this country?

†Answer to this question laid on the table, the questioner being absent.

(a) whether his attention has been drawn to a passage in the *Statesman* of the 24th February, 1939 (Delhi Edition), published under the heading "Colour Bar";

Reply

Shrimati K. Radha Bai Subbarayan (Madura and Ramnad cum Tinnevely: Non-Muhammadian Rural): Mr. President, I strongly support the amendment which has been so ably moved by my Honourable friend, Prof. Rangū. In fact, I wish it had gone further and suggested that the charges should be three pies for a single postcard and six pies for a reply postcard. The justice and righteousness of this demand for lowering the charges for a postcard are so obvious that I am amazed that the Government cannot, and will not, understand and appreciate them. I know that there is a tendency in the opposite Benches to laugh at this matter and speak derisively of it as a "hardy annual". It is quite easy for an irresponsible Government to laugh at such matters as this, but it is not a laughing matter for the poor people of this country, and those of us who live and work amidst the poor people realise too well the importance of this question.

[Shrimati K. Radha Bai Subbarayan.]

In spite of what may appear to be a futile attempt to impress on the Government the importance of this question, we are striving to achieve our aim in the earnest hope that some day there will be a change in the heart and vision of the Members occupying the front Benches on the opposite side.

Sir, I pointed out that the absurdity of the scale of charges for a postcard is too obvious, but conforming to the fashion set by the Finance Member in language, I would say that it is 'utter nonsense' to charge nine pies for a postcard and one anna for a letter! I never heard of it till the Government of India introduced it. I do not think that even the bankrupt Tughlak kings would have thought of adopting such a measure.

Sir, I listened very carefully to the speech of my Honourable friend, the Director General of Posts and Telegraphs, and he will pardon me if I say that it has left me unconvinced. It is not my intention to cast any personal reflection on him and, in fact, I have great admiration for his ability, intelligence, enterprise and earnestness to improve his department. I quite realise that while he was speaking he was only the sound box of the Government gramophone, and his arguments were consequently too laboured.

One of the permanent arguments brought forward is the loss of revenue that will be incurred if this amendment is accepted. Personally I feel that there is not much ground for entertaining these fears of loss of revenue. Granting for argument's sake that there will be a certain amount of loss, I would appeal to Government to give their earnest attention to the point brought forward by my Honourable friends, like Mr. Aney, that the postal service should be considered a kind of social service to meet the requirements of the poorer class of people. Also, my Honourable colleagues have suggested several methods for covering the loss of revenue that might be incurred. For lack of time I do not want to repeat all the proposals that have been put but I do assert that it is the duty of the Government to give their earnest attention to all of them.

Sir, India is a land of villages and of vast distances and the increasing poverty of the country tends to break up homes and send the members of a family to different parts of the country in search of employment and sustenance. The main if not the only ray of sunshine that in their drab life is the receipt of news of the distant members of their family which they can secure only by means of the postcard. I feel it is cruel of the State to deny them this ray of sunshine by increasing the cost of the postcard so much as to make it almost prohibitive.

My Honourable friend, Mr. Bewoor, stated, Sir, that it was wrong to believe that poor people, and not the wealthy, use the postcard. I would point out that he has misunderstood us. Our argument is not that the poor alone use the postcard but that the poor people understand the importance and value of the postcard much better than the wealthier people do, as the latter can afford to use the letter post. He also read out some letters to us to show that wealthier classes like those in business firms and professions use the postcard. May I point out that they do not do it from any compulsion. In their case the use of the postcard is only optional and it only proves that even wealthy people like to save a little money if it is possible for them to do so. The poor people are

obliged to use the postcard simply because owing to their extreme poverty they are not able to use any other form of postage.

Sir, he next quoted some figures to show how many postcards have been used during certain years. Here again, I was surprised at the smallness of the figures, taking into consideration the vast size and population of our country. Also, we have to bear in mind, as he himself pointed out, that these figures included the postcards used by the wealthier classes such as those mentioned by him and with whom he has had correspondence on the subject. When we take all these points into consideration we realise how strikingly small is the number of people who avail themselves of the postal facilities. Finally, he held out a threat that if the charges for postcards are reduced and there is a consequent loss of revenue,—a belief which the Government seem to hold tenaciously—it will not be possible for the Postal Department to extend postal facilities to rural areas. I admit that we, on this side, have been constantly urging that there should be an extension of postal service into the rural areas of our country but if the postal service is to be extended to the rural areas the people of those areas should be able to take full advantage of that service which will not be possible if the charges for postcards are still to be maintained very high, and beyond the reach of the poor people. Consequently the Government might find that the post offices in the rural areas are not a paying concern. All the arguments that my Honourable friend, Mr. Bewoor, placed before us, seem, in my opinion, to support our contention and not the policy of the Government. It seems to me, Sir, that the trouble is that the whole time their mind is moving in a vicious circle and I do feel that they should break this circle and pursue a straightforward policy for the benefit of the great mass of our people.

Sir, the Government feel offended if they are charged of callous indifference to the needs and difficulties of the poor people but I would point out that it is their own actions which substantiate this charge and show that it is not the fruit of the imagination of any section of our people. If proof were necessary that the Government are callous to the interests of the poor people, the salt tax and the postal rates alone are sufficient. The Government, as I said before, are always talking of balancing the budget but they fail to realise that it is not the Government alone who have to balance the budget. The poor man has also to balance his budget. The resources of Government are elastic but the resources of the poor man are limited. In fact, they are rigidly limited and it is impossible for him to balance his budget without sacrificing some of the necessities of life. The Government, as has been shown by several of my Honourable colleagues, on this side of the House, can easily balance their budget without sacrificing any of the essential thing necessary for the existence of a Government.

Lastly, I would mention one point. Only the other day an appeal for support of a most worthy cause was given to us bearing the signature of a noble lady who, I understand, is not a stranger to the Honourable the Finance Member. I was much impressed by the concluding portion of that letter which assured the Honourable Members of the House that they would not be troubled with a repetition of the appeal if it received a response now. I follow her example and I assure the Government that if they accept this amendment today, there will be no repetition of this subject from this side of the House.

Mr. Kuladhar Chaliha (Assam Valley: Non-Muhammadan): Sir, I consider myself a very reasonable man on this side of the House and I only make reasonable demands, but I am forced to the conclusion that the Government of India are trying to help the rich and oppress the poor and tax them as much as possible. We have a population of 322 millions in an area of 1,522,893 square miles, but we have only 24,167 post offices, 52,253 letter boxes. Out of these post offices, 4,597 are urban post offices and 19,570 are only rural post offices. For 32 crores of people, we have only 19 thousand post offices. Is it fair for the masses? They say that if they lower the price of the postcard by one pice, they will lose about 50 lakhs but they are prepared to lose 16½ lakhs on the telegraph, much more on the radio, and much more on the Air Mail. These services are generally patronised by the richer and well-to-do classes, that is the reason why they have not met our demand which we made during the last 15 years for the reduction of the price of the postcard. Another reason is that the representatives of the masses are not sufficiently vocal. That is the reason why the Honourable the Finance Member does not listen to us and we have not been vocal enough to impress him.

The Honourable Sir James Grigg (Finance Member): Don't make that mistake. You are quite vocal enough.

Mr. Kuladhar Chaliha: Thank you, you are very anxious to please the ladies and gentlemen who are known to you so that they may have their radios easily fitted up inexpensively and may have licences at a cheap rate so that they may go on with their music the whole night to the disturbance and annoyance of their neighbours. That is all that you have been doing; you cannot give us a relief of 40 lakhs but you throw away thirty lakhs or more for the sake of the rich. You patronise the big and the rich industries. Sir, you will be surprised to hear what is their so-called anxiety for the masses when I tell you that we have one post office to sixty-three square miles, and one letter box serves twenty square miles; and one post office serves 13,329 people, and one letter box serves 4,218 persons. Now is that sufficient? Whereas in towns you have enough of it—for about four thousand urban population there is one post office, whereas in villages, you have given one post office for 13,329 people. So are you serving the masses? Are you really anxious for the condition of the poor people? Is your policy tending to the spread of literacy? In Bengal and Assam, there is a little more provision, viz., one post office serves thirty-four square miles, but in the Central Provinces it is worse, viz., for one hundred and fifty square miles there is one post office, and it is still worse in Sind and Baluchistan, where one post office serves for three hundred and eighty two square miles. The condition of Assam and Bengal is a little better but the position is the worst in Sind. (A voice: "What about Assam?"). If you take Assam, particularly, I am afraid the position will be very bad if you include the population and the area of the partially excluded areas, wholly excluded areas, but Assam being tacked on to Bengal, the figures seem to show the position of Assam to be favourable. You will find that 682 million postcards were sold in 1928-29, it came down to 378 million in 1937-38 with the enhancement of the price. It works out at 1.1 postcard to each man per annum and you charge three pice for that. Three pice for each postcard means, as my Honourable friend, Mr. Ananthasayanam Ayyangar, pointed out, almost half a day's wages of an

average villager. In England, the postcard is a penny, whereas the average Englishman's income is Rs. 1,100 and the income of the Indian is only about Rs. 100 per annum. Look at the difference! What a comparison? Britishers drawing salaries of more than a thousand rupees can post their letters to England for two and a half annas.

Now, why this discrimination? The postage from here to London is only two and a half annas, whereas the postage from here to Assam or to any distance is nine pies for a postcard and an anna for an envelope. The only reason for this differentiation is that the Government of India stand not for the poor people but for the rich and for the very rich, for the white people and for the Europeans, that is the irresistible conclusion to be drawn from this discrimination. Yet my friend, Mr. Bewoor, the other day, was waxing eloquent that the postcard is used by traders and, therefore, he said there is no reason why it should be reduced. But he has forgotten that the price of the postcard ultimately comes out of the consumer; the traders are jolly well careful to see to that. He has forgotten the low scale of wages of labourers in tea and coffee plantations, who have to pay three pice for a postcard, which means a pretty good portion of a day's wage. I would invite my Honourable friend to visit the slums of Delhi. If he does so, he will find what misery there is there. Go behind the Juma Masjid of Delhi you will find slums existing and you will know that they cannot get half a pound of milk for their little children. You are all Anglicised and used to higher standards of life, what can you imagine about the conditions of life among poor people? You live in a different environment, the artificial English environment prevailing in Anglicised Indian homes. What do you know about conditions in India? You have a luxury postcard, an artistic envelope and so on and so forth. You are absorbed in an engaging fashion in conversations with people that are near about you and your standard of living but you turn a deaf ear to what people living far away in the outlying parts of the country have to say, and you absolutely refuse to try to understand us.

Sir, if you lower the price of the postcard, I say, there will be no loss at all. Mr. Bewoor estimated that there would probably be a ten per cent. increase yet the loss will be forty lakhs. But if the lowering of the postcard price is continued for some years, I am sure it would be otherwise, and make up entirely for the immediate loss. In 1927-28 8½ million postcards were sold. I am sure with the reduction in price the issue of postcards will rise more and more and, in the long run, it will pay. Sir, moreover, that will improve the literacy in the country; at present the lack of that is due to the want of proper communications and facilities and the lack of these leads to your depriving the poor man of that amount of literacy and that amount of knowledge which others get. And it is one of the reasons for which we insist that the post office must be made a medium for imparting knowledge and disseminating information about sanitation, about health and about many other things, but by enhancing the price of the postcard and the postal rates, Government have thereby deprived the poor people of the advantage of a little luxury. Sir, this Government are unsympathetic and callous to the pleadings of the poor people; they never feel for the poor, but their anxiety is only for the rich,—they care only for the people who pay high income-tax and super-tax, they are very attentive and deferential towards the ready-money variety, but they don't care for the back-benchers who

[Mr. Kuladhar Chaliha.]

move and live with the masses and who understand them better than the front benchers from the city, (A voice: "Oh, oh!") Truth comes uppermost, i.e., why we are so hostile to the Treasury Benches. Sir, the Government only want to listen to men of wealth, men who indulge in luxuries and drive in Rolls-Royces, but they fail to hear those who ride a ramshackle tonga or still worse a *gharry* drawn by bullocks under impossible road conditions. When the millionaires come to you, you understand their point of view and you talk to them but you don't care to understand the poor man. You are only anxious to balance the budget. As Mrs. Subbarayan has put it, you should see that we are to balance the poor man's budget as well. It is not the rich man for whom you should be so solicitous. You should not only balance your budget but you should also balance the poor man's budget. Unless you are able to do that, you will never get the help you want. Our first duty is to remove the misery and poverty of the poor people and as you have kept us in a blissful ignorance, the only solution is to fight against the people who rule over us and who have contrived to keep us in perpetual misery. Therefore, I support the motion before the House and I whole-heartedly subscribe to the view that the price of the postcard should be reduced to half an anna.

Mr. K. Santhanam Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, the Director-General of Posts and Telegraphs based his opposition on two main grounds. In the first place, he said that the Department could not afford the reform. In the second place, he contended that if they could afford it, they would prefer to improve the other facilities of the Postal Department. It is the second contention which he has got the entire control of the policy of the postal department. I want to establish by facts mentioned in their own reports that it is a deliberate policy of the Government of India to discourage the use of postcards and divert the use of postcards to the use of letters. On page 3 of the report of the work of the Indian Posts and Telegraphs for 1937-38 they say:

"From the commencement of the financial year 1936-37, the inland letter postage of India was placed on a rational basis of one anna for a weight not exceeding one tola."

They said that this change in 1936-37 from 1½ anna to one anna was meant to establish the letters on a rational basis. I want to explain how they arrived at this "rational" basis. They have given a most interesting graph (graph No. 2) in this report. From this I find that in the year 1936, the number of letters was increasing almost in a straight line. Both letters and postcards had declined from the peak years of 1926-27 and 1928-29 up to 1932. But in the year 1932 the letters began to rise steeply, while the postcards went on declining. That meant that the people who were using the letters had recovered from the depression and were improving. But after the reduction of letters from 1½ anna to one anna in 1936, the graph has not altered. It is going on in the same straight line. Therefore, what they did was to increase the facilities for those who were well able to afford it, while the graph for the postcard is going down and down. This proves clearly that it was not economic to have the price of the postcard at nine pies so far as the users of the postcards were concerned. It was not an economic proposition, because they did not use the postcards. On the other hand, the use of it went on declining. But they gave facilities to those who were using the letters. If this diversion from the postcards to

the letters was a calculated policy and if they had placed it before the House and it was adopted by us, then I could understand it. It might have been a proper thing if they were trying for a universal one anna postage for letters in India as they have one penny postage in England. But did they successfully do it? That is the point.

I shall quote some figures as against the figures which were quoted by the Honourable the Director-General. In 1928, the total number of letters of persons who were using both postcards and letters was 585 millions for postcards and 535 millions for letters, in all 1,120 millions. Last year, that is, in the year 1937-38, the total was 585 millions for letter and 395 millions for postcards, in all 980 millions. Therefore, there was a decrease of 140 millions. During these ten years the population of India had increased by 30 millions. So, in spite of the increase of 30 million people, the total postage, both letters and postcards, had decreased by 140 millions. If we allow a proportionate increase due to the increase in the population, then the total decrease in postcards and letters should be 230 millions or 23 crores. If this increase of 23 crores occurs only in postcards, it would give them 75 lakhs of rupees. Even if on account of a diversion from letters to postcards due to the reduction in the postcard rates, they may lose some 20 lakhs, they would have recovered the entire sum which they are likely to lose by this change in the price of the postcards. When we find that in spite of the recovery from depression, the postcards were declining in number, they knew that those who were using postcards were not able to buy them at that rate and yet they went on maintaining that rate. On the other hand, they knew that those who were using 1½ anna letters were ready to use them at that price as shown by the graph, and yet they decreased it to one anna. They wanted to bring the letters to a "rational" basis although there was no economic basis for the reduction. These facts go to show that though the Postal Department knew that the people who were using postcards could not afford that price, yet they did not reduce the price. But those who could afford it were given additional facilities by the reduction of 1½ anna to one anna. If that reduction were necessary, then the line on the graph instead of going straight should have gone in a much steeper vertical direction. The graph also shows that so far as postcards are concerned, they had not put them on a "rational" basis at all. He had used the argument that the middle classes were also using the postcards. Some of them, I admit, are bound to use them, but I would refer the Honourable Member to page 50 of the report. There I find that in the year 1936-37, the number of unregistered packets was 114 millions and in 1937-38 their number was 119 millions. On the other hand, so far as postcards are concerned, in the year 1936-37 there were 402 millions and in the year 1937-38 there were 391 millions. It comes to this that the unregistered packets increased by about five millions whereas the postcards decreased by eleven millions. One reason is that the rate for this book packet was reduced to half an anna and, therefore, there was a diversion from the postcard to the unregistered packet. The commercial people used these unregistered packets and thereby saved three pies.

Mr. G. V. Bewoor (Director General, Posts and Telegraphs): You cannot send a postcard by the book packet rate.

Mr. K. Santhanam: It is a question of substitution. Instead of sending the receipts bills, etc., by postcards, they sent it by book packet. Otherwise, there is no reason why the sale of postcards should decline. Is there no relation between the postal department and

[Mr. K. Santhanam.]
the trade of this country? Any Honourable Member from the European Group or the Honourable the Finance Member will tell the Director General, Posts and Telegraphs, that the recovery which began in 1934-35 reached its peak in 1937-38. Why should postcards come down? There should be some rational explanation for that. It went down by eleven millions. What is the explanation which the Director General has to offer for this going down? Why should unregistered packets go up by five millions? That is because of the decrease in the rate for unregistered packets from nine pies to half anna. I say that caused a diversion. But for that diversion he would have got much more traffic in postcards. That explains the decrease of eleven millions. I do not think the Honourable Member will be able to give any better rational explanation for these figures except on the basis, that it is the deliberate and calculated policy of the Postal Department to divert from postcards to letters. If it is really an economic proposition, I shall have no objection. If our poor people are able to pay one anna for a letter, I shall have no objection. But our people are not able to pay. I have proved that in the ordinary course of events there should have been an increase of 23 crores of postcards and that increase has been stopped by the policy of the post office in trying to divert from postcards to letters and unregistered packets. After all, these things cannot be met by mere arguments. Let them try this experiment for three years. As an experimental measure let them reduce the price of the postcard to six pies, let them watch the natural increase in the volume of postcard traffic. I am sure it will bring 75 lakhs.

How are you going to give increased facilities for the poor people? There may be arguments for and against. We have been crying hoarse for the last so many years. You make the experiment. After all, it does not matter if for two or three years you do not pay the interest charges to the Central Government. Even if there is loss, there are other means of recouping the loss. In 1937-38, you sent out five lakhs of inland telegrams and the Telegraph offices sent 25 lakhs of words on foreign telegrams. If you only put up by one anna per internal telegram and one anna per word on foreign telegram, you will get 25 lakhs which will make the Telegraph Department self-supporting, which will cover the loss in the Telegraph Department and this will enable the Postal Department bring about a reduction in the postcard rate from three pice to two pice. If there is a reduction in the postcard rate this year, there might be loss next year, or the next two or three years. I am certain that in course of time the reduction of the price of postcard from nine pies to six pies will prove a profitable proposition. It is not for nothing that the Posts and Telegraphs Department is joined to the Department which deals with Railways. We know what is the policy of the Railway Department. For first class, give the maximum accommodation, charge the minimum and incur the maximum loss; for second class, charge a little more, incur some loss and provide a little less accommodation; but for the third class, charge the maximum, provide the least accommodation, in fact allow as much overcrowding as possible and exact the maximum revenue. This is exactly the policy which is followed in the post office also. I say this is a ruinous policy, it is an irrational and uneconomic policy. I say this vast population of India forms a big iceberg which is to be melted and once it melts, then the Postal Department will reap profits, not in lakhs but in crores. Formerly, in 1928-29, the average per head of the population was three letters including postcards. Now, today, after ten years of benign British rule, the average

has come down to 2½ and if this policy is pursued, I am afraid that within the next ten years, the average will go down to two and even less than two?

I want to draw the attention of the House to another factor. In the country at present there is a genuine and earnest large scale literacy campaign going on. Every Provincial Government has inaugurated it. They have prepared plans. By borrowing or from revenues, the Provincial Governments are bent upon spreading literacy and education among the masses. This is the time when the Postal Department should adopt a much more enlightened policy. They must make use of this literacy campaign. They must make use of this increased education. How can they make use of this education except by reducing the price of postcards so as to make the postcards available to the poor people.

There is another consideration which is most relevant. The postcard is an attraction to the poor man, not only because it is cheaper than a letter, but also because it is a thing on which he can write straight away in the rural parts. It is very difficult for a poor man in the rural parts to get a letter paper. If the Government were enlightened enough, they would put a letter paper in each one anna envelope. If they do it, it will be some service to the poor people in the rural parts. Ordinarily, what happens in village parts is this. The man simply goes to a post office, buys a card and writes on it and posts it and comes away. There is no such facility in a one anna cover. He has to get a letter paper, write out what he wants, then address the cover, paste the envelope and then post it. I am not speaking from my own imagination. I was for five years in Gandhi Ashram in South India. The people from the neighbouring parts used to come to the Ashram every day and ask Mr. C. Rajagopalachariar, now the Premier of Madras, who was then in the Ashram, to write letters. I have seen him writing out letters for the poor people for two or three hours daily at a stretch. That is a fact. Unfortunately, the Director General of Posts and Telegraphs, when he takes leave, does not go into rural areas and see the people for himself. He goes out perhaps to foreign countries to refresh his health. That is the trouble with our officials.

In conclusion, I submit, this reduction in the postcard rates is an experiment worth trying. I am prepared to enter into a pact. Let the Government try this experiment for three years, if they find that the postcard traffic does not increase to compensate for the loss incurred on account of the reduction of the price of postcards, then they can come to the Legislature and say: "we tried the experiment for three years and the result is loss". After all, even if there is a loss—I do not admit there will be any loss—even if there is loss of 60 or 70 lakhs, it does not matter. They have lost two crores in press telegrams which they are repaying gradually, when ever there is a surplus. I am certain that this reduction in postcard rate will abundantly repay the Government. Anyhow it is an experiment worth trying. If they do not try this experiment, then the irresistible conclusion to which we have to come to is that the Postal Department are not anxious to give increased postal facilities to the poor people of the country, that they will neither think for themselves nor allow others to think for them, neither have they the wisdom nor will they take wisdom from others. That is the only inference which the people of India will have to draw. I hope my words will not fall on deaf ears and I hope the Government will soon make this experiment at least for the time being. Sir, I have great pleasure in supporting the amendment.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted:

'Single	...	...	...	...	...	six pies,
Reply	...	...	...	...	...	one anna'."

The Assembly divided:

AYES—56.

Abdul Qaiyum, Mr.
Abdul Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Banerjee, Dr. P. N.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Kushalpal Singh, Raja Bahadur.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Rajah, Raja Sir Vasudeva.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Sivaraj, Rao Sahib N.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—42.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shams ul-Ulema.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.

The motion was adopted.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head '*Registered Newspapers*' the following be substituted:

'For every additional ten tolas or fraction thereof, in excess of ten tolas ... quarter of an anna'."

There is an obvious lacuna in the Bill as it has been drafted, and, in order to fill that up, my Honourable friend, Mr. Bewoor, has got amendment No. 41 on the order paper which I presume he will move after this amendment has been disposed of. I should like him to give an idea to the House of the general policy of Government as regards registered newspapers in the light of the other amendments that are on the order paper, so that we may know exactly where we stand on the subject. I am moving this amendment only to draw the attention of the House to this one simple fact. So far as the rest of the items on the whole of the Schedule is concerned, we find that succeeding units are always charged less than the first unit. For example, in letters the second unit is charged half anna, while the first unit is charged one anna. In book, pattern and sample packets, the first unit is charged six pies, while the next unit is charged three pies. But in this particular case—taking it that Mr. Bewoor's amendment is going to be accepted—it seems that the later unit is charged higher than the first unit. I do not understand the logic of the situation. The first unit is ten tolas and charged one pice; the next unit is ten tolas and it is also charged one pice; then the next unit is twenty tolas and is to be charged half anna. Thus, if a newspaper weighs 21 tolas it has to pay four pice, and, according to the amendment that I am moving, I take the unit as ten tolas and want every ten tolas to pay one pice and no more. I hope the Government will see the logic as well as the justice of the claim I put forward and if possible accept my amendment. I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head '*Registered Newspapers*' the following be substituted:

'For every additional ten tolas or fraction thereof, in excess of ten tolas ... quarter of an anna'."

Mr. G. V. Bewoor: Sir, Mr. Sri Prakasa inquired why in the case of the newspaper rate the first unit is ten tolas, the second 20, and after that it goes up by stages of 20 tolas at a time. It is somewhat difficult for me to explain this without going into history of the newspaper rate. Prior to 1862 the first unit was 20 tolas and the charge half anna. Later on, in order to give to the lighter and cheaper newspapers a specially cheap rate, the initial rate of quarter anna was introduced. When this was first introduced the initial weight allowed for the quarter anna was only three tolas. In the course of years the initial weight was raised from three to four tolas in 1898, to six tolas in 1906, to eight tolas in 1909 and to ten tolas in 1936. He will, therefore, understand that the fact that we give an initial stage of quarter anna for the first ten tolas is itself a concession. Now, he wants to introduce his new rate of ten tolas stages. I would like to inform him that really he is not going to afford any real benefit by this change, because over 92 per cent. of the registered newspapers are in the first category of ten tolas, and only two per cent. of the newspapers are above 20 tolas:

[Mr. G. V. Bewoor.]

so that if there is going to be any concession at all it will be only to two per cent. of the newspapers. I would further point out that though I have given these figures for newspapers as a class, if we were to take into consideration the number of copies posted of each class, because some newspapers post more copies than others, we find that 99.3 per cent. are within the first 20 tolas. Therefore, I think that the existing rate is quite reasonable and it is not worthwhile making any change. I, therefore, oppose the amendment.

Maulvi Abdul Ghani (Tirhut Division: Muhammadan): Sir, the Honourable the Mover gave very sound reasons for his amendment, but though it is sound to us, it is not so to the departmental head. The Director General, Posts and Telegraphs says that it would only benefit two per cent. of the newspapers, but even that two per cent. is grudged by him. I would only say that his way of thinking is penny wise and pound foolish and I will illustrate my point by a few instances. The Director General is always fond of giving contracts to the highest tenderers and, as I know, he always rejects the lowest tender on whimsical grounds that it is from a postal peon.....

Mr. G. V. Bewoor: How is this relevant, Sir, on a newspaper rate amendment?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has not got the grievances of postal peons now—not on this amendment.

Maulvi Abdul Ghani: I am not going to ask for the redress of grievances of postal peons: I am simply going to show how money under this department is wasted.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot deal with that now. The only question is whether this rate ought to be reduced or not.

Maulvi Abdul Ghani: I would say that if proper care is taken by the departmental head in spending money, the losses under that head if checked can be utilised in paying the loss caused by the demand made.....

Mr. G. V. Bewoor: I have said nothing about losses caused by this amendment.

Maulvi Abdul Ghani: My friend may not have said it, but he has said that it would benefit only two per cent. and even that two per cent. is grudged by him. If he had supported them, then there was no necessity of any Member speaking on the amendment. I was saying that if some care is taken in the Department, some money will be saved and I was going to discuss that the highest tenders are always accepted and lowest tenders are always rejected.....

Mr. President (The Honourable Sir Abdur Rahim): All that has nothing to do with this amendment.

Maulvi Abdul Ghani: The second reason is that under this Department unnecessary extensions of services are allowed

The Honourable Sir James Grigg: What has extension of services got to do with this?

Mr. President (The Honourable Sir Abdur Rahim): It has nothing to do with this: probably the Honourable Member has nothing pertinent to say in regard to this Amendment.

Some Honourable Members: The question may now be put.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the question be now put."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head 'Registered Newspapers' the following be substituted:

'For every additional ten tolas or fraction thereof, in excess of ten tolas ... quarter of an anna'."

The motion was negatived.

Mr. G. V. Bewoor: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head 'Registered Newspapers' the following be inserted:

'For every twenty tolas or fraction thereof, exceeding twenty tolas ... Half an anna'."

It will be noticed from the Schedule that there is a lacuna and there is no rate provided for registered newspapers weighing more than twenty tolas. It was an unfortunate omission in copying, and my amendment proposes to supply that omission.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, at the end of the entries under the head 'Registered Newspapers' the following be inserted:

'For every twenty tolas or fraction thereof, exceeding twenty tolas ... Half an anna'."

The motion was adopted.

Mr. Sri Prakasa: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, at the end of the entries under the head 'Registered Newspapers' the following be added:

'In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet

'For a weight not exceeding ten tolas ... Half an anna.

'For every additional five tolas or fraction thereof in excess of ten tolas ... Quarter of an anna'."

The Honourable Sir James Grigg: Perhaps it would shorten the debate if I said that though I do not think the amendment is very well drafted, we are prepared to accept it, without any oration from my Honourable friend.

Mr. Sri Prakasa: I am sorry I have not yet read the whole of the amendment. There is the proviso* also.

*"Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office."

The Honourable Sir James Grigg: You need not read that either.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, at the end of the entries under the head '*Registered Newspapers*' the following be added:

"In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet

For a weight not exceeding ten tolas ... Half an anna.

For every additional five tolas or fraction thereof in excess of ten tolas ... Quarter of an anna.

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office."

The motion was adopted.

Mr. Lalchand Navalrai (Sind: Non-Muhammadian Rural): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

For a weight not exceeding ten tolas ... One anna.

For a weight exceeding ten tolas and not exceeding twenty tolas ... Two annas.

For a weight exceeding twenty tolas, but not exceeding forty tolas ... Four annas.

For every forty tolas and fraction thereof exceeding forty tolas ... Four annas'."

Sir, I thought that the fortunate Mr. Sri Prakasa who got his amendment accepted, without any oration, was not the only exception, and that I would also be fortunate to get my amendment accepted without a long speech. I also presume that some other amendments of his are going to be accepted,—I mean his amendments Nos. 45 and 48.....

The Honourable Sir James Grigg: None of them.

Mr. Lalchand Navalrai: Sir, my object in moving this amendment is quite plain. It is inequitable that there should be a sort of flat rate of duty for parcels of all weights, that is to say, for a parcel weighing two tolas, four tolas and 40 tolas the rate should not be four annas all round. It might be said that this amendment will go to helping the rich, and, therefore, the Honourable the Finance Member, who has no soft corner for the poor man and is a friend of the rich, would like the present rates to remain as they are, because, if my amendment is accepted, the rich man will have to pay more and the poor less. But I have moved this amendment in order that justice may be done to every one, whether he is rich or poor. Every one should receive equal justice. It is not fair that, because parcels are sent mostly by rich people, the rate should remain as it is, which is a flat rate, and which is unjust and inequitable. There is a proverb which says "Two pice for vegetable, also two pice for nuts". Therefore, I submit, there should be some equitable method of charging the rates for parcels of different weights. The principle laid down by the Honourable the Finance Member is not consistent with the one adopted in the slab system for income-tax which slab system is a graded one. If he takes his stand on that principle and wants to charge income-tax according to gradation, then it is only fair that he should adopt the same principle in regard to charging the rates for parcels also according to their weights, and not on all weights alike. Sir, this amendment of mine is, on the face of it, and also in spirit,

a just and reasonable one. I know I heard the Honourable the Finance Member to say that he would oppose this, but I expect my friends of the Congress Party and also of other Parties to support this amendment and make the rate more just and equitable. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

"For a weight not exceeding ten tolas ... One anna.

For a weight exceeding ten tolas and not exceeding twenty tolas ... Two annas.

For a weight exceeding twenty tolas but not exceeding forty tolas ... Four annas.

For every forty tolas and fraction thereof exceeding forty tolas ... Four annas'."

Mr. G. V. Bewoor: Sir, Mr. Lalchand Navalrai has justified his amendment on the ground of what he calls equity. He considers it unfair that a parcel weighing ten tolas should be charged four annas, and that a parcel weighing 20 tolas should be charged the same rate as a parcel weighing 40 tolas, viz., four annas. We can pursue this argument and reduce it to absurdity. It is equally unfair that a parcel weighing one tola should, under his proposal, be charged one anna while a parcel weighing ten tolas is charged the same, viz., one anna. After all, the parcel traffic is intended for despatch of articles, and, therefore, we fix a fairly high initial unit of weight. The existing rate of 40 tolas for four annas was introduced in April, 1937, and in introducing the amendment at that time Sir Frank Noyce explained in great detail the reasons why we omitted the first unit of 20 tolas for two annas and introduced a unit of 40 tolas for four annas. In every country in the world, the first unit of weight for parcels is a high one. In England it is three lbs., in South Africa ten tolas, but the charge is two annas and no communications are allowed in parcels; in France it is 257 tolas, in Australia 40 tolas, in Canada 40 tolas, Germany 428 tolas, and the United States of America 40 tolas. The main point is that for parcel traffic a high rate of first unit is adopted in order to prevent diversion of letters to the parcel post. One of the effects of the amendment of my Honourable friend would be that all letters weighing more than one tola and up to ten tolas would go as parcels. I do not wish to elaborate this point, but it will suffice if I mention that if my Honourable friend, Mr. Lalchand Navalrai's amendment is accepted, the loss in our receipts in a year would be one crore and 6½ lakhs. For this reason I am unable to accept the amendment.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

"For a weight not exceeding ten tolas ... One anna.

For a weight exceeding ten tolas and not exceeding twenty tolas ... Two annas.

For a weight exceeding twenty tolas, but not exceeding forty tolas ... Four annas.

For every forty tolas and fraction thereof exceeding forty tolas ... Four annas'."

The motion was negatived.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted:

"For a weight not exceeding twenty tolas ... Two annas.
For a weight exceeding twenty tolas but not exceeding forty tolas ... Four annas."

This is a very modest amendment, and I only want to go back to the charges which were in force till March, 1937. The first initial weight is what really counts, and I suggest that 40 tolas which is a pound is too much. That is far too high and I would submit that we must go back to the old initial weight of 20 tolas. Yesterday, my Honourable friend, Mr. Joshi, said that the Postal Department is making a gift to the merchants of the loss which it incurs on the Telegraph Department. But I may inform Mr. Joshi that the merchants, though they are the largest subscribers to telegrams,—there is still another department, the Telephone Department, which is patronised mostly by the merchants, and there the Postal Department earns more than 40 to 50 lakhs, which is much more than their loss on the Telegraphs. I need not go further into the matter. I request that this amendment may be accepted.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted:

"For a weight not exceeding twenty tolas ... Two annas.
For a weight exceeding twenty tolas but not exceeding forty tolas ... Four annas."

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

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore cum North Arcot: Non-Muhammadian Rural): I just stood up to understand something of what Mr. Bewoor said in reply to a previous motion. In reply to a previous motion, he said that there will be a loss of about 106 lakhs if the motion about the reduction in the postage rates for parcels is accepted. From what I have seen in the Report of the Posts and Telegraphs Department, I have not been able to understand how he has arrived at that conclusion. This report does not give separate statistics for parcels, book posts, etc. The only statistics that I have been able to pick out about postal parcels is on page 51 and that says that for the year 1937-38, the number of postal articles and others have been 11 million 87 thousand odd. The income from postal parcels has not been separately calculated and it is beyond my comprehension how this reduction in rate will cost 106 lakhs. I would like the Honourable Member to enlighten me on that point. Also, if I may make a suggestion, the reports in the coming years should give detailed figures about the financial working of each of the items of the Postal Department.

Mr. G. V. Bewoor: The amendment of Babu Baijnath Bajoria who, incidentally, is not in the House at present, is equivalent to restoring the rate which existed prior to 1937 April. Sir, at the time we changed the old rate to the present rate, the then Honourable Member in charge of the Posts and Telegraphs Department made a very detailed statement explaining the reasons which led Government to make the proposal. I do not wish to read that long statement but I would refer Honourable Members to pages 2175 and 2176 of the Proceedings of the Legislative Assembly for the 18th March, 1937. I would merely quote one sentence:

"There is no doubt that the present rate is diverting letter traffic to an undesirable extent to the parcel post and it is to stop that diversion that we propose that the initial rates for parcels should be fixed at four annas, at the same time keeping the weight which can be sent for four annas at forty tolas."

Later on replying to the debate, I dealt with this question further and I would like Honourable Members to read my speech reported on page 2232 of the Assembly Debates for the 19th March, 1937. I then said:

"With the revision in the letter rate now to one anna one tola, what happens is that as soon as a letter weighs more than three tolas, it becomes cheaper to send it by the parcel post. As a result, we find that 52 per cent. of our total parcel traffic is below 20 tolas."

Since then, we have obtained further statistics and we find that the present number of parcels not exceeding 20 tolas has fallen from 52 per cent. to 25.7 per cent. showing quite clearly that a large number of letters were formerly going as parcels.

Mr. Avinashilingam Chettiar wishes to know how I calculated the loss of 106 lakhs if Mr. Lalchand Navalrai's amendment is accepted. What he forgets is this. It is true that we have about a crore of parcels going through the post roughly in a year. The figure of 11 millions which was given by Mr. Chettiar includes foreign parcels also. On the inland parcel traffic itself, by the change in the rates, we are likely to lose about four lakhs but what I pointed out was that there would be a big diversion from the letter to the parcel traffic and it is on that that we are going to lose the sum of about 105 lakhs. I have here detailed calculations and I would ask Mr. Chettiar, if he is not satisfied with my statement, to see me afterwards and I would hand over the calculations to him to check up. The point is that letters exceeding two tolas consist of 13 per cent. of the total of 516 million letters. On this number we shall lose half an anna. On letters exceeding four tolas we shall lose one anna and so on. Taking all the letters up to ten tolas, we calculate that we shall lose 106 lakhs plus four lakhs on the parcel traffic but we have assumed that there will be a certain amount of increase due to the reduction in the rate and, therefore, I gave the House the figure of 106½ lakhs. Coming to Babu Baijnath Bajoria's amendment, the same point arises—letters weighing more than four tolas would be diverted to the parcel traffic and our calculation is that we shall lose 45 lakhs in all after allowing for a certain amount of increase in the parcel traffic and for the loss on the parcel traffic due to reduction in rate.

Babu Baijnath Bajoria: You can make an exception that parcels weighing not less than four or five tolas shall not be accepted.

Mr. G. V. Bewoor: The practical difficulties to which that will lead have been pointed out in the debate in 1937 to which I have already referred and I do not wish to repeat them. Sir, I oppose the amendment.

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LEGISLATIVE ASSEMBLY.

[24TH MARCH 1939.]

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted:

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas but not exceeding forty tolas	Four annas."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That Schedule I, as amended, stand part of the Bill."

The motion was adopted.

Schedule I, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): Original clause 5 is now clause 4. The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Mr. Sri Prakasa: Sir, I just want to know if, when the Government have said "aye" to your question, we are to understand that they are accepting the rates as amended by the House.

The Honourable Sir James Grigg: I said "no".

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 5 stand part of the Bill."

Mr. Chambers:

Mr. K. Santhanam: On a point of order, Sir. Unless this is renumbered by a special Resolution of the House, I submit they retain the old numbers.

Mr. Deputy President (Mr. Akhil Chandra Datta): When the original clause 5 is now treated as clause 4 by the House, at all events by implication the consequential amendment is made. Mr. Chambers.

Mr. S. P. Chambers (Government of India: Nominated Official): Sir, I move:

"That for sub-clause (4) of clause 5 of the Bill the following sub-clause be substituted:

(4) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be."

Sir, coming down to this amendment I think we come down from the clouds of high policy to the much lower level of a mere technical amendment in which I think the so-called expert can make his contribution.

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): There is nothing technical about it.

Mr. S. P. Chambers: Sir, in the Finance Acts for many years past there has been a provision to apply the previous year's rates of income-tax to those cases in which income-tax has been deducted at the source. The principal cases are, naturally, salaries, dividends and interest on securities. In the Amendment Act of 1939—the Act recently passed—super-tax has also been made deductible in certain cases and, briefly, the effect of this amendment is to say that in those cases as well the rates of super-tax of the previous year should be applied. That is the only effect of this amendment, but to prevent misunderstanding I think I ought to explain the matter in somewhat greater detail.

The assessment for the year 1939-40 is based on the income of the year 1938-39, that is to say, the year ended on the 31st day of March, 1939. In the case of "business" income, the assessment is made during the year 1939-40 and the rates imposed for that year are charged. In the case of "salary" assessments, or assessments on income consisting of interest on securities or dividends, the tax will have been deducted at the source during that previous year, so that when the time for assessment is reached during the following year, we find that the tax has already been paid and deducted at the source at the rates which were in force during that previous year. It was found many years ago that, without any provision for taking the previous year's rates in such cases, many thousands of cases had to be reopened at the end of the year if the rates of income-tax were changed. That is the history of this provision of income-tax. Now, when we turn to super-tax as we have now provided that super-tax is to be deducted in many of them,—in all salary cases and in certain cases of interest on securities and dividends, we suggest that in these cases also, to prevent adjustment after the end of the year when the rates of tax have been changed, we should take the previous year's rates. That, however, is not the only reason for putting in this amendment. It was discovered, after the Finance Bill had been drafted, that there were certain cases of hardship caused, which were not contemplated earlier, in which, owing to the change-over from the old system of income-tax and super-tax rates to the new system of rates under the slab system, in these few cases or group of cases the effect of the Finance Bill, without this amendment, would be to charge income-tax at the old rates, and super-tax at the new rates, and that the sum of the tax payable—with income-tax at the old rates, and super-tax at the new rates—was greater than either the sum of the income-tax and super-tax at the new rates taken together, or the income-tax and super-tax at the old rates taken together. I would just like to give one or two illustrations to show exactly the effect. On an income of Rs. 35,000 under the old rate, super-tax and income-tax as well, the tax payable is Rs. 4,796. At the new scale, taking both income-tax and super-tax it is Rs. 4,990. If we take the new scale of the super-tax and the old scale of the income-tax the total tax payable is Rs. 5,168. That was not

[Mr. S. P. Chambers.]

contemplated. If we leave that as it is, we have the rather absurd position of moving from one low level of taxation to a higher level, with an intermediate position which is higher than either of those levels and that is the condition which we are seeking to remedy.

Although a matter is not remedied by this amendment, I want to make a reference to it so as to gain such further sympathy as is necessary for the amendment. It is this: those persons who have been liable to super-tax for a number of years will have to pay, during the coming year, super-tax on the income which arose during 1938-39. The assessment will be made in the ordinary course and the tax will be payable in July and August or somewhere about that time. Now, with the new provisions for taking super-tax at the source, those persons will have two sums of super-tax to pay during the coming year: they will pay super-tax for last year and they will pay super-tax for the coming year. That cannot very well be remedied. Any system which changes from payment by direct assessment after the end of the year to deduction at source, during the year, must involve, for one year at least, double taxation, but from the point of view of Government revenues it does mean that we do permanently for one year lose all super-tax from those people. The fact that without this amendment they will also have to pay the income-tax for 1939-40 at a higher rate in the aggregate than the old rates or the new rates show that it is quite clear that this amendment is justified. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That for sub-clause (f) of clause 5 of the Bill the following sub-clause be substituted:

(f) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be."

Mr. K. Santhanam: Sir, so far as the income-tax is concerned, I have nothing to say about this amendment.

Mr. S. P. Chambers: The amendment does not affect the income-tax.

Mr. K. Santhanam: So far as charging the old income-rates on salaries from which income-tax has been deducted is concerned, I said I have nothing to say. It is reasonable and I have nothing to say about this amendment. But in the case of the super-tax, the Honourable Member has given some instances in which, but for this provision, the

assessee will have to pay more than either the old rates or the new rates. But what I want to know is whether this is true in all cases or in the majority of cases. There may be some marginal cases, but unless he satisfies this House that Government officials to whom this will principally apply have in all cases or in the majority of cases to pay more than the new rates but for this provision, he is giving them unnecessary preference, because under the old Income-tax Act super-tax is not deductible. They have to pay it only in the new year. In this matter, they are not treated at par with every business man. A business man who has made an income of Rs. 50,000 in 1938-39 will have to pay in 1939-40 super-tax rate at the new rates while the Government official who has made the same income will, by this amendment, have to pay super-tax rates under the old rates. Now, the new rates are higher than the old rates. Therefore, the Government official does gain something by paying old rates instead of new rates. What I want to know is whether it is not a fact that every official who has been put on the old rates gets an advantage or whether such instances are few in number. My feeling is that in certain marginal cases and within certain levels what he says may be true but in certain other levels it cannot be true and it may be found that in the bulk of cases the Government official gets a positive advantage over the business man or over non-officials who have to pay super-tax. I say this discrimination should not be allowed.

Mr. S. P. Chambers: On a point of personal explanation. I have examined the figures and find that this will be the case with all salaries starting with Rs. 25,000 until we get to a very high level of several lakhs.

Mr. K. Santhanam: What is that high level?

Mr. S. P. Chambers: I have not got the exact figure but it is about four or five lakhs. I have worked it out for seven lakhs. In the case of a very high income of that kind as the new standard of income-tax is higher than the old standard rate the aggregate is less. It is only in those few cases where an official has an income of more than several lakhs. It covers practically every possible Government servant with the possible exception of some Governors and the Viceroy.

Mr. K. Santhanam: Well, Sir, I accept his statement but the Viceroy does get some benefit out of it.

The next point is that if that is their object, why should not they draft an amendment which precisely carries out that object. If, owing to the operation of the new Act, a person has to pay more than the tax calculated either by the old or by the new rates, then the excess of it will have to be remitted. That will be a precise provision. Why should they put in a provision which a layman could not possibly calculate precisely? Why should we be forced to depend upon his calculation without knowing definitely what amount the officers will have to pay? If the object is simply to put them on the old rates or the new rates, we have no objection. But he has put in an amendment the precise effects of which are not quite known to us. Secondly, why should he want those people whose super-tax is deductible in the future to have a preference over others? If he wants to give a privilege to Government officials this year, why does he not extend the same privilege to those who earn their income from professions or otherwise? Why should they not get this advantage?

The Honourable Sir James Grigg: Perhaps the Honourable Member will allow me to explain. I, naturally, had to take a final decision as to what form of amendment I should put down in this matter. The alternative which he suggests was considered. It was impossible to reconcile complete logic with administrative requirements and equity entirely. The Honourable Member may or may not take it from me, but after very careful consideration this seemed to us the amendment which best met the equities of the case, the administrative requirements and the logic. The Honourable Member in his allocution has left out of account that the class of persons, who are not entirely official, for the employees of business firms or the employees of Corporations are in the same boat—the element which he has left out of account and which weighed very much with us was the fact that in cases where super-tax is to be deducted at the source for the first time, they will have to pay two lots of super-tax in this one year.

Mr. K. Santhanam: So far as the last statement is concerned, I think it is not correct because normally these people would have to pay the whole super-tax in a lump for last year. That is due from them.

The Honourable Sir James Grigg: The Honourable Member is wrong in saying that the statement is incorrect. The statement is correct, that the people who have, for the first time, to pay super-tax by deduction will, in the year just about to commence, have to pay two lots of super-tax—one by direct assessment and the other by deduction from their pay. . . .

Mr. K. Santhanam: I am afraid the Honourable Member did not understand me properly. What I meant to say was this. Suppose, the new Act did not come into operation, what they would have to pay will be the super-tax of last year in a lump.

The Honourable Sir James Grigg: True, and they will still have to pay it.

Mr. K. Santhanam: Now, I do not know if under the operation of this Act, they can pay the last year's super-tax in instalments.

The Honourable Sir James Grigg: No, they cannot.

Mr. K. Santhanam: Therefore, last year's super-tax will be deducted in a lump and this year's super-tax will be deducted monthly. Is it correct?

The Honourable Sir James Grigg: But that does not alter the fact that during the year they would have to pay two lots of super-tax, one in a lump, and one by deduction.

Mr. K. Santhanam: That means that they are not paying more than the other do.

The Honourable Sir James Grigg: On the contrary, they are. If the Honourable Member can work it out or ask some mathematician to work it out, he will find that they are, in fact, pulling back from the end of the world one year's super-tax.

Mr. K. Santhanam: Sir, I am myself a sufficiently good mathematician to understand this. But as against the double payment of this year, he gets the privilege of paying in monthly instalment what he was to pay in a lump.

The Honourable Sir James Grigg: Not at all.

Mr. K. Santhanam: I will explain it this way. In 1938-39 he was bound to pay at the beginning of 1939, but so far as the super-tax of 1939-40 is concerned, he goes on paying at the rate of one-twelfth, and, then, for 1940-41, instead of having to pay the entire thing at the beginning, he pays by monthly deductions.

The Honourable Sir James Grigg: The process of deducting super-tax or any kind of tax, at source, by monthly instalments means that on the average he pays the best part of a year in advance.

Mr. K. Santhanam: What does he say to the great advantage of having it automatically deducted instead of having to pay out of his probably non-existent bank deposits?

The Honourable Sir James Grigg: You can argue it till all is blue. Some people would prefer to pay the tax in instalments even if they pay it earlier, others would like to leave it over and pay it in one lump. It depends upon individual circumstances. The only general principle on which you can justify your present contention is the one "it is strange how you can do without the things you never had".

Mr. K. Santhanam: My chief point is that once we have passed the Income-tax Act, when we have got to deal here with the Finance Bill, the Honourable the Finance Member should not bring in amendments which we could not consider on their own merits. He must have calculated this at the time he brought the Income-tax Amendment Bill. Why did he bring in an expert from a foreign country who could not advise him properly on income-tax matters?

The Honourable Sir James Grigg: If the Honourable Member wants to beat me for that, I will present him with the point that it was overlooked and if he wants to make a grievance of it, I confess quite frankly that we did not even discover it when the Finance Bill was drafted.

Mr. K. Santhanam: My grievance is that they are paying foreign experts such huge salaries and they get nothing in return.

The Honourable Sir James Grigg: The extra money that we would have obtained if we had left the Bill in the form in which it was introduced did not enter into our calculations.

Mr. K. Santhanam: In view of what the Honourable the Finance Member says, I do not want to press it any further. But I strongly object to the method of pressing an amendment the implications of which cannot be realised by the House. That was the only point I wanted to press. I think I have made that clear.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadian Urban): Sir, one point I want to clear up. The Honourable the Finance Member has said and Mr. Chambers also has said that super-tax for 1939-40 will have to be paid twice. People paying super-tax in 1939-40 will have to pay super-tax for 1938-39 and also for 1939-40. One will be at source and the other will be accumulated. Therefore, in the budget estimate for 1939-40, I want to know whether this extra super-tax has been taken into calculation in their receipts. It must be a good round sum, this super-tax for two years instead of one. You have told us that you have to reduce the revised figures by 83 lakhs on account of depression. Now, I want to know whether you have taken this windfall into calculation.

Mr. S. P. Chambers: I think the Honourable Member forgets that this is not super-tax on companies, but it is super-tax on individuals and not on all individuals but only individuals in employment. The amount of super-tax that we expect from them is very small. We have not got the exact figure. I think the total amount involved is about 1½ lakhs. That is all. The cost of this amendment if worked out would be very much less than one lakh, though we have not got the exact figure.

Sir Cowasji Jehangir: The very fact that super-tax will have to be paid twice will only refer, I understand, now to Government servants.

The Honourable Sir James Grigg: All salaried people.

Sir Cowasji Jehangir: Do all salaried people in India pay to the extent of 1½ lakhs as super-tax?

Mr. S. P. Chambers: The exact figure is not known now.

Sir Cowasji Jehangir: Then your estimates are now wrong by two lakhs. Now you have got plenty of scope to give us back two lakhs.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That for sub-clause (1) of clause 5 of the Bill the following sub-clause be substituted:

"(1) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be."

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment No. 50. Mr. Lalchand Navalrai.

Mr. T. Chapman-Mortimer (Bengal: European): I rise to a point of order. I should like to ask whether my Honourable friend, Mr. Lalchand Navalrai, has obtained the sanction of the Governor General to move this amendment which affects a tax in which the provinces are interested.

The Honourable Sir James Grigg: I should like to make a general statement, because, it is a point of some importance which has arisen in an acute form for the first time and which will have to be regulated more exactly later on. Perhaps the House will allow me to read out a statement on this point of order taken by my Honourable friend, Mr. Chapman-Mortimer. This point of order is disposed of by the fact that His Excellency the Governor General has granted his previous sanction to the moving of this amendment. With your permission, however, I would like to take this opportunity of warning Honourable Members that His Excellency's decision to grant, on this occasion, his previous sanction to all those amendments to the income-tax portion of the Bill which involve a variation of income-tax in the direction of reduction should not be taken as a precedent. In reaching his decision on this occasion, His Excellency was influenced by the consideration that Honourable Members have hitherto been free to move without sanction amendments involving a reduction in the rate or scope of taxation proposed in a taxing Bill. On the other hand, the requirement of sanction imposed by sub-section (1) of section 141 of the new Act attaches to amendments varying taxation in which Provinces are interested in the downward direction no less than to amendments varying such taxation in the upward direction, and it would be impossible to reconcile the establishment of a practice whereby the Governor General would uniformly or even normally sanction amendments proposing a reduction of such taxation with the clear implications of paragraph 10 of the Instrument of Instructions to the Governor General. The question of reconciling his obligations under that paragraph with the claims of the Chambers of the Indian Legislature to reasonable freedom of debate will, I am authorised to say, receive His Excellency's careful consideration.

Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): Sir, I rise to a point of order. This is a message which has been communicated to this House on behalf of the Governor General. I take it, it is so. Sir, messages from the Governor General to this House can be made only over his own signature.

The Honourable Sir James Grigg: If the House does not want to accept it as a message, then it is a statement by me.

Mr. S. Satyamurti: This is much more important. I think, Sir, constitutionally the relations between this House and its successors and the Governor General who, according to the Government of India Act, 1935, occupies a very important position at almost every stage of legislation with regard to the various requirements about previous sanction, etc., about stopping Bills or returning Bills, and so on.

Mr. Deputy President (Mr. Akhil Chandra Datta): Is the Honourable Member raising a general question or has it any specific reference to the matter now before the House?

Mr. S. Satyamurti: It has got a specific reference to the statement made by the Honourable the Finance Member. The statement he has made is to define for the future—to the extent to which that statement defines it—the processes of the working of the Governor General's mind, in respect of such legislation.

The Honourable Sir James Grigg: May I point out, Sir, that it is only explaining the reason why on this occasion sanction has been given to all the amendments varying the taxation in a downward way. I merely warned the House that that did not dispose of the question for future years.

Mr. S. Satyamurti: I submit, Sir, that it is certainly not fair to this House. The Governor General is the statutory authority under the Government of India Act, and he has certain powers. It is an open secret that the Governor General is advised by these gentlemen and he acts accordingly. But I submit that this choosing of the Finance Member to communicate to this House what is in his (the Governor General's) mind as to how he could deal with these amendments and how he has done so now is not consistent with the Act or with the rules and standing orders. The Governor General cannot make the Finance Member the mouthpiece of the workings of his mind. He has got to decide on his own responsibility and he has got to deal with this Legislature. I submit that if in matters of this very important kind where the Governor General is given certain powers to deal with these matters in his own discretion he has to make the Member concerned with that department his mouthpiece as to how he proposes to deal with these amendments now and in the future, it is not consistent with the Act and ought not to be accepted as a precedent at all. Otherwise, it comes to this—that the Governor General becomes the mouthpiece of the Government here. That is not the conception of the Government of India Act, as I read it. We may agree with it or not, and our views are well-known, but I will read the words of section 141.

The Honourable Sir James Grigg: Sir, I am quite prepared to take the statement away. I thought I was facilitating the business of the House by explaining what would happen, but I am quite prepared not to have the statement recorded at all.

Mr. S. Satyamurti: If my Honourable friend withdraws that statement, I will not pursue it further.

Mr. T. Chapman-Mortimer: I am quite prepared to withdraw my point of order if it is correct that Mr. Lalchand Navalrai's amendment has received the prior consent of the Governor General.

Mr. Lalchand Navalrai: I have got the sanction already.

Mr. M. S. Aney (Berar: Non-Muhammadan): The sanction remains whether the statement is withdrawn or not.

Mr. S. Satyamurti: A fact is a fact, irrespective of that statement!

Mr. Deputy President (Mr. Akhil Chandra Datta): The Chair has only got to see whether, as a matter of fact, so far as this amendment is concerned, the sanction of the Governor General has been obtained.

Mr. Lalchand Navalrai: Yes, Sir, I got a copy of it from the Secretary.

Mr. Deputy President (Mr. Akhil Chandra Datta): Then, there is no need for any further discussion. The Honourable Member can move his amendment.

The question is:

"That Schedule II stand part of the Bill."

Mr. Lalchand Navalrai: Sir, I beg to move:

"That in Part I-A of Schedule II to the Bill, after entry I, the following entry be inserted:

"2. In case of every Hindu undivided family on the first Rs. 3,500.....Nil."

My motion is this. We have now come to the slab system of income-tax. The Income-tax Act was passed more or less by agreement and the point raised in the House was that the case of a Hindu joint family was not being treated with justice and equity. The Hindu joint family is made a unit, and there were objections to it and I thought that in the Finance Bill some relief would be given to such families. That has not been done, and the House should now reasonably consider the case of the Hindu joint family and give it relief. What I want is this. Under this Schedule, to an individual, exemption has been given from income-tax, under the slab system, on the first Rs. 1,500 of the income. And, in respect of the Hindu joint family, I want that there should be a distinction and that there should be an exemption on the income of Rs. 3,500, that is, slightly more than double the exemption given to an individual. There are also other amendments given notice of by Honourable Members practically to this effect, the reason being that it is a great hardship to the Hindu joint family which has been actually admitted by the very expert inquiry committee of which my Honourable friend, Mr. Chambers, was the President. (*Voices of "No, no."*) He was an equally competent member, and he, coming from outside, could recognise our difficulty and recommend relief, but the Finance Member who accepted the other recommendations of the same committee has ignored this altogether.

Now, I will read a little portion of the recommendation or statement in the Inquiry Committee's Report—it is at page 24:

"Representations as to the hardships involved in the present system whereby a Hindu Undivided Family is treated almost as if it were an individual irrespective of the number of its members, have been insistent and widespread. We are bound to admit that hardship exists."

This may be noted by the Honourable Members. Further on it is said:

"For example, while a registered partnership of four persons engaged in business and sharing equally in a profit of, say, Rs. 7,800 is not liable at all, a Hindu Undivided Family with, say, four adult male members similarly engaged in business would pay in respect of a profit of Rs. 7,800 tax amounting to about Rs. 400."

[Mr. Lalchand Navalrai.]

They then make suggestions for affording relief, but neither of the suggestions has been accepted by the Finance Member. The Report then says:

"We are of opinion that there is some case for the recognition of the special position of Hindu Undivided Families. Since, however, the effect on the Revenue of any concession would be very considerable, we have had to take into account the practicability of the various suggestions made. If the Government is prepared to accept the reduction in the yield of tax involved, a practicable concession, which we consider should not be exceeded in view of what is said above, would be to ascertain the rate of tax applicable, in cases where there are more than one adult married male member, by dividing the family's income by two."

I need not read any more. Other suggestions also have been made which have not been accepted, and if the Honourable Member wants I will read the whole of it. (Honourable Members: "No.") What I mean is this: that my case has been made out substantially by the Enquiry Committee itself and there is no reason why any of the reliefs proposed should not be given. The public and the Federation of Chambers of Commerce and others have also given their opinion. They have said:

"The undivided Hindu families have always urged that they were treated harshly under the prevailing scale applicable to them. The Income-tax Enquiry Committee, recognizing the justice of their claim, suggested some relief but not only is that relief not given but they have been subjected to increased taxation by their exemption from super-tax being reduced from Rs. 75,000 to Rs. 25,000."

I, therefore, appeal to the Congress Party, who were a party to the agreement over the Income-tax (Amendment) Act, to see that the Hindu undivided family is given some concession in the sense of my amendment. The present system is very hard on two grounds. One is that in a joint family, say, of eight or ten members, the income of them all is joined together and the assessment is made on the total at a higher rate than on the individual incomes and, therefore, they are paying too much—the second difficulty is that there are many members in a Hindu undivided family who do not earn anything at all and who are now being charged, but who ought not to be charged and would not otherwise be charged. I will not take more time of the House as there are several other speakers. I hope my amendment will get support. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved.

"That in Part I-A of Schedule II to the Bill, after entry I, the following entry be inserted:

"2. In case of every Hindu undivided family on the first Rs. 3,500.....Nil."

Mr. S. P. Chambers: Sir, I would like to deal with this amendment briefly. The Honourable Member has based his argument very largely upon what was said in the Enquiry Report of 1936. He stopped his quotation at a convenient point and offered to read on but I said I would do that for him.

Mr. Lalchand Navalrai: My case is good even otherwise.

Mr. S. P. Chambers: I will just read the last sentence:

"If the Government is prepared to accept the reduction in the yield of tax involved, a practicable concession, which we consider should not be exceeded in view of what is said above, would be to ascertain the rate of tax applicable, in cases where there are more than one adult married male member, by dividing the family's income by two, but to include in the income of the Joint Family the individual income of a members (including wives and minor children) from whatever source derived whether covered by the Hindu Gains of Learning Act or not, and to abolish the special scale of super-tax rates for Hindu Undivided Families."

That recommendation was one to be taken as a whole and not in pieces. Obviously if one takes that part of the recommendation which gives tax away and not the other part the cost is very much greater than the modified relief. The total cost of this amendment, without the modification suggested in the Enquiry Report, is estimated to be about Rs. 40 lakhs and that is more than the Government could possibly afford unless there was unanimous support for such a recommendation; but among the opinions on the Enquiry Committee's Report, the opinion from Hindu Associations seem in general to be unanimously against the recommendation in the report. The Honourable Member objected to the Finance Member taking some recommendations in the report and rejecting others. Well, I think the Honourable the Finance Member is entitled to take into account public opinion as he has done in this case; and in this case the opinion was to the effect that the associations would prefer the existing situation and that is exactly what the Finance Member has done.

Mr. Lalchand Navalrai: May I know if those associations wanted that there should be no relief given to the joint Hindu family at all absolutely?

Mr. S. P. Chambers: Obviously no person in his right mind would make a representation that we should not give him relief from tax; but I said the recommendation, as a whole, was not acceptable, and the recommendation, as a whole, was, therefore, not accepted by Government. Sir, I oppose this amendment.

Mr. T. Chapman-Mortimer: Sir, my Honourable friend, Mr. Lalchand Navalrai, has told us in his usual somewhat vigorous style that he would like to make a substantial change in the new schedule of rates of income-tax, a change so substantial as to account for, as we have heard, something like Rs. 40 lakhs. I am sorry I cannot support him; but in expressing my opposition I feel I must, at the same time, take the opportunity that this debate affords to deal with three points. The first point is to dispel a wrong impression that, unfortunately, arose out of the concluding remarks in the speech I made in this House two days ago; the second is to state why this Group is giving full support to the new Schedule rates of the Income and Super-taxes and my views on the Honourable the Finance Member's attitude towards income-taxes generally during his five years of office, and thirdly, to deal with a point made yesterday by my friend, the Honourable the Leader of the Opposition, that is, if I understood him correctly. In regard, Sir, to the first of these points, I find my friend, the Honourable the Finance Member, and possibly other Members of this House, formed an impression as to my views on the income-tax different from that which in fact I intended to convey. I hope to correct matters now. In the conclusion of my remarks on Wednesday, I indicated that the view of the European Group was that the double duty

Mr. S. Satyamurti: On a point of order, Sir, the question before the House is the short amendment of Mr. Lalchand Navalrai as to whether a minimum income of a Hindu undivided family should be exempted or not. I submit it has been constantly ruled here—and it is the practice in the House of Commons also—that that opportunity should not be taken of for a general discussion on particular income-tax proposals generally. I submit, Sir, that my friend should take another suitable opportunity to have his say, and his speech now must be confined to the merits or demerits of the amendment before the House.

Mr. T. Chapman-Mortimer: May I just explain? I understood that I created a wrong impression the other day, and before I go on to deal with my remarks, I ask the indulgence of the House to correct that impression.

Mr. Deputy President (Mr. Akhil Chandra Datta): Strictly speaking, an explanation about other matters referring to other subjects is not relevant to the amendment before the House. That was the Chair's feeling. The Chair allowed the Honourable Member to proceed up to a certain extent because it thought he was anxious to explain a particular thing; but now since he is going to make a regular speech, the Chair must uphold the point of order and cannot allow him to make a speech.

Mr. T. Chapman-Mortimer: I am quite content that I can make my point on the general discussion. I don't mind.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is: "That in Part I-A of Schedule II to the Bill, after entry 1, the following entry be inserted:

"2. In case of every Hindu undivided family on the first Rs. 3,500.....Nil."

The motion was negatived.

Babu Baijnath Bajoria: Then, the next amendment is No. 2 on Supplementary List No. 2. It is the same as No. 56.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Chair takes it there is sanction for it.

Babu Baijnath Bajoria: Yes. Sir, I move:

"That after part (ii) of the proviso to Part I-A of Schedule II to the Bill, the following be added:

"(iii) for Hindu undivided families with more than one married male member the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act."

Sir, my amendment is in exact accordance with the recommendations of the Report of the Income-tax Inquiry Committee.

Mr. Bhulabhai J. Desai: Hindu Gains of Learning is not the only source of separate income.

Babu Baijnath Bajoria: My amendment is exactly on the same lines as the recommendations made by Mr. Chambers.

Some Honourable Members: No, no.

Babu Baijnath Bajoria: I find that some Honourable Members say it is not so, but I shall just read out a few lines from this Report to prove that it is so. The recommendation was to ascertain the rate of tax applicable in cases where there were more than one adult married male member, by dividing the family's income by two, but to include in the income of the joint family the individual income of all members (including the incomes of the wives and children). I think this is the portion which my friends have probably in mind, and I shall explain it presently.

Mr. Bhulabhai J. Desai: You will have to pay a large fee to Sir Nripendra Sircar to explain it to you.

Babu Baijnath Bajoria: I shall ask both the Honourable the Law Member and the Honourable the Leader of the Opposition, both of whom are eminent lawyers, to explain the position. I think the House expects an explanation from both these gentlemen so that all Members may judge this question properly. Sir, the only difference, as far as I can perceive, is that the incomes of wives and minor children have not been included in the income of the individual or of the joint family, because the Select Committee and this House rejected that proposition altogether. But that was not only for Hindu undivided families, but for all individuals. So, my point is, that if that was not accepted, the Hindu undivided family did not gain anything specially by that; all sections of the community will get its benefit. But this recommendation is here that the income of the Hindu undivided family should be divided by two if there are more than one adult married male members in the family. Of course, justice demanded that there should be some further concessions, and that the income of the Hindu undivided family should be divided by the number of adult married male members and the rate of tax should be the rate applicable to the income of each individual. But I know that will cause a great loss of revenue which the Honourable the Finance Member will not be able to meet, and so I have tabled this amendment in accordance with the recommendations contained in the Experts' Report. I know the Honourable the Finance Member will say that even this will cost 40 or 50 lakhs.

The Honourable Sir James Grigg: Only 35 lakhs.

Babu Baijnath Bajoria: That is very little. I thought it would cost more. Well, the Finance Member says that if this amendment is carried the Government will lose only 35 lakhs of rupees. My point is, why should only a section of the community be asked to bear this additional burden? It should be distributed amongst all assesseees. There are 492,000, if I remember aright the figures, assesseees, and the number of Hindu joint family assesseees is only 30,000. Why should only 30,000 pay this figure? There should be some justice for the Hindu joint family. If it is said that "the joint families are breaking, let them break" you are giving them a further blow, or I will say, you are giving them slow poison, which causes disruption of the Hindu joint family. The better and more honourable course would have been to ignore the Hindu joint families altogether and not to take account of it and cause immediate death so far as the Income-tax Act is concerned. If there was to be one and the same rate, why should the word "Hindu joint family" be there? They can be treated as individuals and assessed as individuals, and why then are there the words "Hindu undivided family"? Why is there a separate category?

[Babu Baijnath Bajoria.]

Then somebody said that the partition of a Hindu joint family can be done only by notion. If one coparcener gives notice to the other coparceners that they want to separate and be divided, the partition will be made. But from practical experience we know that the position is not so. Many enquiries are made, many conditions have to be fulfilled, and the income-tax people have to be satisfied about many things, about separate living, separate fooding, and separate worship. I know an amendment was moved by me and accepted by this House, and that will go in some way to eliminate that difficulty. If the Hindu joint family is to be taxed as an individual, then all these questions should not be raised at all. If the coparceners say they are separate that much be accepted, but I would like to know whether this will be done, or the same enquiries, the same roving enquiries will be made as is the practice at present. I want to have a clear opinion about this matter, the legal opinion of the Honourable the Law Member as to how the position stands. I was surprised to learn from Mr. Chambers that the general opinion of the Hindu associations in this country was not in favour of this recommendation. I think it may be from the European Associations, or was it from an association representing Hindu joint families?

Mr. S. P. Chambers: Yes.

Babu Baijnath Bajoria: May I know the names of those associations?

Mr. S. P. Chambers: I cannot guarantee that all the members of the associations are Hindu joint families, but I think that some of them are. May I read out the list? The Maharashtra Chamber of Commerce, Bombay, the Seeds Traders Association, Bombay, Bombay Shroff Association, the Millowners' Association, Bombay, the Grain Merchants' Association, Bombay, the Indian Chamber of Commerce, Bengal, the Bengal National Chamber of Commerce, the Merchants' Chamber of the United Provinces.

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

Babu Baijnath Bajoria: What did they say?

Mr. S. P. Chambers: If the Honourable Member wishes, I have the list here, and I can read out their opinions.

Babu Baijnath Bajoria: When I have finished, you may reply. I was surprised that my Honourable friend, Mr. Chapman-Mortimer, opposed it. I doubt whether he has a family at all. This is a point about which we, members of Hindu undivided family, feel very strongly, and I would urge upon the Government that they should not be deterred from doing justice owing to financial reasons. They can find the money by apportioning the loss caused by accepting this amendment, among all the assesses or by some other means, but they must do justice. What I am asking is not even full justice, but only half of it.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved.

"That after part (ii) of the proviso to Part I A of Schedule II to the Bill, the following be added:

"(iii) for Hindu undivided families with more than one married male member, the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act."

Mr. S. P. Chambers: This amendment is very similar to the previous one. The two points of difference are, first of all, the earlier amendment moved by Mr. Lalchand Navalrai merely had the effect of approximately doubling the exempt slab; this has the effect of doubling all slabs. The other point is that this is modified by the expression, "if no member thereof claims a separate assessment under the Hindu Gains of Learning Act." On the first point there is more loss of revenue and I think precisely what I said on the earlier amendment applies here also. On the second point, I think, as was pointed by an interruption, this only deals with a part of the problem. The income under the Hindu Gains of Learning Act does not exhaust all of the separate income of all the members of the Hindu joint family or their wives or children, which it was suggested should be added to the Hindu family's income in the Income-tax Enquiry Report. Apart from that, I have been feeling on this, although I do not press this point, that the expression, "if no member thereof claims a separate assessment under the Hindu Gains of Learning Act" will not have the effect that the Honourable Member anticipates. As the separate income of a member of the family is for all purposes his separate income and as there is no positive provision in the Income-tax Act to amalgamate it with the income of the family, I hardly think that the putting in of a phrase of this kind will have the effect that in other cases we would be able to join up the income of the members with the income of the family.

The effect of this amendment read in that way will, probably, mean loss of more revenue than the earlier amendment. That is all I have to say on the amendment as such. As I was asked where those opinions came from, to which I referred earlier, whilst I do not mean to waste the time of the House in reading out the whole lot of them, I will read out one or two. Let me give one example. The Grain Merchants' Association, Bombay, said:

"They (the Association's Committee) believe that the principle obtaining at present is quite alright as it is based not only on law but is just and equitable."

It is difficult for European Members on these Benches to say what is just and equitable if an association of that kind prefer the existing state of the law to a proposal which is intended to give some relief, and clearly we could have hardly proceeded with the proposal. I oppose the amendment.

Mr. M. S. Aney: I know the fate of the amendment and I am not going to waste much time in saying anything in support of it. In fact, whatever could have been said on this question has been already said by my friend, Mr. Bajoria, but the one point that has rather troubled me was the reference made by my Honourable friend, Mr. Chambers, to the expression of opinion of certain associations as favouring the position which exists at present. In fact, his own recommendation which he has made to which he is a party is largely in the direction of the amendment which is now proposed here and, I am sure, when he made that recommendation he had before him the evidence of a number of Hindus as well as the opinions of persons or bodies which represented the Hindus at that time and it is because of the expression of opinion placed before him by representative Hindus from all parts of India as well as representative institutions of Hindus from all parts of India that he came to the conclusion that there is a genuine grievance felt by the

[Mr. M. S. Aney.]

Hindus. If that was so, I do not understand what are the other institutions which later on thought it worthwhile to change their opinion and to say 'No. There is no need for making any concession whatsoever in favour of the joint Hindu family and there is no need to remove the grievance that exists'. So far as the latter portion of the expression of opinion is concerned, I really do not understand what they mean by saying that what there is at present is equitable and just. It was read out in such a cryptic manner that I was not able to understand exactly to what portion of the recommendations that particular passage has got a reference at all. He may not have meant it but somehow we were misled about the exact trend of opinion of those bodies mentioned. There is only one more remark. It is true that the Hindu Gains of Learning is not the only exclusive source of income in the case of Hindu members. There are other sources and they are not referred to here in this amendment. To that extent the amendment is defective. I can certainly understand that but I do not understand the legal difficulty which was suggested by my friend, Mr. Chambers, that if this amendment is carried out, it will not have legal force. The Hindu Gains of Learning has not been excluded in the original Income-tax Act. Its exclusion here will not have any statutory force. According to him it would have no force at all. I do not understand why it should be so. If we move an amendment here and carry it, it has as much force in law as the original Act. It is for the House to see whether the amendment as proposed should be carried out or not. As my friends, in the Congress Benches, have already come to a decision in the matter, there is little chance of its being carried but so far as justice is concerned, this is the minimum that could have been done to show justice to the Hindu joint family which has been unnecessarily heavily taxed and unjustifiably treated in a discriminating manner.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That after part (ii) of the proviso to Part I-A of Schedule II to the Bill, the following be added:

"(iii) for Hindu undivided families with more than one married male member the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act."

The motion was negatived.

Sir Cowasji Jehangir: Sir, I move:

"That for all the entries in Part II-A of Schedule II to the Bill, the following be substituted:

	Rate.
(1) On the first Rs. 25,000 of total income	Nil.
(2) On the next Rs. 30,000 of total income	One anna in the rupee.
(3) On the next Rs. 45,000 of total income	Two annas in the rupee.
(4) On the next Rs. 1,00,000 of total income	Three annas in the rupee.
(5) On the next Rs. 1,00,000 of total income	Four annas in the rupee.
(6) On the next Rs. 2,00,000 of total income	Five annas in the rupee.
(7) On the next Rs. 2,00,000 of total income	Six annas in the rupee.
(8) On the balance of the total income	Seven annas in the rupee.

I think the House has by now fairly clearly understood that the increases that have been made in the income-tax are not all according to the slab system. I have said in this House and have been contradicted by the Honourable the Finance Member, that it was never intended that the income-tax and super-tax should be put up any further than what was given as a relief to the lower income-tax payers. I again maintain that it was never intended or it was never present in the minds of the non-official Members of this House. What we agreed to do was to introduce the slab system and, thereby, so arrange the rates as to give considerable relief to the lower assesses and raise the income-tax of those who pay higher income-tax. If the loss was considerable, it would have to be made up in the best way that Government thought. Let me repeat again that the loss that Government make in the concession that they have given to lower income-tax payers in income-tax paid by individuals is 93 lakhs. Now, Sir, let me make another point perfectly clear, that the benefit to the lower income-tax payers is more than 93 lakhs. 93 lakhs is the loss to Government but the exact benefit to the lower income-tax payers is 93 lakhs plus the higher income-tax that will be paid by the richer assesses. What that amount is I have not been able to ascertain. Therefore, I for one am very pleased to see that the poorer assesses of income-tax have got this considerable relief. We have been clamouring for this relief for a number of years, and I will repeat, and I think that will be endorsed by every non-official Member of this House, that that relief is welcome, and if we had not wanted to give that relief we might have opposed the slab system. That was what we intended to do and no more, but the Finance Member has taken out of our pockets, over and above the relief he has given, an amount of 76 lakhs of rupees. That is what I resent. If the deficit in the budget was of such a character that it was justified on his part to put up the income-tax and super-tax, he could have said so clearly from the beginning but these are two different things: 93 lakhs have to be made good for the relief of the poorer assesses but that amount does not come into the treasury. It is a relief that is given. The Finance Member now says that he wants more and, therefore, he has raised the super-tax to an extent which would give him 76 lakhs extra. There is not a word in his Budget speech to that effect, whatever he may have had in his mind when the Income-tax Act was being amended, but all we had to go on was the Inquiry Report of 1936, and that Inquiry Report merely showed a scale whereby the lower assesses would get relief and the higher assesses would have to make up for it; and there was no question, through the guise of the slab system, of putting Rs. 76 lakhs on the shoulders of the richer income-tax payers.

By this amendment that I have moved super-tax will be increased by about Rs. 42 or 43 or 44 lakhs instead of 117 lakhs and, thus, there will be a hole of about Rs. 76 lakhs or thereabouts in the pocket of my Honourable friend, if this amendment is passed; that is to say, he will be forced to give up the Rs. 76 lakhs which he added to the total amount over and above the concession he has given to the lower assesses. That in short is the amendment before the House. I must here acknowledge my indebtedness to my Honourable friend, the Finance Member, for having given me considerable assistance in working out this scale. I could not have done it myself, so as to have made it as equitable as possible, and I trust that on examination it will be found that the scale

[Sir Cowasji Jehangir.]

is equitable to all classes of income-tax payers and that it has the effect of reducing the total gain of Rs. 117 lakhs to about Rs. 42 or 43 or 44 lakhs. Now, so much for the amendment itself. When my Honourable friend, Mr. Manu Subedar, was speaking the other day, the Honourable the Finance Member interrupted him, and asked him whether he was here to represent the masses. Now, Sir, I was rather surprised at that question and it made me think. The inference of that question is that the gentleman appointed by His Majesty's Government to be the Finance Member of the Government of India was here as the guardian of all interests, except Industries and Commerce, and whenever anybody got up from any part of this House to defend industries or commerce, he promptly asked, "are you a representative of the masses?"

An Honourable Member: Whom does he represent himself?

Sir Cowasji Jehangir: Now, Sir, it shows also not only how his mind works, but that he expects, under the constitution under which we are working, that there should be nobody to represent Industries or Trade or Commerce; and again, thinking over this interruption, I come to the conclusion that after five years' stay in our country, after having worked this constitution, good, bad or indifferent, for five years, my Honourable friend, the Finance Member, has still not followed the inner meaning of this constitution,—for, who is my friend, Mr. Manu Subedar? He is a representative directly of Trades and Industries. He is returned by Trades and Industries. His is a special constituency. It is not like the House of Commons where every member is returned by a general constituency. Mr. Manu Subedar is here to represent Trades and Industries.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can leave Mr. Manu Subedar to explain that.

Sir Cowasji Jehangir: I raise the point because it has a strong bearing on my amendment. Now, Sir, there are certain Members of this Honourable House who are here to support such amendments, as the ones I have moved, and they represent special constituencies. I do not represent a special constituency. I come here to represent a great and big city in India; and I come here to represent not only Trades and Industries, but the middle classes and the labouring classes and as representing the middle classes and the lower middle classes, I have welcomed the concession that the Honourable Member, through the slab system, gives to the poorer income-tax payer on very low incomes. But, Sir, that is no reason why any of us coming from general constituencies should not see that the Honourable Member does justice to Trade and Industries.

Sir, you can follow the constitution to the letter; you can also follow it in the spirit; and I contend that throughout the five years that my Honourable friend has been Finance Member, he has not followed the constitution in the spirit. He has not followed the constitution in the spirit and perhaps he has not been assisted by his colleagues to do so. The spirit of this constitution, Mr. President, is that the voice of this House should have some effect. The spirit of this constitution is that whenever Government can, they should accept the verdict of this House. In the old days,

working under this very constitution, I have known Finance Members to yield to the wishes of this House when they felt, however much they disagreed with the verdict of this House, that they could do so with a certain amount of safety; but not once, during these five years, has my Honourable friend yielded in any respect. Not once, has he made a concession to the opinion of this House—whether it be for five lakhs or ten lakhs or fifteen lakhs. Today he admitted to have taken two lakhs, it may be a small sum or a trifling sum, out of our pockets. Will he return that? No. Why? Because he has introduced the Budget, and this House shall pass the Budget as he has introduced it and shall have to take it. That is not the spirit of the constitution under which we are working. The power of certification was given to him, in order that the safety of India may be preserved, when certain people came to the conclusion that that safety was jeopardised. That does not mean, as my Honourable friend, the Leader of the Opposition, has so clearly pointed out, that the cutting out of fifty lakhs out of this Budget jeopardizes the financial safety of India. We have differences of opinion as to whether he has over-estimated or not; he has every right to contend that he has not over-estimated, but the spirit of the constitution is that he must also take the opinion of this House into consideration, as to whether he has over-estimated or not. I do not, of course, expect my Honourable friend to accept this amendment. I do not expect him to say, "sit down and I will accept the amendment". Sir, by not following the spirit of this constitution, we have made the working of this House a farce. There is no such thing as reality in our discussions; everything is academic. The Budget is to be certified. You may go on, further cuts may be made, you may cut out another crore, but there is no reality about it. All reality about this Budget has disappeared, and, in fact, all reality for the last five years has disappeared. If we could feel that the Finance Member would be tempted to say that he is prepared to give us, say, 50 or 60 lakhs of rupees and asked us to choose our cuts, it would have been something. We may say that we have differences of opinion as to the over-estimating, but he might have said: "I will take the risk in order that the spirit of this constitution shall be carried out and shall allow you to cut out up to 50 to 60 lakhs of rupees". I am certain that the common sense of this Honourable House would have responded to such an appeal, and we would have had a little more reality in our discussions. But, he has reduced all these discussions in this House to an absolute farce, to an absolute unreality. The Finance Member has converted this House into a debating society, a thing which was never intended by the authors of the Reforms of 1919. I contend most strongly that that was never intended. I, therefore, make a further appeal to the Honourable the Finance Member to consider even now, at this late stage, what he can afford to give. I repeat there may be differences of opinion. He has every right to maintain that he has not over-estimated the budget.

Mr. Bhulabhai J. Desai: Question

Sir Cowasji Jehangir: And we have every right to maintain that we think that he has over-estimated it. Put all that aside. Is he prepared now, at this late stage, to say that he will allow a cut of 50 or 60 lakhs of rupees and that the House should give him some indication as to which part they would like him to cut out?

Mr. President (The Honourable Sir Abdur Rahim): The Chair supposes the Honourable Member is speaking on the amendment.

Sir Cowasji Jehangir: Yes, Sir. Will he be prepared to say that he cannot afford 70 or 80 lakhs but he can afford to give us 50 or 60 lakhs?

Mr. President (The Honourable Sir Abdur Rahim): Does the Chair understand that the concession asked for in this amendment amounts to 76 lakhs?

Sir Cowasji Jehangir: Yes, Sir. That is all I have got to say. I am not going to press this amendment. One of the reasons for moving this amendment is that I want to give an opportunity to my Honourable friend, Mr. Chapman-Mortimer, to speak and give us his point of view. But I do ask the Honourable Member.....

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member moved his amendment?

Sir Cowasji Jehangir: Yes, Sir, I have. Before I sit down, I would like to make an appeal to the Honourable the Finance Member that he should really try to make a reality of our debates.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved: "That for all the entries in Part II-A of Schedule II to the Bill, the following be substituted:

	Rate.
(1) On the first Rs. 25,000 of total income	Nil.
(2) On the next Rs. 30,000 of total income	One anna in the rupee.
(3) On the next Rs. 45,000 of total income	Two annas in the rupee.
(4) On the next Rs. 1,00,000 of total income	Three annas in the rupee.
(5) On the next Rs. 1,00,000 of total income	Four annas in the rupee.
(6) On the next Rs. 2,00,000 of total income	Five annas in the rupee.
(7) On the next Rs. 2,00,000 of total income	Six annas in the rupee.
(8) On the balance of the total income	Seven annas in the rupee.

The Honourable Sir James Grigg: Sir, as time is getting on, I do not propose to follow the Honourable Member very far into his constitutional diatribe except to say that I think he is taking a great deal for granted. He assumes that even if I were willing to accept this amendment or not to use external powers to defeat it, if necessary, this House will be willing to pass it. On that my own attitude is this, and I believe, for once, that the vast majority of the House is in complete agreement with me. If I had 50, 60 or 70 lakhs to give away, this is the last amendment to which I would give it.

Sir Cowasji Jehangir: Which other amendment will you accept?

The Honourable Sir James Grigg: Then, Sir, I will make one other point, because the Honourable Member repeated his opinion that when this House was considering the Income-tax Bill, the agreement arrived at was on the basis that no more should be raised from the new slab system than there had been from the old step system. That is not my recollection and, indeed, throughout it was not my intention. I have, once before in the debates, in this House, exposed the secrets of the prison house to the Honourable Member and I will expose them in one more respect. During the domestic budget discussions, I asked some of my advisers as to whether they thought that the scale as given in the report was the best possible scale and whether it could not be altered in various respects and things. In the view of my advisers, this was the best scale. But even if it were not, they were quite clear in their own minds that the scale which the House had considered in relation to the proposed legislation to change

from the step to slab system was this very specimen scale. Therefore, if that was their impression and the feeling of the House and if the Honourable Member has failed to produce any statement or testimony to the contrary, I must remain of my own opinion in this matter as in so many others, as he complains.

Sir Cowasji Jehangir: Sir, I do not press the amendment, and I wish to withdraw it.

The amendment was, by leave of the Assembly, withdrawn.

Mr. T. S. Avinashilingam Chettiar: Sir, I beg to move:

"That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:

'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

It will be seen that till now in the Schedules to the Income-tax Act a provision of exemption of Rs. 75,000 was given. But under the new provisions, in the Bill under discussion, that exemption has been taken away and the Honourable Member in his speech declared in one line that the exemption hitherto given to the Hindu joint family has been taken away. The Honourable the Finance Member just now said that one of the reasons for adopting the scale of taxation in income-tax and super-tax in the present Bill was that when the House discussed the Income-tax Amending Bill it was having before it these figures. But may I tell him that when the Bill was under discussion the whole of the figures were under the review of the House and not the figures only with regard to the rate of taxation? Now, in Appendix II specimen scales of rates under slab system are specifically given and no idea was given to us anywhere that this exemption of the super-tax that was given to the undivided Hindu family will be taken away in the Finance Bill. I do think that whatever may be the case with regard to other rates of taxation, in this he has really gone behind the back of this House and to a certain extent, if I may say so, has proved false to the idea that he had given to us. I would like to point out the exemption that has been taken away.

The present provision affects the Hindu undivided family in a very adverse manner for two reasons. Firstly, that the income-tax rates for the higher incomes have been increased for all individuals and Hindu undivided families have to suffer that increase along with other people. Besides the increase which they have already got to pay with regard to income-tax, they have again to pay super-tax on the increased form as it is found in the Finance Bill which is more exacting than it was. Over and above these the exemption limit was previously at Rs. 75 thousand and this has been taken away now under the new scale. It is bound to produce more hardship in the Hindu undivided family. The hardships that it works out as it was contained in the previous Finance Bill were accepted by many. I do not want to rely upon the authority of a report that was produced by the three supposed experts to prove that injustice was done. Any Jack that comes from England writes a report and we need not quote that as authority for the position which one may take on justice and fairness. The Hindu undivided family consisting as it does of more members than one, it is quite just that at least in the matter of super-tax exemption that was given before, the same exemption of Rs. 75,000 should be allowed. But in this amendment, we do not seek to ask for exemption to the extent

[Mr. T. S. Avinashilingam Chettiar.]
of Rs. 75,000. We ask for exemption only to the extent of Rs. 45,000. I think that we are meeting Government half way and, therefore, I hope the Government will see the justice of our demand and accept the amendment. I appeal to the House to accept this amendment. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:

'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

Mr. S. P. Chambers: Sir, I want to deal with this amendment quite briefly because, in the main, what I have said on the amendments on the subject of income-tax payable by a Hindu undivided family applies also to super-tax payable by a Hindu undivided family. I have already pointed out that the recommendations in the Income-tax Enquiry report were in fact put up as a single body of recommendations on this point. There was no attempt at giving something away without taking something back on the same subject. For that reason I hardly think that the suggestion that in the Enquiry committee report it was recommended that we should give any relief in this manner is really justified. What I said on the subject of income-tax payable by Hindu undivided families, I need hardly repeat. Briefly, there are clearly some considerable advantages in the treatment of Hindu undivided families under the present Act. There can be no question about that. Any amendment to that is clearly a difficult matter. On the question of income-tax this House has already rejected the amendment to give relief in the manner proposed in an earlier amendment and if we are going to give any relief at all to Hindu undivided families it would certainly not be only to those families that pay super-tax if any money was available, but it should go to those who pay income-tax. Sir, I oppose the amendment.

Babu Baijnath Bajoria: Sir, I rise to support this amendment. At last an amendment has come from the Congress Benches to give relief to Hindu undivided families. I quite realise that this amendment will give relief comparatively to a small number of families and not to all the Hindu undivided families because the Hindu undivided families which have an income of more than Rs. 25,000 will only be benefited and their number is very small. But still, Sir, half a loaf is better than no loaf. As my Leader suggests this will also mean the acceptance of the principle that Hindu undivided families have got some claim to be treated in a differential manner to that of an individual. Obviously, when Rs. 75,000 were exempted before charging the income of an undivided Hindu family to super-tax, I think the guiding principle was that this income was earned not by one individual but by several individuals and this accounted for the swelling up of the total to a higher figure. That was why super-tax was exempted to a higher figure than in the case of ordinary individuals. On that basis, I think the original figure should have remained, but still we will be partially satisfied if this amendment is adopted. But I see there is no hope for that. But still I support the amendment.

Sir Cowasji Jehangir: Sir, I am not able quite to follow this amendment. I seek advice and information. The amendment says:

"On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons."

Then that means a company.

Mr. Bhulabhai J. Desai: Company is a different entity.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:

'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

The Assembly divided.

AYES—52.

Abdul Qaiyum, Mr.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasaynam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Bhagchand Soni, Rai Bahadur Seth.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sardar.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Rajah, Raja Sir Vasudeva.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—45.

Abdul Hamid, Khan Bahadur Sir.
Abdur Rasheed Chaudhury, Maulvi.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Joshi, Mr. N. M.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthakar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

The motion was adopted

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): Sir, I move:

"That in part II-A of Schedule II to the Bill, for entries 5, 6, 7 and 8 the following be substituted:

'5. On the balance of total income ... Four annas in the rupee'."

I know that the Finance Member and his supporters will oppose this amendment, but I hope everyone will see that what I am saying is in the best interests of the country. And I have also a ray of hope that at the eleventh hour the Finance Member will come to my rescue. The Finance Member told Sir Cowasji Jehangir that he would not give any concessions so far as his amendments were concerned. From that I have a ray of hope that he may relent a little so far as my amendment is concerned. Whether it is as a concession or not I must say what I have got in my mind. According to Schedule II, part 1, we find that an income of over Rs. 125,000 has to pay income-tax of 2a. 6p. I want that it should bear that income-tax at 2a. 6p. *plus* super-tax not exceeding four annas. That is the sum and substance of my amendment. Nominally it would come to 6a. 6p. in all per rupee of income, but the House will remember that in passing the Income-tax Act issues have become confused and income has been allowed to include a portion of expenditure also, such as capitalised share, depreciation, etc. So although nominally it will be 6a. 6p. it will actually be more and though I have no figures, I think it will be seven annas or probably even eight annas. But this much we can give the Finance Member ungrudgingly and willingly. But if he wants to take anything more we will say "Please cry a halt. We do not want to give any more without a fight." My first objection is that ours is a poor country and the majority of the people are poor. The Finance Member said that in Britain the people are paying as much as eleven annas in the rupee, but a simple comparison will show that we cannot afford to pay so much. Our income is only about Rs. 84 per year per head of the population, while theirs is eleven times more. So even if one levied eleven annas on their income, they would still have 400 or 500 rupees left in their pockets, while here with an income of 70 or 80 rupees, if we pay even eight annas, we will be left only with about 30 or 40 rupees in our pockets. That will not be sufficient even for our maintenance. I have taken only one comparison. I am told that the persons with an income of over Rs. 125,000 a year are only 360. So if the present Finance Bill, which imposes seven annas super-tax *plus* 2½ annas income-tax, making a total of 9½ annas in the rupee nominally but ten or eleven annas actually, is passed, it will, in the course of a few years, have the effect of reducing their numbers. We cannot afford to do that. Our country is undeveloped and we want money to develop our industries.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not repeat all that. All that has been said often during the course of discussions.

Maulvi Abdur Rasheed Chaudhury: I am not repeating, Sir. The analogy of England cannot apply to this country. First of all, England is an independent country while India is a dependent country. Every pie that is earned in Europe is spent in Europe and remains within its boundaries.

Mr. President (The Honourable Sir Abdur Rahim): That is not relevant to the amendment.

Maulvi Abdur Rasheed Chaudhury: I think what I say is relevant. I have said that I want that money should be in our country so that our industries may be developed. In India the State has no concern with our industries: it does not lift its little finger to encourage industries; but it is quite different so far as their country is concerned. Our trade associations, our chambers of commerce.

Mr. President (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to speak to this amendment, which is an amendment to reduce the tax on certain incomes.

Maulvi Abdur Rasheed Chaudhury: What I am saying is relevant. Otherwise how can I develop my argument in support of it?

Mr. President (The Honourable Sir Abdur Rahim): No, no. The Honourable Member must speak to the amendment. The Chair will not have any sort of general arguments like that now.

Maulvi Abdur Rasheed Chaudhury: I feel, Sir, I need not move the amendment and, therefore, I resume my seat.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has not put the amendment to the House. The Honourable Member ought not to have moved it. The Chair will pass on to the next amendment. The Chair takes it he does not move it.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, I move:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs. 30,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee'."

Sir, the point which I wish to lay before the House,—I will try to be brief,—is this, that there are about ten thousand companies working in this country, and they are well distributed in all the provinces. They are distributed in this manner,—in Bengal 4,900, Bombay and Sind 1,400, Madras 1,262, United Provinces 406, the Punjab 786, Central Provinces and Berar 78, Assam 182, and in Delhi itself there are no less than 202 companies working. Sir, it is a general principle in all civilized Governments to encourage the form of joint stock enterprise, while in this country we find that, unfortunately, instead of affording any encouragement, there is a method in systematically discouraging this form of enterprise. I do not wish to dilate on the advantages of joint stock enterprise, how large enterprises could not be undertaken by one individual even by putting all this money into the enterprise, and how risky undertakings require co-operation with limited liability, but generally it is well-recognised in all countries of the world, and, particularly, in a backward country like India, this form of enterprise is one which needs all the encouragement possible. Now, Sir, when it was a question of tightening the Companies Act, we all co-operated with the Government, because, we want the business organizations of our country to be placed on the best possible basis and to be as free and as clear from abuses as possible. But when it is a question of taxation, there is one method of discouragement which is worse than any other, and that is the method of taxation. Sir, I find that the taxation on

[Mr. Manu Subedar.]

companies has been increased systematically. In 1929, the rate of income-tax payable by a limited company was Re. 0-1-6 in the rupee. This was the rate which was payable on the whole income whether it was one rupee or any amount. Then in 1930 it was raised to Re. 0-1-7, in 1931 it was raised to Re. 0-2-0, then a surcharge was put on. Then, in 1933, it was raised to Re. 0-2-2, and now the Honourable the Finance Member seeks to raise it from Re. 0-2-4½ to Re. 0-2-6. This is certainly a very heavy rate, but in addition to this, the Honourable the Finance Member now proposes that the exemption for all joint stock companies with regard to super-tax should be taken away. My submission, Sir, is this. We heard the Honourable the Finance Member say a good deal in defence of the slab system. The outstanding merit of the slab system over the step system which was pointed out to us was that lower incomes would pay less. The Honourable the Finance Member sung a lullaby with regard to the advantages of the slab system. He persuaded this House to adopt it, and now all I say is this, that he is himself by his proposal denying, to joint stock companies, this particular benefit of which he himself was the most outstanding exponent before this House. I say, Sir, that there are numerous small companies. Out of these 10,000 companies, or 9,400 companies to be correct, the companies which pay super-tax under the present scale would not be very many. It is usual, Sir, to associate very large profits with large companies. There are a few large companies in this country, public utility companies like the Telephone companies, the Steel works, a few textile mills, and also a few of the older businesses like banks and others, who are making very large profits, but my submission is that the largest number of the companies are small companies. When they are not small, they are making losses. When a company incurs a loss, the Government do not come and contribute or offer to make up that loss.

The Honourable Sir James Grigg: We do it in the new Income-tax Act.

Mr. Manu Subedar: When a company makes a very small profit, the Government want to take it, but when the company itself is very small, it is made to pay much more. Supposing there is a company with a capital of say Rs. 10,000. Instead of a man engaging in business with Rs. 10,000, instead of any Honourable Member here putting some money in some business, he puts his son saying—'All right, I can give you a little money and you collect a little more from other friends and you start a little shop'. Instead of a man doing work on his own name, if he chooses to do it in the form of a joint stock company, he has to pay no less than Re. 0-3-6 in the rupee on the whole of the income which that company will make under the new dispensation sought to be established by the Honourable the Finance Member. I feel, Sir, that the Honourable the Finance Member has been consistently hostile to business generally, but his hostility stands out, so far as the proposed very savage treatment of this particular class of enterprise is concerned. Sir, the Honourable the Finance Member told us yesterday that the total amount of money he will get in this manner would be 21 lakhs. He told us that a substantial amount out of this 21 lakhs is going to come from companies whose income will not be Rs. 50,000, but a much bigger income and who are now enjoying the exemption. Sir, may I ask why the Finance Member did not introduce

to us a taxation in this form, that when a company makes an income exceeding Rs. 50,000, no exemption would be given to it on the income made up to Rs. 50,000? First of all, he himself seeks to treat all companies alike, the small and the big, and then, when we plead with him that it is a terrible injustice to tax small companies to the extent of 3½ annas in the rupee, then, Sir, he turns round and says: "Oh, the bulk of this money is coming from the big companies". If that is so, I would like to ask him why did you try to introduce a tax scheme in this form by which the rich and the poor come in alike?

Sir, the Honourable the Finance Member is very fond of talking about the masses, about small men, the class of small men he has favoured in the scheme of income-tax in the slab system. I ask, what happens to men of the same class who are trading in a joint stock form? Are you singling them out for extinction? Are you going to annihilate them by this additional impost which you are going to put? Sir, the Honourable the Finance Member belongs to a corporation or a company which does not pay taxes, but which makes others pay. I was hoping that corporation would go into voluntary liquidation. As a matter of fact, that corporation has been talking for a long time of going into voluntary liquidation, but it appears to me that instead of their going into voluntary liquidation, we will have to get a compulsory order signed by my Honourable friends, Mr. Bhulabhai Desai, Mr. Jinnah and Mr. Aney, the Party Leaders representing the people of this country. Sir, the Honourable the Finance Member will, I am very sorry to say, again accuse me of ascribing motives. I assure this House that I have no intention of doing so, but the facts stare me in the face. He was a revenue official in the United Kingdom, and in that capacity he doubtless discovered that a lot of capital from the United Kingdom was making its way to India, because the taxation was lower in India. That being so, he came out to this country, and I have no doubt about it,—at least the facts indicate that it must have been so,—he came out to this country, and made up his mind to make arrangements by which this drain of British capital into India in order to escape the very heavy taxation in the United Kingdom could be stopped.

Mr. President (The Honourable Sir Abdur Rahim): All this sort of thing has been said several times before. The Chair thinks the Honourable Member must confine himself to the merits of his amendment.

Mr. Manu Subedar: I am dealing with the merits. The level of taxation in this country, so far as joint stock companies are concerned, is now being raised to the level which is in the United Kingdom. There is a small difference, but that is a difference of vulgar fractions, which I must hand over to the mathematician in the House to decide. There is a very small difference now, and my submission is that joint stock enterprise in this country is sought to be taxed too heavily. Even if this House, therefore, agrees to the enhancement of the rate from two annas 4½ pies to two annas six pies, I submit that the proposed exemption should not be taken away from the joint stock companies. The last point I wish to make is this. I have moved an amendment for Rs. 80,000, that is to say, the present exemption of 50,000 goes, but 30,000 remains. I seek to justify this to the House on this ground. When super-tax was charged

[Mr. Manu Subedar.]

on individuals, the original level was 50,000. When Government needed more money and that came down, they rested it at the level of 30,000. But in this present Finance Bill it is sought to be reduced from 30,000 to 25,000 in the case of individuals. My submission is that at least for the time being the House should not agree to the complete exemption of 50,000 being taken away, but that, as in the case of individuals the Government themselves did, we ought to rest at the level of 30,000, and that will relieve most of the small companies. My own guess, though I should like a more precise figure to come from Mr. Chambers if he has got any,—my own guess is that out of 9,500 odd companies, more than three quarters will be saved from the super-tax levied on the basis of this 30,000 level. Another thing is that the amount of Rs. 21 lakhs which the Finance Member calculated and which he thought would be lost, I think, if I understood him rightly,—if the bulk of this money was coming from such companies, in that case it will still continue to come to the treasury to the extent of the tax on incomes between 30,000 and 50,000. If it is a matter, as I expect, of five or seven lakhs which he loses by the measure which I am advocating, I think he ought to be content. He said the other day,—he used words which were historical, his great predecessor Clive used them—he said that he was surprised at his own moderation. I want him to intensify that surprise a little and accept the very modest amendment which I am asking, not to take away the complete exemption from joint stock enterprise in this country, but to allow it to rest at the figure of 30,000.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs. 30,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee."

The Honourable Sir James Grigg: I oppose the amendment. The Honourable Member is talking in terms solely of small companies, but the exemption which he proposes to give will give the exemption of 30,000 to every company, large or small, and we cannot afford the money. He mentioned a net figure of 21 lakhs for company super-tax from the abolition of the exemption. But that is the net amount after allowing for the abolition of the surcharge, and if you take that into account the figure of 21 lakhs would be increased to 35 or 40 lakhs, and the proportionate part of that would be 20 or 25 lakhs. I simply cannot afford it.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs 30,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee."

The motion was negatived.

Babu Baijnath Bajoria: I beg to move:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs. 25,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee."

I do not want to make a big speech on this. I only want to say a few words, and that is, that when all individuals, Hindu undivided families, associations, are all exempt from the first 25,000 from the payment of super-tax, why should the companies be taxed on the first 25,000 of their income? In my opinion it will be the smaller companies which will be more hit by the abolition of the exemption of Rs. 50,000 than the bigger companies. If this amendment is carried, smaller companies with less than 25,000 income will not have to pay the corporation tax at all, whereas the bigger companies will get relief only to the extent of 25,000. I am pleading the cause of the smaller companies, which was done so eloquently by my Honourable friend, Mr. Manu Subedar. At the present moment there is a tendency for formation of small companies, and this abolition of exemption will be a great handicap to that process and it will retard the progress of industries in this country. Though there is no chance of this amendment being carried, I move it so that it may be on record.

The Honourable Sir James Grigg: I oppose the amendment.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs. 25,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee."

The motion was negatived.

Mr. M. Ananthasayanam Ayyangar: I beg to move:

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved.

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

The Honourable Sir James Grigg: Sir, I oppose the amendment, in spite of the fact that the Honourable Member has moved it in the shortest speech that he has ever made in this life. This amendment is, of course, free from the objection which I mentioned just now that the relief will be not to all companies, big and small, but only to the latter, and, therefore, it is less objectionable in principle. But I would point out to the Honourable Member that he has made no provision for marginal relief anyhow. But if Honourable Members will refer to the Income-tax Inquiry Report, they will find that the grounds on which they proposed the abolition of the super-tax exemption were grounds of principle and not of cost alone and they quoted from the Taxation Inquiry Report of 1924-25. I will just read a few sentences.

"If the tax is recognised as a corporation profits tax, it becomes clear that the exemption limit of Rs. 50,000 is illogical. Small companies derive relatively as much advantage as large ones from the privilege of incorporation and the amount of profit made by a company bears no necessary relation to the wealth or poverty of its shareholders. It is recommended therefore that the present exemption limit, which seems to have been based on a false analogy, should be abolished."

Sir, I oppose the amendment.

Mr. T. S. Avinashilingam Chettiar: The quotation that the Honourable the Finance Member made is by no means complete. It must be examined on its merits. We find that this tax will do a lot of hardship. I shall not go into the grounds which have been covered by my friend, Mr. Manu Subedar, in his speech over a previous amendment. I would like to tell the House what the effect of this tax will be. There are companies and companies. There are companies with a capital of two lakhs or five lakhs or more. There are companies with a paid up capital of much less than a lakh, about 50 thousand or 60 thousand. Let us examine the position of a company which gets an income of Rs. 5,000 and also see how it compares with the tax levied on individuals with the same income. Take the case of an individual who gets Rs. 5,000. He has to pay income-tax of Rs. 151-9-0. As far as the companies are concerned it comes to Rs. 780-8-0. That is for the income-tax alone and for the super-tax another Rs. 312-8-0. That is Rs. 1,092. That means that for the same income, an individual, a firm or an association of persons pay Rs. 151-9-0 and a company pays Rs. 1,092. May I ask whether it is fair? Is that the way in which the growth of companies is to be encouraged? I come to Rs. 10,000. There is no super-tax for him because super-tax begins only after 25,000, when an individual pays 540, the company for the same income pays 2,186. The position is all right for big companies like those started by Sir Cowasji Jehangir with capital of five lakhs or ten lakhs but it is the poor man's companies with a capital of one lakh or less than one lakh that will be affected. They would not be able to compete in the open market, because the tax will lie on them heavily and they would not be able to compete with individuals. For this reason I think that this tax will result in materially discouraging the growth of companies. Not only that. It will result in killing some of the companies for the reason that they will not be able to compete with individuals who do not have to pay these taxes. The Honourable the Finance Member quotes from the Taxation Report whenever it suits him. These things have to be judged on their own merits. I do not know what the position in England is but as far as India is concerned this tax will be a handicap in the growth of smaller companies and I feel that this exemption is absolutely essential. Sir, I support the motion.

Mr. Manu Subedar: I shall be very brief. I will only cover the ground that my friend has covered in his reply. I want to mention to the House that joint stock enterprise is now being victimised in order to cover up an error of Government themselves. There is, under section 311, a definition of corporation tax which the Honourable the Finance Member himself, on one of the previous occasions, said was a rather awkward definition and would want to be amended. I do not know whether in the amendment of the Government of India Act, now in hand, this amendment is going to be made. I want to put before the House the position as I see it. If Rs. 10 is taken from me on one account and Rs. 10 on another account, I still have to pay Rs. 20 and to say that part of it was for incorporation and part of it for some other purpose is not fair. Both these levies are scaled on the actual income made by companies. The party paying is the same. The party collecting is the same. The credit in the Government accounts is also under the same head of corporation tax and to bring before the House the dilemma that the benefit of incorporation is as real to little companies as

it is to big companies and, therefore, heavy tax should be levied on small companies is somewhat unfair. In addition to what I have said before, may I say that this savage treatment of business interests generally and of joint stock companies in particular at the hands of the Finance Member will remain one of the darkest pages of British administration in this country. Sir, I support the motion.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

The Assembly divided:

AYES—51

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Bhagchand Soni, Rai Bahadur Seth.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gunta, Mr. K. S.
Hans Rai, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.

Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

NOES—43

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That Schedule II, as amended, stand part of the Bill."

The motion was adopted.

Schedule II, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That clause 1 stand part of the Bill."

Mr. M. Ananthasayanam Ayyangar: Sir, I move:

"That in sub-clause (1) of clause 1 of the Bill, before the word 'Indian' the word 'British' be inserted."

This is only a consequential amendment. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in sub-clause (1) of clause 1 of the Bill, before the word 'Indian' the word 'British' be inserted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the Preamble stand part of the Bill."

Mr. M. Ananthasayanam Ayyangar: Sir, I move:

"That in the Preamble to the Bill, the words 'to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934' be omitted."

The Honourable Sir James Grigg: Sir, this is a consequential amendment, and I shall not be so silly as to divide the House on it.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in the Preamble to the Bill, the words 'to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934' be omitted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the Long Title stand part of the Bill."

Mr. M. Ananthasayanam Ayyangar: Sir, I move:

"That in the Long Title of the Bill, the words 'to vary certain duties leviable under the Indian Tariff Act, 1934' be omitted."

This is only consequential, and I move.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That in the Long Title of the Bill, the words 'to vary certain duties leviable under the Indian Tariff Act, 1934' be omitted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the Title and Preamble, as amended, stand part of the Bill."

The motion was adopted.

The Title and the Preamble, as amended, were added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): Sir James Grigg.

The Honourable Sir James Grigg: Sir, I do not move.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 25th March, 1939.

LEGISLATIVE ASSEMBLY.

Saturday, 25th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

INCREASES OF PAY OF SUBALTERNS OF THE BRITISH ARMY SERVING IN INDIA.

1302. *Mr. S. Satyamurti: Will the Defence Secretary please state:

(a) whether his attention has been drawn to the following question and answer in the House of Commons recently:

"Lieutenant-Colonel Sir Walter Smiles, Conservative M. P. for Blackburn, Lancashire, asked in a written question to the Secretary of State for War 'if subalterns of the British Army serving in India have received increases of pay in the same proportion as those given to subalterns of the British Army serving at home' in the Commons last week. The Under-Secretary of State for India, Lieutenant-Colonel A. J. Muirhead, has answered: 'When the rupee rates in India for British Service Officers were last revised in 1924-25, they were constructed on the sterling rates at that time in force in such a way as to give the officer in India a substantial advantage by higher rate of pay. Since that date there has been no reduction in Indian rates of pay whereas the sterling rates of pay at home have been subjected to successive reductions. In the circumstances, my noble friend decided that no increase was necessary in the Indian rates for a second lieutenant and lieutenant on promotion'";

(b) whether it is a fact that in 1924-25, the rates of pay were so constructed as to give an officer in India a substantial advantage by higher rate of pay;

(c) if so, what was the measure of advantage;

(d) what are the reasons for that advantage being given; and

(e) the reason why there has been no reduction in Indian rates of pay, while the sterling rates of pay in England have been subject to successive reductions?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) Yes.

(c) The grant of an Indian allowance.

(d) This Indian allowance is designed to compensate officers for the additional cost of living as a result of serving overseas. It is exactly

comparable to the colonial allowance which is given to British Service Officers serving in other overseas stations.

(e) Sterling rates of pay in the United Kingdom underwent reduction on account of the fall in the cost of living in the United Kingdom. The Government of India have reviewed the Indian rates of pay fixed in 1924 on four subsequent occasions but they found that the cost of living in India had not fallen to such an extent as to justify a reduction. The sterling rates of pay issued to those officers while on leave or on duty in the United Kingdom were subject to the same reduction as was made in the pay of officers under the Imperial establishment.

Mr. S. Satyamurti: With reference to the answer to clause (d) of the question, may I know if, at the time when this increase was given, any calculation was made by Government of the actual increase in the cost of living, and was the increase in salaries in proportion to the said increased cost of living?

Mr. C. M. G. Ogilvie: I think the most detailed calculations were made.

Mr. S. Satyamurti: May I know if my Honourable friend can give any figures to this House as to the increased cost of living and the relation of the increase in the scale of salaries to the increased cost of living?

Mr. C. M. G. Ogilvie: No; in the United Kingdom the information could probably be found. As regards the state of affairs in India, the results of the inquiries which took place in 1928, 1930, 1931 and 1937 were to the effect that the cost of living in India had not fallen to such an extent as to justify a review.

Mr. S. Satyamurti: This increase was given in 1924-25 because of the cost of living. May I know whether the cost of living has not at all fallen since then and whether today, according to the calculations made by the Government of India, the cost of living is as high as it was in 1924-25 when this increase was given?

Mr. C. M. G. Ogilvie: That is undoubtedly the conclusion.

Mr. K. Santhanam: Is the Honourable Secretary aware that the prices of foodstuffs have gone down by 50 per cent.?

Mr. C. M. G. Ogilvie: The price of foodstuffs is a very small part and it may be compensated by rises in other directions.

Mr. K. Santhanam: Is the Honourable Secretary also aware that the prices of clothing have also fallen almost to the same extent during that period?

Mr. C. M. G. Ogilvie: Not of English clothing.

Mr. S. Satyamurti: Will the Secretary place on the table a statement of the information in possession of Government on which they have come to the conclusion that the cost of living in 1934 had not fallen below the cost of living in 1924?

Mr. C. M. G. Ogilvie: I think that would take too long a time and I do not think it is worth while. The Honourable Member must himself realise that the prices of foodstuffs and so on, though they may have decreased in some cases quite considerably since 1924, have been more than set off by the increase in taxation, customs duty and so forth.

Mr. S. Satyamurti: Is it the intention of Government that if there is increased taxation, these services ought to be paid more in order to pay the increased taxation?

Mr. C. M. G. Ogilvie: No; but these things are naturally considered when the cost of living is examined.

INCIDENCE OF TAXATION IN INDIA.

1303. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

- whether any enquiry has recently been made into the incidence of taxation, Central, Provincial and local, of each individual tax-payer in India;
- if so, when the attempt was made and what the results were; and
- if not, whether Government have any intention of making an enquiry into the incidence of taxation under these three heads in India with a view to following a common taxation policy?

The Honourable Sir James Grigg: (a) No.

(b) Does not arise.

(c) No such proposal is at present under consideration.

Mr. S. Satyamurti: May I know the reasons why the Government of India have not made and do not propose to make the inquiry as suggested in this question?

The Honourable Sir James Grigg: The Honourable Member must be aware that I have made statements on various occasions. The whole question which is being created by what the Honourable Member calls the current field of taxation is one which is engaging our very serious consideration and is one on which I have expressed my inability to say anything definite at present.

Mr. S. Satyamurti: Apart from the attitude of Government towards the Federal Court judgment in respect of one concurrent source of taxation, may I ask why the question of incidence of taxation which is raised in this question on the individual tax-payers as against the Central, Provincial and local taxation, is not being examined by the Government?

The Honourable Sir James Grigg: There is a good deal of statistical analysis to be done and investigation will have to be carried out before we could express any opinion on the incidence of taxation generally. It may be true that I had promised on one occasion to ask the Economic Adviser to consider such an inquiry. Very limited steps have been taken about

that inquiry and the Economic Adviser has reported that it would cost a lakh or two to undertake it and therefore in view of the financial stringency it has not yet been undertaken. But the Economic Adviser does propose, I know, to raise the question again during the year if the prognostications of Honourable Members opposite that I have under-estimated the revenue turn out to be correct.

Mr. S. Satyamurti: Will the Government of India re-consider the whole position in view of its importance to all the interests concerned—the Central Government, the Provincial Governments and the tax-payers—and revise their decision with regard to the inquiry and start it as early as possible unmindful of a lakh or two?

The Honourable Sir James Grigg: I think the Honourable Member had better address that question to my successor. I have had a discussion with the Economic Adviser and recommended him to take up that matter with my successor as early as possible.

LEVY OF AN EMPLOYMENT TAX IN THE UNITED PROVINCES.

1304. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

- whether the attention of Government has been drawn to the levy of employment tax in the United Provinces by the Provincial Government;
- whether the Government of India have been approached by any of their servants serving in the United Provinces in respect of this tax; and
- whether Government have any intention of challenging the competence of Provincial Governments to levy this tax before the Federal Court; if so, why?

The Honourable Sir James Grigg: (a) Yes.

(b) No.

(c) I am not in a position to make any statement.

Mr. S. Satyamurti: With regard to the answer to clause (c) of the question, may I ask whether the matter is being considered at all by this Government?

The Honourable Sir James Grigg: Does the Honourable Member refer to the question of challenging the judgment or the situation created by the judgment?

Mr. S. Satyamurti: Both.

The Honourable Sir James Grigg: The whole situation is being considered.

Mr. S. Satyamurti: May I ask whether the Government of the United Provinces will be given some indication of the attitude of the Government of India in time before they take any step by way of challenging their taxation proposals?

The Honourable Sir James Grigg: I do not think it will get to that stage in the next ten days and therefore I prefer not to make any addition to what I have already said.

Mr. S. Satyamurti: May I request you, Sir, that it is not fair to the House that my Honourable friend should say that he will be going away after ten days, and therefore he does not want to say anything further on this matter? Whether the Honourable Member is here or not, the Government goes on.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that he has spoken to his successor.

Mr. S. Satyamurti: But he has got to answer the question. He cannot walk away merely by saying that he is going away.

The Honourable Sir James Grigg: It is not a desire to evade any responsibility or anything of that sort. It is merely a desire to leave my successor with as few commitments as possible.

BUDGETS OF PROVINCIAL GOVERNMENTS AND THEIR FINANCIAL PROPOSALS FOR TAXATION.

1305. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

- whether the Central Government had now received the budgets of all Provincial Governments and copies of their financial proposals for taxation next year;
- whether the Central Government have examined all these taxation proposals; and
- whether they have come to any conclusions thereon with a view to promoting an understanding between the Centre and the Provinces on what may be called concurrent fields of taxation; if not, why not?

The Honourable Sir James Grigg: (a), (b) and (c). The majority of the Provincial budgets have only recently been received. I cannot at present add anything to my previous replies and statements on this subject.

Mr. S. Satyamurti: With reference to the answer to part (b) of the question, may I ask whether Government have examined the taxation proposals of the various Provincial Governments, as part of their own arrangements for the next year's proposals?

The Honourable Sir James Grigg: "Examined" is the wrong word, but if the Honourable Member will be content with the word "studied", certainly.

Mr. S. Satyamurti: As the result of that study, may I know whether Government have come to any conclusion with regard to promoting an understanding between the Centre and the Provinces which cannot await much longer?

The Honourable Sir James Grigg: I do not understand the question. The Provinces cannot wait much longer for what?

Mr. S. Satyamurti: For an understanding between the Centre and the Provinces in what are called items in the concurrent list of legislation, which cannot await much longer?

The Honourable Sir James Grigg: A good many of the Provincial Governments have in their budgets made proposals in this concurrent field of legislation.

Mr. S. Satyamurti: I am asking whether the Government of India will come to an understanding with them so that there may not be surprises sprung upon them by reference to the Federal Court, and all sorts of last minute surprises.

The Honourable Sir James Grigg: If the Honourable Member means that as regards any action which Government may wish to take in this affair, the Provinces should get due warning, I entirely agree with that. But I hope the Honourable Member will not infer from that anything more than what I have said. My general position is that the matter is being studied. Beyond that I cannot say anything.

Mr. S. Satyamurti: May I ask whether Government will explore all the possibilities of coming to an understanding with the Provincial Governments, before resorting to courts of law?

The Honourable Sir James Grigg: That goes very much further, and I would prefer to take refuge in my general answer that I cannot add anything to my earlier statements.

Mr. K. Santhanam: Will the Honourable Member consider the desirability of including a note on the budgets of the provinces in the explanatory memorandum to the Central Budget so that we may be aware of the implications of provincial finance?

The Honourable Sir James Grigg: If the Honourable Member will consider the times when the various provincial budgets are presented in relation to the time of the Central budget, he will find that it is not a practicable suggestion.

Mr. K. Santhanam: I am referring to previous year's budgets of the provinces. I am not asking for a note for the next year's budget.

The Honourable Sir James Grigg: I will pass on that suggestion to my successor.

Prof. N. G. Ranga: Is there a possibility of bringing about this sort of understanding between the Centre and Provinces by convening a conference of Financial Ministers also?

The Honourable Sir James Grigg: I answered that question in the statement which I made in the House the other day.

Prof. N. G. Ranga: When is the next Financial Minister's conference?

The Honourable Sir James Grigg: Not within the next ten days.

FOREIGNERS IN INDIA.

1306. ***Mr. S. Satyamurti:** Will the Honourable the Home Member please state:

- (a) the number of foreigners who entered India since 1st January last year;

(b) whether Government have any information as to the places where these foreigners are working now and the nature of their employment;

(c) whether any propaganda is being carried on by these foreigners on behalf of the foreign Governments;

(d) whether Government have any means of watching that propaganda; and

(e) whether Government propose to take any steps in this direction?

The Honourable Sir Reginald Maxwell: (a) I am endeavouring to obtain information on this point.

(b) No. I would refer the Honourable Member to my reply to parts (b) and (c) of his starred question No. 1056 given on the 15th March, 1939.

(c), (d) and (e). I would refer the Honourable Member to my reply to Mr. Manu Subedar's starred question No. 1165 on the 18th March, 1939, and to the supplementary questions arising therefrom.

Mr. Badri Dutt Pande: Is it a fact that there are Nazi organisations and Fascist organisations also in India which are doing propaganda work and distributing literature?

The Honourable Sir Reginald Maxwell: Yes.

Mr. S. Satyamurti: My Honourable friend is very cautious in giving his answer which I appreciate. I merely want to know whether Government have any adequate means to watch the propaganda and take steps to check it, if they consider it necessary.

The Honourable Sir Reginald Maxwell: Certainly, Government have adequate means of watching it. If the Honourable Member has any interest in the question, I can give him certain information privately which I would not like to give publicly.

Mr. S. Satyamurti: I am not asking about the information. I want to know, so that the House may be satisfied, that Government have adequate means in their possession of watching and controlling and checking this propaganda by foreigners in this country, on behalf of foreign Governments.

The Honourable Sir Reginald Maxwell: I consider that Government have adequate means.

Mr. M. Thirumala Rao: Is it a fact that the Havero-Trading Company is one of the principal centres for German propaganda in this country?

The Honourable Sir Reginald Maxwell: I cannot answer that question without notice.

RENEWAL OF GOVERNMENT SECURITIES.

1307. ***Mr. S. Satyamurti:** Will the Honourable the Finance Member please state:

- (a) whether the Government of India have been addressed by the Indian Merchants Chamber, Bombay, regarding the renewal of Government securities;

**Answer to this question laid on the table, the questioner having exhausted his quota.*

with reference to the recent decision of the Privy Council, reported in 65 Indian Appeals, Secretary of State *versus* the Bank of India, Limited, whether Government have considered the recommendations of the Indian Merchants Chamber, Bombay, that Government should bring forward at an early date legislation for amending or modifying the Indian Securities Act, 1920, by definitely laying down that beyond section 21 of the Act which provides for indemnity, there is no right of implied or any indemnity which is sought to be given to Government under the aforesaid decision of the Privy Council; and

(c) whether Government propose to grant the request and bring up suitable legislation; if not, why not?

The Honourable Sir James Grigg: (a) Yes.

(b) Yes.

(c) No. Government do not consider that the suggestion made by the Indian Merchants' Chamber would be helpful as, if adopted, it would involve a change in procedure which would operate to the serious disadvantage of small investors. The reasons for Government's decision are set out in their reply to the Indian Merchants' Chamber, a copy of which is being placed on the table.

No. D./1724-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 20th March, 1939

From

H. A. C. Gill, Esquire, I.C.S.,

Deputy Secretary to the Government of India.

To

The Secretary,

Indian Merchants' Chamber, Bombay.

SUBJECT:—Renewal of Government Securities.

Sir,

I am directed to reply to the representation on the above subject contained in your letter No. 470, dated the 22nd February, 1939.

2. Government's opinion as regards the legal position of renewed Government promissory notes having been confirmed by the Judicial Committee of the Privy Council it does not appear that any useful purpose would be served by further discussion of it. I am to invite your Chamber's attention to the answer given by the Honourable the Finance Member to a question by Mr. Manu Subedar on this subject in the

Legislative Assembly on the 18th February last. Government cannot accept a position where they would assume full liability in respect of notes which had been renewed, and attention is invited to the following extract from the Honourable Member's answer:

"This (the issue of a new note free from any defects in the old one), however, does not mean that the party who has endorsed the old note on to Government will not continue to be subject to the ordinary liability of a party who has passed on a negotiable instrument with a defective title or no title at all, and Government naturally retain the ordinary right to claim against such a party. It is quite obvious that Government could not accept a position where they would assume full liability in respect of such notes as this would open the way to extensive malpractice and collusion."

The point which requires emphasis in connection with the suggestion of your Chamber is that if Government were to forgo their right of action against a holder who acquire title through a forged endorsement the way would be opened for the practice of frauds on a widespread scale with no right of recovery open to Government. Government are, in effect, asked to guarantee the validity of all endorsements on Government Promissory Notes which are accepted for renewal. In practice, the Public Debt Offices are clearly not in a position to verify the correctness of all endorsements. To do so they would, *inter alia*, have to keep records of the specimen signatures of all parties who are likely to be endorsers of Government Promissory Notes; this is obviously impossible. All that they are in a position to do in the majority of cases is to verify that the endorsements are *prima facie* in order and after doing so Government are prepared to issue a new note free from any defects in the old one. In so doing, Government rely on the right, inherent in a negotiable instrument in the form of a promissory note, of action against any holder who acquired the old note through a fraudulent endorsement.

3. Government cannot, therefore, resile from the position which they have taken up as indicated in the Honourable the Finance Member's answer and, therefore, if the suggestion made by your Chamber were adopted, Government would be obliged, in order to maintain the protection which they enjoy at present and which they consider to be essential, to require an indemnity to be given in respect of every renewal of a Government Promissory Note. This they do not consider a practical proposition. In the first place, it would be, from the point of view of a holder of Government Promissory Notes, no improvement on the existing position; and secondly, while in the case of large dealers in Government securities, such as banks and insurance companies, it would be possible for them to arrange for a continuing general indemnity, instead of a separate indemnity in respect of each note renewed, it would be an undoubted hardship and disadvantage to small holders who would be put to the trouble and expense, on each renewal, of obtaining an indemnity satisfactory to Government.

4. It remains, therefore, only to examine from a practical point of view the position resulting from the elucidation of the question of liability by the Privy Council judgment. Government are of opinion that the difficulties, if indeed such exist in practice, have been greatly exaggerated. The practical steps which a purchaser of Government Promissory Notes can take to protect himself were indicated in the reply of the Honourable the Finance Member to the question in the Assembly to which a reference has been made above. I quote below the relevant portion:

"The remedy in the hands of Banks and other dealers also seems plain. They should, as in the case of other negotiable instruments, take reasonable precautions that the previous endorsee is a party of standing or one known to them, and insist in other cases, if there is any element of doubt, that the script should be renewed before they take it, in which case they will be fully protected so long as they take the simple precaution of satisfying themselves that the party selling them the note is the actual party in favour of whom the note was renewed."

5. It has been pointed out that the procedure proposed in cases where the purchaser of Government Promissory Notes is in doubt will involve hardship because it will prevent "over-the-counter" purchases of securities from unknown parties by dealers. This, however, is a difficulty inherent in the particular form of security which has achieved the greatest popularity in India, *viz.*, the Government promissory note. The only form of security which is suitable for such 'over-the-counter' dealings

with unknown parties is obviously a fully negotiable instrument payable to bearer where ownership passes by delivery against payment. Government have in the past made bearer bonds, which conform to these requirements, available in respect of some of their loans, and in fact such bonds are now obtainable in respect of the 3½ per cent. Paper and the 5 per cent. 1945-55 (tax-free) loan. There has, however, been no demand for this form of security for many years and it is for this reason that bearer bonds have not been made available in respect of subsequent Government loans. The reason for the lack of popularity is undoubtedly the difficulty of keeping such bearer documents in safe custody and the risk and trouble attendant on drawing interest; the advantage which they enjoy from ready negotiability is obviously a disadvantage from the point of view of safe keeping. If, however, a genuine demand for bearer securities were in evidence on a reasonable scale Government would be willing to give consideration to the question of making this form of security generally available.

6. Another form of security which is free from the difficulties as regards fraudulent endorsement inherent in the Government Promissory Note is the Stock Certificate. As was indicated by the Honourable the Finance Member in an answer to a further question in the Assembly recently, steps have been taken from time to time to encourage the use of this form of security in place of the promissory note because of the advantages which attach to it by reason of the fact that every transfer of ownership must be registered at a Public Debt Office and each separate transfer is, therefore, subject to detailed scrutiny. It is evident, however, from the poor response which followed from Government's efforts to popularise Stock Certificates that the ordinary investor prefers to retain his security in a form transferable without resort to the Public Debt Office. Stock Certificates are available in respect of all Government loans but their use is, of course, a matter entirely for holders, and apart from bringing the advantages of this form of security to the notice of the public, which has already been done, it is difficult to see what further steps can be taken by Government to popularise their use.

7. In conclusion, I am to say that though Government do not consider the suggestion of your Chamber to be a practicable one for the reasons which have been indicated, they are anxious to do anything in their power to improve the marketability of their securities consistent with safeguarding the interests of the revenue and would welcome any practicable suggestions with regard to alternative forms of security.

I have the honour to be.

Sir,

Your most obedient servant,

H. A. C. GILL,

Deputy Secretary to the Government of India.

OVERTIME AND HOLIDAY ALLOWANCES PAID UNDER "CUSTOMS".

1308. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Finance Member state:

- the amount paid as overtime and holiday allowances under the head 'Customs' in the last financial year; and
- under what circumstances these allowances are paid, and to whom?

The Honourable Sir James Grigg: (a) The Honourable Member is referred to the Demands for Grants for the year 1939-40—Demand No. 1 Customs.—See Customs charges at the Ports—A8 Overtime and Holiday Allowances.

(b) The allowances are paid in accordance with the rules prescribed for the purpose to the Customs staff for duty performed overtime and on holidays

Mr. T. S. Avinashilingam Chettiar: The Honourable Member's answer to part (b) simply repeats the question:

"under what circumstances these allowances are paid and to whom"?

The Honourable Sir James Grigg: Overtime and holiday pay.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member says there are certain rules and, according to these rules, the allowances are paid.

CONTRIBUTIONS AND DONATIONS PAID UNDER "CUSTOMS".

1309. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Finance Member state:

- what is the total amount paid under 'Customs' under the head of Grant-in-aid, contributions and donations;
- to whom these are paid generally, and whether there are any rules guiding this expenditure; and
- how these amounts have been spent in the last financial year?

The Honourable Sir James Grigg: (a) The total for 1937-38 was Rs. 80,000.

(b) Payments are generally made to institutions concerned with the welfare of seamen and of Customs staffs in accordance with long established practice and in the light of the principles enunciated by the Standing Finance Committee in 1930.

(c) A statement showing the names of the institutions to whom payments were made in 1937-38 is placed on the table.

Statement showing the names of institutions to whom payments were made in 1937-38.

		Rs.
Bombay	Prince of Wales Seamen's Institute	2,400
	Preventive Service Club and Customs Athletic Club	5,700
	Loans and Grants Fund	1,600
	Recreation Club and Reading Room	1,000
	Indian Sailors' Home	8,200
		18,900
		2,000
Sind	Customs Recreation Club	600
	Sind Provincial Branch of Red Cross Society (Maternity and Child Welfare Centre)	500
	McMinch Memorial Seamen's Rest	1,300
	Civil Hospital Aid and Nursing Association	4,400
		9,200
		24,000
Bengal	Service Sunday Fees Fund	
	Seamen's Welfare Committee	300
	Charitable dispensaries at Kidderpore and Budge Budge Docks	200
	Customs Recreation Club, Calcutta	33,700
		450
		150
Chittagong	Sunday Fees Fund	
	Customs Recreation Club	600
		800
		1,000
		600
Madras	Port Staff Club	
	Customs Recreation Fund	2,400
	Customs Library	

Mr. N. M. Joshi: May I know whether the amounts paid to the different organisations are also mentioned in the statement?

The Honourable Sir James Grigg: Yes.

DEFENCE BUDGET OF INDIA AND JAPAN.

1310. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Finance Member please state:

- (a) with reference to his statement during the General Budget discussion that the Defence Budget of Japan bore higher percentage to total Budget than in the Indian budget, whether his attention has been drawn to the following news in "Late News" column of the *Hindustan Times*, dated the 13th March, 1939:

"Tokio, March 12.

Japan's budget for 1939-40 amounts to 10,410 million yen and includes ordinary budget of 3,694 million yen, extraordinary military budget for China incident of 4,605 million yen and a supplementary budget for Navy and War Ministries of 910 millions.—Reuter."

- (b) whether according to his information the above figures are correct;
- (c) in his statement referred to in part (a), whether he compared ordinary military expenditure of India with ordinary military expenditure of Japan, or the ordinary military expenditure of India with extraordinary military expenditure of Japan; and
- (d) whether the analysis given in the explanatory memorandum on the Budget—that for 1939-40 net tax revenue is 67.84 crores; net Defence expenditure is 45.18 and expenditure for Defence Department is 6.61 is absolutely correct, and works up the percentage of total net expenditure for Defence purposes to net tax revenue to about 80 per cent.?

The Honourable Sir James Grigg: (a) to (c). The remark that I made was to the effect that Japan spends more than 50 per cent. of her income on her defence budget; and what I had in mind was the fact that in the budget estimate of 1938-39, as reported by the Statesman's Year Book, military expenditure exclusive of appropriations for the war in China amounted to over 57 per cent. of the revenue. The figures in the Reuter's message which I am not in a position to verify, give neither the income nor the ordinary military budget nor yet the total military expenditure and are therefore irrelevant from the point of view of my remark.

(d) The figures quoted from the Explanatory Memorandum are correct except that the expenditure on the Defence Department is Rs. 6.68 lacs and not Rs. 6.61 crores. But if I may say so, it is somewhat pointless to work out the proportion which military expenditure bears to a part of the total revenue.

MESSAGE FROM H. E. THE VICEROY AND GOVERNOR GENERAL.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has to inform the House that it has received a Message from His Excellency the Viceroy and Governor General:

"In pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, I, Victor Alexander John, Marquess of Linlithgow, do recommend to the Legislative Assembly that it do pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on khandasari sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, in the form hereto annexed.

LINLITHGOW,

Viceroy and Governor General."

NEW DELHI;

The 25th March, 1939.

THE INDIAN FINANCE BILL—contd.

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, before the recommended Bill is proceeded with, I want to raise a point of order. On the order paper the subject noted is the further consideration of the Finance Bill which obviously means the old Bill which we considered till yesterday. There is no reference whatsoever to any motion with regard to a recommended Bill to be made today. I, therefore, submit that the House is entitled to have due notice before any motion with regard to this Bill is made.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks this is in accordance with the practice that has always prevailed in this House.

Mr. M. S. Aney: That was because no objection was raised. But when objection is taken, the point of order has to be decided.

Mr. President (The Honourable Sir Abdur Rahim): If it were a matter of real inconvenience to the House, the Chair would certainly consider the suggestion made by the Honourable Member. But it is practically the old Bill which is now sought to be passed in the recommended form; and, in accordance with the prevalent practice of this House, the Chair has read out what the recommendation of the Governor General is. The next item in the agenda is that the Finance Member has to move that the Bill be passed.

The Honourable Sir James Grigg (Finance Member): The next stage is that I shall move the amendments required to bring the old Bill into conformity with the recommended Bill.

Mr. President (The Honourable Sir Abdur Rahim): The Chair takes it that copies of amendments have been circulated already. (*Voices of "Just now."*)

The Honourable Sir James Grigg: Sir, I presume it would be in accordance with practice to move amendment No. 3 first which is the first operative amendment, and not the amendments to the long title and preamble.

Mr. President (The Honourable Sir Abdur Rahim): Yes.

The Honourable Sir James Grigg: Sir, I move:

"That in clause 2 of the Bill, after the words 'one rupee' the words 'and four annas' be inserted."

This amendment is to restore the salt duty to its old figure. Perhaps I may say a few words about the form in which the recommended Bill appears and explain to the House that the only Member who has drawn a horse in this sweepstake is my Honourable friend, Mr. Sri Prakasa. Otherwise, the Bill is in the original form save for the two official amendments which were carried yesterday. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved.

"That in clause 2 of the Bill, after the words 'one rupee' the words 'and four annas' be inserted."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I do not understand the situation, and I should like your assistance in understanding it. The Bill has been recommended by His Excellency the Governor General to be passed in this form. Then, where is the necessity of any amendment? It may be taken as an indivisible whole.

Mr. President (The Honourable Sir Abdur Rahim): Of course, it has to be done, otherwise the Bill will not be passed in the form recommended. That is the practice, and the Chair thinks it is reasonable. It is quite possible,—the Chair does not know,—that the House may accept the amendments or some of them.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Sir, no doubt, this practice has gone on for four years, and this is the fifth year, and the Honourable the Finance Member may go to his country with the satisfaction that all his Finance Bills have been rejected by this House and he has had the unique record of governing this country by certified Finance Bills for five years in succession. I make a present of that to him, to go and exchange his thoughts with the Chancellor of the Exchequer and with the Ministers in England and tell them that, whereas they have got to take the consent of the House of Commons, he was going from a country where he had no use for the Legislature and where he had got a person whose signature was ready for whatever he had got, and that he had been able to get the Finance Bill recommended and certified year after year for five years. It does seem to me, Sir, that that is not a position to which this House should be reduced year after year. I do not think it is right for the Honourable the Finance Member to close his mind to all suggestions and to say, "I know what is good for this country; nobody else does. What I do not know is not worth knowing, and, therefore, take it or leave it".

Yesterday, my Honourable friend, Sir Cowasji Jehangir, with an enthusiasm and confidence worthy of a better cause, played on the phrase "spirit of the constitution" and made a very spirited appeal to the Finance Member to act according to the spirit of the constitution. The appeal fell as usual on deaf ears; the Finance Member would not listen to the appeal. And Sir Cowasji Jehangir made a sporting offer. He said, "You say that this is the budget, and this is the money you have got. For God's sake, say, you can spare 50 or 60 or 70 lakhs and leave it to this House to decide to which relief that money may be allotted". It may be the half-anna postcard, it may be the salt duty, or it may be the particular amendment he was moving. The Finance Member said, "I have no money and, even if I had, this is the last purpose for which I would earmark that money". He will find many Honourable Members of this House agreeing with him that if there is only 50 lakhs the first claim on that 50 lakhs will go either for the half-anna postcard or for the reduction of the salt duty and not for relief towards super-tax payers. But the attitude of the Finance Member is this: "I will not give you the half-anna postcard, I will not give you any reduction of the salt duty, I will give no relief whatever in any direction". Now, Sir, it seems to me that this attitude of non-co-operation is undoubtedly a sincere form of flattery to us who are always blamed by Government for practising non-violent non-co-operation against them. But today the boot is on the other leg. The Finance Member and his Government are practising non-co-operation,—I will not say non-violent because once this Bill becomes law by the certificate of the Governor General, there will be all the weapons of His Majesty's Government and the army and the navy and the air force to collect these taxes. Therefore, it is violent non-co-operation practised with this House and with the people who elected us to this House and whom we represent.

On the merits of this question, I should like to know from the Honourable the Finance Member or anybody who can speak on behalf of Government whether Government considered this question between the votes of this House yesterday evening and this morning, and why they came to the conclusion that they could not accept any single amendment. I must confess to a feeling of amazement at the rapidity with which these things go in Delhi. When it is a question of giving some relief to the payer or of redressing some grievance, many months elapse and sometimes, years elapse and nothing happens. When it is a question of rejecting the votes of this House and recommending a Bill, it is done within 12 hours. It was only yesterday after Five or quarter past Five that this House finished the consideration of this Bill. May I know when the Governor General applied his mind to this, when he had the proceedings of this House before him, when he considered the arguments for these various amendments? And lo and behold, at eleven o'clock in the morning we are getting a printed document. I do not know when it was sent to the press, who sent it to the press, who corrected the proof, when the proof was received and passed and struck off. It does seem to me it is too much of a joke. I suggest that even the Finance Member must treat this House a little more seriously.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): From midnight up to this time is eleven hours.

Mr. S. Satyamurti: My Honourable friend, Sir Muhammad Yamin Khan, says that from midnight up to now is eleven hours. Probably he

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works after midnight. I do not. Therefore, I suggest that the way in which the amendments of this House are treated shows that the Government do not pay us even the courtesy of considering the amendments and the arguments in favour of the amendments; and they have sent this recommendation to us exactly as it was, excepting one small concession to my friend, Mr. Sri Prakasa, to which the Finance Member made reference. No doubt the Rules and Standing Orders governing this matter and the section of the Act of 1919 leave room for ambiguity. I once argued the matter elaborately before you some four years ago and the matter was concluded by your ruling at that time, and ever since it has, as it were, been under a sentence of death; and there is no use arguing the position again; for the position under the Act of 1935 may be entirely different so far as this matter is concerned. But on this particular amendment which my Honourable friend is moving, namely, that the salt duty shall be raised again to Rs. 1-4-0 a maund and not reduced to one rupee, may I know why the Government have come to the same conclusion again? Have they considered the arguments advanced by my Honourable friend, Mr. Ananthasayanam Ayyangar, who moved the amendment and who made the point, which I submit is unanswerable, that the effect of the acceptance of the amendment by the House and the Government will simply mean that the surcharge on the salt tax levied some years ago will be removed? Surcharges are emergency taxation. My Honourable friend's predecessor said so in this House—that all these surcharges are being levied in order to meet an emergency. The surcharge on the income-tax has gone, although the new slab system restores it more or less, but, undoubtedly, the surcharge has gone. I should like to know what arguments the Government can advance or have considered themselves, to justify the continuance of this surcharge on the salt tax alone, which is the poor man's article. They have said nothing on that matter.

Then, on the question of the average consumption of salt in this country, it is well-known that it is much below what it is in other countries, especially England; and I think the health of the nation as a whole and of its cattle will considerably improve, if there is increased consumption of salt in this country; and the figures of taxation of salt, compared with the consumption of salt by the people, reveal a very significant story, that when the tax goes up the consumption goes down, and when the tax goes down the consumption goes up. I think it is a human argument which must be accepted by all sections of this House. Of course, my Honourable friend says there will be a loss of Rs. 176 lakhs or Rs. 160 lakhs, if this amendment is accepted. Assuming it is so, it seems to me that the Government must re-examine the position. Apart from actually meeting the deficit, my Honourable friend must have some good arguments as against the arguments advanced from almost every section of the House, that the deficit so-called is not a real deficit, that income estimates have been under-estimated, especially under sugar. On income-tax the Finance Member has practically to admit that the revenue is likely to be more; of course he advanced an argument which is conclusive for this year, namely, that any increase in income-tax receipts will go to the provinces, and will not accrue to the central exchequer. I admit that. But, under sugar, I think a statement was made by more than one expert in this House,—expert in the sense of knowing of what he is talking about,—that the revenue under sugar is under-estimated. Therefore, the Finance Member must have

paid the compliment to this House of arguing with the House, and trying to convince it that its estimate under sugar is not correct and that his estimate is correct. He has not done so.

Moreover, I want to repeat what I said in the course of my speech on the Finance Bill. I do not see why the Finance Member should be so nervous about deficit budgets. Public bodies should not be afraid of deficit budgets. After all, the credit of this country is in the four hundred million hearts and brains and people of this country; and, so long as God gives us that man power in this country, a Government need not be too much afraid of having a small deficit. All this talk about the credit of the Government being affected by a small deficit is nonsense. It does seem to me that, apart from mere technical budget orthodoxy which somehow wants to see the budget is balanced whatever the results may be next year, I submit that the Finance Member has not considered the serious allegations made from more than one quarter of this House that he has under-estimated his revenue, and, therefore, the deficit is not likely to materialise at all, and there is no need for all this increased taxation. Moreover, it seems to me amazing—the manner in which the Honourable the Finance Member comes to this House, throws this Bill at us practically and says: "I have nothing to say. This is the original Bill, and, therefore, you either pass it or do not pass it." It does seem to me that the vote of this House must be presumed to go on arguments and convictions and on counter-arguments and the removal of those convictions. But, unfortunately, the Finance Member takes for granted that the vote of the House is going to be against him, and that he has got a reserve power which he can use. After all, even when you are sure of your power in the ultimate resort, there is such a thing as decency in public life, and I suggest to the Honourable Member, . . . (Interruption). If the Honourable Member wants to interrupt me, he must get up and say what he wants to say. I suggest that the way in which this House is treated, year after year on a recommended Bill, is less than fair or even courteous to this House. My Honourable friend must argue why he moves this amendment, and why the Bill ought to be passed in the original form. If the rules provide that the Governor General recommends it, that is another matter. But the rules provide that, after recommendation, something has got to be done by this House before we can certify the Bill. This is the clause under which the Governor General has acted:

"Where during the passage of a Bill in either Chamber the Governor General makes a recommendation in respect thereof, and any clause of the Bill has been agreed to, or any amendment has been made, in a form inconsistent with the form recommended, the member in charge of the Bill may move any amendment which, if accepted, would bring the Bill into the form recommended."

It is only after he makes this motion and after the House refuses to accept that amendment that the Governor General can exercise his power under section 67B of the Government of India Act, 1919, which provides:

"Where either chamber of the Indian Legislature refuses leave to introduce, or fails to pass in a form recommended by the Governor General any Bill, the Governor General may certify that the passage of the Bill is essential for the safety, tranquillity or interests of British India or any part thereof . . ."

Therefore, the condition precedent before the Governor General can certify any such Bill as being essential for the safety, tranquillity, or interests of British India is that this House must fail to pass any Bill in the form recommended by the Governor General. It seems to me, therefore, a preliminary process, unless the succeeding processes are also going to be as immediate as the previous processes have been, that is, the

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thing is done more or less without the application of anybody's mind to it. I suggest that the Finance Member should, in fairness to himself and to this House and to the Governor General, himself have placed before the House his arguments in favour of his amendment. His failure to do so shows that there is no argument which he can advance to meet the arguments advanced on the floor of the House, firstly, in favour of the reduction of the salt duty in the interests of the men, women and children and even cattle in this country. Secondly, that this deficit is not a real deficit, that there is concealed money in the Budget, and that, therefore, the Government can easily afford it, and thirdly, even if there be a small deficit the Government need not be too anxious to cover that deficit, at the expense of the poorest in this country. My friend, for five years now in this House and outside, has always affected his concern of the poorest in the land which has seemed almost sincere; but again and again we have found that when it came to a matter of helping the poor in order that they may live better lives in this country, my friend's passion for the poor has become a fiction and has ceased to be a fact. On the question of salt, I think, public opinion in this country and outside has always held that salt is a necessity which ought not to be taxed. I am one of those who believe that the vices or necessities of the people ought not to be taxed, and that the Government ought to do without taxation on such necessities or vices. Whether we can do so with regard to vices or not may be somewhat open to doubt, but I have no doubt in my own mind whatever that no popular Government at the Centre,—I am not talking of Congress Governments particularly now,—no popular Government at the Centre can afford to keep the salt tax at its level, and to those doubting Thomases who may wonder whether the Congress will carry into practice what it now professes, I invite their attention to the example of the Congress Governments in the provinces who, with remarkable courage, are carrying out prohibition programmes much to the detriment of their revenues. A less confident, a less brave Government, may not have faced the issue squarely as the Congress Governments are doing. We wish them God speed in their good work. But the point and the moral that I want to draw for the benefit of this House and the Honourable the Finance Member is, that this salt tax is doomed, and no popular Government will keep it. Why keep it up again and again in order to balance the Budget as you call it, in order that you may go on spending 50 crores on defending, not India,—because the Defence Secretary has admitted that India cannot defend herself,—but defending your own interests in this country and paying these high and fanciful salaries?

Sir, it seems to me that there is no argument in favour of this amendment for the restoration of this duty. Recently, Sir, Lord Halifax, once Viceroy and Governor General of India, said that England, wherever she goes, leaves the trail of freedom and self-Government. The Honourable the Finance Member is leaving us very shortly. What is the trail he is leaving behind, I do not know.

An Honourable Member: Certification.

Mr. S. Satyamurti: I know he leaves behind him two or three phrases—"no monkeying with the ratio", "big business ought to be fought", "protection ought to go". These are his three contributions to the financial feature of this country. . . .

Mr. F. E. James (Madras: European): Other phrases too.

Mr. S. Satyamurti: For example?

Mr. F. E. James: I won't mention them.

An Honourable Member: Silliest nonsense.

Mr. S. Satyamurti: I agree, but they are not parliamentary, and I do not propose to imitate the Honourable the Finance Member's parliamentary manners. I suggest this is not the trail he ought to leave behind. But it does seem to me that even now it is not too late to take back his amendment and, in consultation with Leaders of Parties, to evolve a Finance Bill which will give relief to the poor, and at the same time very nearly balance the Budget. I do hope the self-respect of this House will assert itself and say to the Finance Member that, although you may have the reserve power, the way in which you have exercised it all these five years and are exercising it this year shows that you have no use for this House at all, and you feel that you can govern with autocratic powers, and, therefore, you need not take the trouble of even trying to convince and convert the House. My resentment is greatest on that account, Mr. President. If my friend this morning had given us his arguments and said these are the reasons in answer to the arguments advanced on the floor of the House in favour of this salt tax, and begged the House to reconsider the whole matter and vote for this Rs. 1-4-0 tax, I could have understood him, but he has not chosen to do so. But it does seem to me, as he himself anticipated, that the verdict of the House is certain. It is going to reject this amendment. We know also the sequel to this Bill which will go to another place, it will be certified, and thus it will become an Act; but I do suggest that by these acts of naked autocracy the Government are getting no change out of the people of this country. Our task here is well-known. We have done it for some years now, and we will do it so long as we are here, that is, to expose continuously and relentlessly to the people of this country the naked autocracy of the Government. They have realised it, they are realising it quickly, and soon there will be a popular Government in these places. When that time comes, these will be ugly memories of an ugly autocratic past. Let Sir James Grigg take this memory with him that his actual contribution to the government of this country, for five years, has been to move impossible Finance Bills, to refuse to accept even the most reasonable amendments of this House, to get the Bill recommended, to move amendments silently relying on autocratic powers and to get his Bill certified. Sir, I do not believe that there has been any other Finance Member of the Government who has got the unique record of five continuous certified Finance Bills to his credit. I wish Sir James Grigg the joy of his achievement. I do ask the House to reject this amendment and teach Sir James Grigg that his place is among the Hitlers of the world.

The Honourable Sir James Grigg: Sir, though I have no formal right of reply, I think my friend, Mr. Satyamurti, would regard it as a discourtesy on my part if I did not, with your permission and that of the House, make a few remarks to enable me. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can say what is necessary by way of personal explanation, but he cannot make another speech. The Honourable Member can ask any other Member of Government to reply.

The question is:

"That in clause 2 of the Bill, after the words 'one rupee' the words 'and four annas' be inserted."

The Assembly divided:

AYES—42.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalnath Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir
Reginald.

Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain
Sardar Sir.
Sircar, The Honourable Sir
Nripendra.
Sivaraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir
Muhammad.

NOES—50.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Das, Mr. B.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Heede, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lalchand Navalrai, Mr.
Laljee, Mr. Husenbhai Abdullahai.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Survy Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

The Honourable Sir James Grigg: In pursuance of sub-rule (5) of rule 36B of the Indian Legislative Rules, I request you, Sir, to endorse on the Bill a certificate in the sense specified therein.

Mr. President (The Honourable Sir Abdur Rahim): The certificate is in this form that the Assembly has failed to pass the Bill in the form recommended by the Governor General.

DEMANDS FOR SUPPLEMENTARY GRANTS IN RESPECT OF RAILWAYS.

DEMAND No. 6-A—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS.

Mr. T. S. Sankara Aiyar (Government of India: Nominated Official): Sir, I move:

"That a supplementary sum not exceeding Rs. 22,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Maintenance of Structural Works'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 22,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Maintenance of Structural Works'."

(Prof. N. G. Ranga rose in his place to move his cut motion.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can only reduce the demand or refuse it. He cannot discuss any question of policy. This has been repeatedly laid down.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): I do not want to discuss any question of policy.

Mr. President (The Honourable Sir Abdur Rahim): It is a token cut. The Chair takes it that the Honourable Member wants to reduce the amount by Rs. 100 to show that the Government have failed to take proper steps to stop floods. That cannot be discussed now. He cannot, therefore, move his motion.

Prof. N. G. Ranga: Then, I oppose the whole demand.

Mr. Brojendra Narayan Chaudhury (Surma Valley *cum* Shillong: Non-Muhammadan): I have got a cut motion in my name.

Mr. President (The Honourable Sir Abdur Rahim): That also is the same thing. It cannot be moved.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): I have got a cut motion to discuss the disposal of rebated materials. I want to show that they ought to have got more money, that it was mismanaged. That is my contention.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot move it. He can oppose the demand.

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): I have got a cut motion to censure the Government for inaccurate budgeting.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot do that.

Prof. N. G. Ranga: I oppose the grant. These two railways, the Eastern Bengal Railway and the East Indian Railway, pass through a large portion of Bengal itself. The East Indian Railway passes through a large portion of Bihar, Bengal and also a portion of the United Provinces and in these provinces the problem of railway embankments and floods have received very great attention in the recent past.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is raising the same question without moving the cut. He cannot do it.

Prof. N. G. Ranga: I oppose it on the ground that the sum is not really wanted. My view is that in using this money for effecting repairs to damages caused by floods, the Government is following a wrong policy.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot proceed on those lines.

Prof. N. G. Ranga: My view is that Government have been following a wrong engineering policy in constructing their bridges

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot discuss that policy now.

Prof. N. G. Ranga: I am opposing the whole grant and in doing so, my view is that this expenditure could easily have been avoided if only they had followed a proper programme of constructing their bridges.

Mr. President (The Honourable Sir Abdur Rahim): The Chair rules that the Honourable Member is out of order. He cannot discuss anything like that.

Mr. Brojendra Narayan Chaudhury: Sir, I think, it is the right of the House to refuse supplies when it is found that the money has not been spent intelligently.

Mr. President (The Honourable Sir Abdur Rahim): The time for refusing supplies is the time of the budget. This is not the time.

Mr. Brojendra Narayan Chaudhury: If it is contended that the money has been already spent, then I cannot see what is the meaning of coming before the House and asking for a grant. The money has been already spent, and it is the privilege of the House to refuse an excess grant.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can point out that the money should not have been spent.

Prof. N. G. Ranga: That is what we were doing, and we were prevented.

Mr. Brojendra Narayan Chaudhury: I say that this expenditure could have been entirely avoided.

Mr. President (The Honourable Sir Abdur Rahim): The Chair's ruling covers that.

Mr. M. S. Aney (Berar: Non-Muhammadan): May I submit one point for your consideration? If I have to argue that a particular expenditure which is mentioned here is unnecessary, in support of that I would have to enter upon some discussion of the mistaken policy which the Government have pursued. Otherwise I cannot argue the question that this particular expenditure was unnecessary. If we cannot make a reference to policy at all, then it will be impossible for us to argue the question also.

Mr. President (The Honourable Sir Abdur Rahim): The position is this, and this has been the practice all along. When the budget is presented and the demand is made, that is the time for discussing any question of policy and to reject the demand or refuse it; but once that has been accepted and Government have incurred expenditure in accordance with the demand that has been passed, including the policy that is involved in the demand, then any supplementary sum required will not involve the question of policy at all. This is covered by previous rulings and it is the practice also in Parliament. Otherwise, the whole policy will be discussed over and over again.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): On a point of order. When we say that we do not agree to this demand at all, we will have to show that the Government had been extravagant in spending the money and this excess ought not to have been there.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not know what the Honourable Member means by Government being extravagant. If the Honourable Member cannot discuss the question of policy involved, then, in that case, it is not open to him to advance those arguments on a supplementary grant.

Mr. Brojendra Narayan Chaudhury: I am only speaking on the merits. This expenditure is part of the expenditure on account of floods. I am quite within my rights to scrutinise whether the floods could have been avoided in which case this expenditure also would have been unnecessary.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has given its ruling. The Honourable Member cannot discuss that.

Mr. Brojendra Narayan Chaudhury: It is well-known that the country through which the Eastern Bengal Railway passes is subject to recurring floods. We have floods almost every alternate year. The railway engineers do not take note of that. They wait till the floods are upon them.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is ventilating a grievance. He cannot do that on a supplementary demand.

Mr. Brojendra Narayan Chaudhury: Another point is that the Standing Finance Committee recommended that fuller details should be supplied before the demand is put forward. Here there is only one single line by way of explanation. We must be satisfied, as honest men, that the expenditure was necessary, that the money was well spent and that it serves the purpose for which it was required. The same complaint has also been made before and I ask the House to refuse this demand.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): It has been the practice that every item put in the Budget is scrutinised carefully by the Standing Finance Committee. The House cannot go into the details of those explanations. The House has appointed a sub-committee of their own which does the general scrutiny and the explanations are given to that Committee and through that Committee to the House by the Financial Commissioner for Railways. There may be some small items which remain here and there. One can understand that perhaps they were omitted on account of not having foreseen some small expenses pertaining to a particular grant or demand. But here comes a big sum like Rs. 22,30,000, which is certainly a big item and the Government should not expect that this House should sanction such a big grant without any proper explanation. If that explanation was not given to the Standing Finance Committee, then that explanation ought to have been fully given to this House when this motion was made. I found that no explanation was given to this House and in the speech which the Honourable Member made in moving this demand no explanation has come—at least to justify why it was not placed before the Standing Finance Committee and why it escaped notice. That ought to be the policy of this House,—that only supplementary grants in respect of small sums which may escape the attention of the Administration, when the Budget is presented, should come up, or that something unforeseen happens for which there was no likelihood at the time of the preparation of the Budget of anticipating them. But the supplementary grants are going up to crores of rupees, and this is not treating the House properly to bring up such supplementary demands after the Budget has been made up, in such a summary manner. I think this House owes a full explanation from the Honourable Member before he can get any vote of the House in favour of this demand.

The Honourable Sir Thomas Stewart (Member for Communications and Railways): Sir, as a matter of explanation I may say that the full details of this demand were placed before the Standing Finance Committee for Railways, and I think the Honourable Member is somewhat premature in his complaint as my Honourable friend, Mr. Sankara Aiyar, is about to explain what is the nature of the demand.

Mr. T. S. Sankara Aiyar: Sir, with respect to this particular demand, the reasons for the increase in expenditure for which a supplementary demand is made now, are fully explained on page 62, Volume XV, No. 6, of the proceedings of the meeting of the Standing Finance Committee for

Railways held on the 28th and 30th January, 1939, and they have been approved by that Committee. These proceedings were circulated with the budget papers when the budget was presented, and the whole explanation was before the House.

I shall mention the reasons in brief. There were heavy flood damages on the Eastern Bengal Railway in 1938, involving an expenditure of about Rs. 7 lakhs. On the Gorai Bridge regarding, which cost about Rs. 15 lakhs and was completed last year, the last remnants of the released materials, which were disposed of this year, did not fetch as much credit as was expected originally. There were also certain other adjustments, such as stock adjustments, which by their very nature could not be estimated with great accuracy. The explanations were fully discussed in the Standing Finance Committee, and that Committee has approved of this supplementary demand.

Mr. M. S. Aney: Sir, I tried to look up the papers to see whether the report contained any explanation at all. The explanation was on the same lines as it is given now. The three items which go to make up the amount of Rs. 22,30,000 are these: 'heavy repairs to damages caused by floods and less credit for released materials from repair works than originally anticipated'. These are vague things and explained in the vaguest possible language. 'Increased maintenance charges on track, and less credits from stock adjustment account', and, third, 'heavier repairs to track and buildings'. Then reference was made to the volume of the proceedings of the Standing Finance Committee on Railways, Vol. XV, Nos. 5 and 7. That also does not give us any details of this expenditure at all. We are here called upon to sanction Rs. 11,50,000 for charges supposed to have been incurred for heavy repairs for damages caused by floods,—where the damages were caused, and what was the amount spent in each of these different places, and so on, these are details which the members of the Standing Finance Committee for Railways were entitled to know as well as the Members of this House are entitled to know, because, without these details it would not be possible for us to judge whether the amount of expenditure incurred by them was properly incurred or not

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member seen the report of the Standing Finance Committee?

Mr. M. S. Aney: That report also does not contain the full proceedings. So far as that report is concerned, the explanation which my Honourable friend, Mr. Sankara Aiyar, has read out is practically taken from that report itself

The Honourable Sir Nripendra Sircar (Leader of the House): The Standing Finance Committee has approved of the supplementary grant.

Mr. M. S. Aney: That is true but there is a note somewhere that further details should be supplied. I do not know whether it was supplied later on but so far as the Members of this House are concerned, we are asked to take it for granted that so much expenditure has been incurred on account of these things, and without any word more in justification of the expenditure thus incurred we are called upon to say that we must

[Mr. M. S. Aney.]

sanction it. Now, they know that there is a practice here that questions of policy are not to be discussed. I am not discussing a question of policy; I am only discussing that question of policy which enables them not to give any explanation at all for any expenditure incurred

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is perfectly justified to call for further explanation of these items, and if no satisfactory explanation is given, the House will decide whether the demand should be sanctioned or not.

Mr. M. S. Aney: I say they must be satisfactory to us. Secondly, certain estimates were made as regards materials that were to be released and it is now found that the amounts which they anticipated to get out of those materials have not materialised and they suffered a loss in the price of that material also and some amounts have been credited for that. How much amount is credited for the credits for released materials and how much is the reduction for heavy repairs due to damages,—these two points are also not separately shown here. Both these things are put together and a general figure is given, viz., Rs. 11,50,000 is wanted for the East Indian Railway and Rs. 49,25,000 is wanted for the Eastern Bengal Railway, and Rs. 1,55,000 for the Bengal Nagpur Railway. The Honourable Member ought to have the courtesy of keeping the House acquainted with the necessary details which go to make up this expenditure. In the absence of that, we will be justified in opposing it. There is one point more. I am told that this is due to floods. When the budget was passed, there were no floods and so the expenditure had to be incurred later on. So, the entire question of flood and also of repairs and damages could not have been discussed when the budget was passed by us. Therefore, any reference that is made by any Member to the policy, which the Railway Board should follow as regards the floods, is a question which was, at any rate, not discussed at that time.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that, as a matter of fact, the flood took place after the original grant was made.

Mr. M. S. Aney: That is true. Therefore, this expenditure was not provided for at that time.

Mr. President (The Honourable Sir Abdur Rahim): The House is perfectly entitled to ask for a proper explanation as to how this happened.

Mr. K. Santhanam (Tanjore cum Trichinopoly: Non-Muhammadan Rural): Sir, I only want to explain the position of the Standing Finance Committee as it has been brought under discussion. If Honourable Members will turn to the report of the Standing Finance Committee for Railways they will find under the head "Supplementary Grant No. 6-B" this note:

"At the suggestion of one Honourable Member, the Committee desired that they should be furnished with more detailed explanation in such cases in future showing particular directions in which new and unexpected circumstances had arisen, and so on."

Sir, I do not think it is quite accurate to say that the Standing Finance Committee is being supplied with much fuller explanation than is being offered to this House. I have had occasion to notice this and whenever we have asked for more details, generally, the explanation is that the Railway Board themselves have no further explanation than what is supplied by the Agents. The Agents pass on these items to the Railway Board and the Railway Board simply pass them on to us with these short notes. The Standing Finance Committee has to meet only for one or two days and then it comes under the pressure of a very large number of items and, therefore, there is not much time to discuss these supplementary demands in full. I do not think it is correct to say that the Standing Finance Committee is given full opportunity to discuss these items in detail. The want of fuller explanations and their inability to supply them often arises from the fact that the Railway Board themselves are unable to offer full explanations. Therefore, what they cannot have, they cannot give to us and what we are not given, we cannot possibly discuss. In fact, the Honourable Member who moved the motion has never been the Chairman of the Standing Finance Committee. Since he has come, there has been one meeting and he has definitely undertaken that, hereafter, the Committee will be supplied with fuller details. We are responsible to a certain extent and we should have insisted on more explanation. I hope that as the result of this discussion today, in future, for every supplementary demand something like a short budget statement will be presented to the Standing Finance Committee and the Standing Finance Committee will be given sufficient time to discuss it. From that point of view, I am glad that this discussion has arisen. Then it used to be said that this has been the practice of the previous Standing Finance Committees. It was said that generally they used to put supplementary grants like that, with short explanations, and they were passed. So, it has been going on from precedent to precedent and from convention to convention. I shall be more than glad if the House directs that full explanations ought to be given to enable the Standing Finance Committee to scrutinise these demands in greater detail.

Dr. Sir Ziauddin Ahmad: Sir, we are asked to sanction a demand of Rs. 22,50,000 and the only argument that is given to us, on the floor of the House, is that we should not bother about it because the Standing Finance Committee has already sanctioned it and approved of it. This is the only argument which we have heard so far in favour of this particular motion. It practically comes to this, that they have bluffed the Standing Finance Committee and they want to bluff us now by using the name of the Standing Finance Committee. Unless either the Honourable Member for Railways or some other person representing the Railways or a Member of the Standing Finance Committee gets up and justifies that this demand is needed and gives his reasons on the floor of the House, it is impossible for us to accept this particular demand only on the ground that the Standing Finance Committee had accepted it because we know that their acceptance depended upon this very fact and the Railway Board had not supplied them with necessary details. Unless either the representative of the Railway Board or a Member of the Standing Finance Committee can substantiate on the floor of the House that this amount is needed for such and such a purpose, it is very difficult for us to ask the tax-payer to spend that amount and to vote for it.

Mr. S. Satyamurti: Sir, I oppose this demand. The rule concerning this is this:

"An estimate shall be presented to the Assembly for a supplementary additional grant when (1) the amount voted in the budget of a grant is found to be insufficient for the purposes of the current year."

I submit that those who come with these supplementary demands take things for granted. They have got to prove why the budget grant voted for the year by this House on their motion has proved insufficient. They must give reasons as to why they did not provide for this extra expenditure. A supplementary demand is not a matter of course at all. It must be proved by reasons and facts given on the floor of the House that 'a need arose during the current year for expenditure for which the vote of the Assembly is necessary upon some new service not contemplated by the budget for that year'. That is to say, as my Honourable friend, Mr. Aney, has pointed out, if it is a question of spending seven lakhs of rupees on repairs of the damage caused by floods, which is a new service, this House is entitled to ask for the fullest information as to the expenditure.

Mr. President (The Honourable Sir Abdur Rahim): It was never pointed out to the Chair that it was a new service.

Mr. S. Satyamurti: As to the need for the expenditure of seven lakhs on these repairs to damages caused by the flood, we have to satisfy ourselves that the damage caused was so great as to require an expenditure of seven lakhs. They cannot walk away with the plea that these floods could not be foreseen and, therefore, the repairs ought to be carried out. The major premiss is correct that the floods could not be foreseen and, therefore, you must repair the damage caused. But they must prove the minor premiss that seven lakhs are required for the repair of the damage caused by the floods. That they have not done and that is a point on which this House is entitled to the fullest possible information. As regards the plea of the amount being insufficient, the rule says:

"The supplementary additional estimates shall be dealt with in the same way by the Assembly as if they were demands for grants."

I quite recognise that, owing to a series of rulings in this House, the scope of the discussion on supplementary demands has been very limited, and it is a matter for consideration whether we must change it hereafter. But, as the ruling stands at present, there is no doubt that our scope is very limited. I wanted to raise by my cut motion the question of inaccurate budgeting, but it was ruled out of order and there is no course open to me or to the House to show our displeasure at inaccurate budgeting at the present moment except by voting down this demand. I would also like to invite the attention of my Honourable friend to page 62 of the proceedings of the Standing Finance Committee for 1938-39. This is the explanation. Let the House listen to it and see what it explains:

"Compared with the budget estimate, the revised estimate shows an increase of 22 lakhs. At the time of preparation of the original estimate, it was anticipated that on the regirding of the Gorai bridge, on the Eastern Bengal Railway there would be an expenditure of about 3½ lakhs in 1937-38 and a credit of 3½ lakhs in 1938-39 (for released materials)—a net saving of seven lakhs in 1938-39, as compared with 1937-38. Actually, however, the expenditure in 1937-38 was 1½ lakhs and the credit in 1938-39 one lakh only—a net saving of only 2½ lakhs. This means a net increase of 6½ lakhs as against the original estimate."

I am reminded of the story of a school boy who when he came late to school was asked why he came late and he replied 'I have come late'. Similarly, when we ask the Railway Board "why do you over-spend", they simply say "we have overspent". I want to know from somebody, who can speak with knowledge on the subject why the anticipations of the Railway Board with regard to expenditure and the credit for 1937-38 and 1938-39 were not realised, and why the expenditure was only 1½ lakhs as against the expenditure contemplated of 3½ lakhs in 1937-38 which refers to the previous year. Therefore, they should have had the most up-to-date information, and yet they anticipated 3½ lakhs expenditure and they fall short by two lakhs. No doubt these sums are small, piffling when the Railway Board deal in crores. They do not understand the value of these sums. I have already referred to floods—unforeseen damages caused by floods on the Eastern Bengal Railway account for an increase of about seven lakhs in repairs. The next item is "increased maintenance charges of track on the East Indian Railway are expected to be about five lakhs". Sir, this is a statement of fact. Is this any explanation, Sir? I challenge any Honourable friend here, speaking on behalf of the Government Benches, to say "that increased maintenance charges of track on the East Indian Railway are expected to be about five lakhs" is any explanation at all. Why are these increased charges? Why are they incurred? The next explanation is: "The balance of the increase is due to the credits from the stock adjustment account being less than anticipated". Why did you anticipate more? Why was it less than anticipated?

Mr. President (The Honourable Sir Abdur Rahim): These are matters which ought to have been supplied to the Standing Finance Committee.

Mr. S. Satyamurti: I do not think the Standing Finance Committee can take the place of this House. The Standing Finance Committee are the eyes and the ears of the House for the purpose of that committee.

Mr. President (The Honourable Sir Abdur Rahim): All these matters of detail ought to be supplied to the Standing Finance Committee in the first instance.

Mr. S. Satyamurti: I want to know from any Honourable Member of the Standing Finance Committee whether these details were supplied.

Mr. F. E. James (Madras: European): I should like to answer my Honourable friend's question.

Mr. S. Satyamurti: The Honourable Member can do so after I have concluded my speech.

Out of a total demand of 24 lakhs, except seven lakhs which are put down to special repairs, there is no explanation, no full explanation or accurate information for the remaining 17 lakhs. It, therefore, does seem to me that, so far as this particular grant is concerned, the House has no option but to vote against this demand, on the ground that there has been no sufficient explanation forthcoming from the Railway Board or from anybody on behalf of the Railway Board, in order that the House may judge as to the necessity or the propriety of this expenditure. Moreover, I may

[Mr. S. Satyamurti.]

inform the House, from my experience of more than four years in the Public Accounts Committee, that Railway budgeting in this country is more or less a gamble. They put down as many crores as they want, they spend a little more or a little less as they please. They always hope to get their demands through the House. Now that the Railway Board have introduced lump sum cuts, they follow a different plan. The Railways also are now reacting to this. When they want five crores, they put down seven crores, so that with a lump sum cut of one crore, they are left with six crores, that is a crore more than what they actually want. Sir, I submit this is a vicious circle. Lump cuts will not work unless the Railway Board keep a strict watch upon the workings of the various railways as to how they budget, how they overspend or underspend. Sir, the whole point of my speech is this, that these 22 lakhs expenditure might well have been foreseen and, in respect of it, more details should have been forthcoming or should be forthcoming now. Under those circumstances, as a reminder to the Railway Board to look into this matter more carefully and to watch and control the progress of expenditure on railways, I invite the House to vote against this supplemental demand.

Mr. F. E. James: Sir, I feel that some explanation is necessary as to the precise position which the Standing Finance Committee occupies in this matter. That Committee is elected by the vote of this House and I quite agree that the Committee is in a sense the ears and the eyes of this House in the matter of control of railway expenditure. Surely if that Committee is elected by this House then this House must be prepared, at any rate, to delegate to that committee the detailed examination of all the various estimates that come before that committee. What happens precisely is this. The Committee is faced with a memorandum and in the particular case in question the memorandum is reproduced on page 62 of the proceedings of the Standing Finance Committee. That is precisely the memorandum we had. My Honourable friend, Mr. Satyamurti, should not assume that the members of the Standing Finance Committee merely had the memorandum and asked no questions and that after a moment of silent pause or silent prayer they said "we agree to this demand". Of course we ask questions. I may tell my Honourable friend, as a matter of fact he knows perfectly well, being a member of the Public Accounts Committee. I have been on the Standing Finance Committee for Railways now for a considerable number of years and I do not recollect any single case in which we asked for information and that information has not been readily forthcoming. On occasions it took time to prepare, but, eventually, it was forthcoming and we have not been denied on any occasion that I recollect any information. I suggest that if the House elects a committee to deal with these details, then, surely, the House should trust that committee. It is true that the proceedings of the Standing Finance Committee are not reported in detail as are the proceedings of the Public Accounts Committee and, therefore, the House cannot be aware of all the discussions that take place in the proceedings of the Standing Finance Committee. What happens is this. The House is presented with information that is placed before the Standing Finance Committee and, hitherto, the House has had sufficient confidence in that Standing Finance Committee, and their recommendations to adopt those recommendations, usually without very much discussion. I suggest, therefore, that there must be some confidence in the representatives of the various parties who are elected to this

Committee. I do agree with my Honourable friend, Mr. Santhanam, that we should have the fullest information possible. As a matter of fact at the last meeting of our committee we were presented with a memorandum relating to a supplementary demand and we refused to recommend that demand to be placed before the House until further information was obtained. That information is now being collected and that demand has been temporarily withdrawn. Therefore, I suggest, that if the House elects a committee the House must leave to that committee the functions of detailed examination of the various estimates and rely upon that committee in making a recommendation, to bear in mind—I know that they do bear in mind—the responsibilities which they owe to this House and the responsibility which this House has for controlling public expenditure on the railways.

Mr. President (The Honourable Sir Abdur Rahim): Before putting the question to the House, the Chair would point out that whenever a supplementary demand of this extent is made, it is but fair and, indeed, necessary that proper explanations should be given why this expenditure in excess of the original demand is incurred. It is not possible for this House to examine the details of expenditure, but it is the function of the Standing Finance Committee of this House to examine the details, and the Chair does think that in every case like this, full details ought to be supplied to the Standing Finance Committee. The Chair will now put the question.

The question is:

"That a supplementary sum not exceeding Rs. 22,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Maintenance of Structural Works'."

The Assembly divided:

AYES—45.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai Sir Girja Shankar.
Bewoor, Mr. G. V.
Bhagchand Soni, Rai Bahadur Seth.
Boyle, Mr. J. D.
Russ, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalnath Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaram, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

NOES—62.

Abdool Haroon, Seth Haji Sir.
 Abdul Ghani, Maulvi Muhammad.
 Abdul Qaiyum, Mr.
 Abdullah, Mr. H. M.
 Abdur Rasheed Chaudhury, Maulvi.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. Ananthasayanam.
 Bajoria, Babu Baijnath.
 Basu, Mr. R. N.
 Chaliha, Mr. Kuladhar.
 Chaudhury, Mr. Brojendra Narayan.
 Chettiar, Mr. T. S. Avinashilingam.
 Chetty, Mr. Sami Vencatachelam.
 Das, Mr. B.
 Datta, Mr. Akhil Chandra.
 Desai, Mr. Bhulabhai J.
 Deshmukh, Dr. G. V.
 Deshmukh, Mr. Govind V.
 Essak Sait, Mr. H. A. Sathar H.
 Fazl-i-Haq Piracha, Khan Bahadur
 Shaikh.
 Gadgil, Mr. N. V.
 Ghiasuddin, Mr. M.
 Ghulam Bhik Nairang, Syed.
 Govind Das, Seth.
 Gupta, Mr. K. S.
 Heede, Sri K. B. Jinaraja.
 Hosmani, Mr. S. K.
 Jedhe, Mr. K. M.
 Jocendra Singh, Sirdar.
 Kailash Behari Lal, Babu.
 Lalchand Navalrai, Mr.
 Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.
 Mangal Singh, Sardar.
 Manu Subedar, Mr.
 Misra, Pandit Shambhu Dayal.
 Mudaliar, Mr. C. N. Muthuranga.
 Murtuza Sahib Bahadur, Maulvi
 Syed.
 Nauman, Mr. Muhammad.
 Paliwal, Pandit Sri Krishna Dutta.
 Pande, Mr. Badri Dutt.
 Raghunbir Narayan Singh, Choudhri.
 Ramayan Prasad, Mr.
 Ranga, Prof. N. G.
 Rao, Mr. M. Thirumala.
 Raza Ali, Sir Syed.
 Sakseena, Mr. Mohan Lal.
 Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Shahban, Mian Ghulam Kadir
 Muhammad.
 Sham Lal, Mr.
 Sheodass Daga, Seth.
 Siddique Ali Khan, Khan Bahadur
 Nawab.
 Singh, Mr. Gauri Shankar.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satva Narayan.
 Som, Mr. Surva Kumar.
 Sri Prakasa, Mr.
 Subharavan, Shrimati K. Radha Bai.
 Varma, Mr. B. B.
 Yamin Khan, Sir Muhammad.
 Ziauddin Ahmad, Dr. Sir.

The motion was negatived.

DEMAND No. 6B—WORKING EXPENSES—MAINTENANCE OF SUPPLY OF
 LOCOMOTIVE POWER.

Mr. T. S. Sankara Aiyar: Sir, I move:

"That a supplementary sum not exceeding Rs. 77,35,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1939, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

In view of the discussions which took place on the previous demand, I think I had better make some observations in moving this demand. I will first make some observations on the general financial position as we visualised it at the time of preparation of the budget for the current financial year and the actual position as it has turned out to be subsequently. The position was fully explained in the explanatory memorandum on the budget and also in the memorandum placed before the Standing Finance Committee in discussing the revised and budget estimates all of which were furnished to the Honourable Members of this House with the budget papers. But I think it would be helpful to repeat some of the explanations in brief here. At the time the budget for the current financial year was prepared, which was in January, 1938, the rise and fall in our earnings then, as compared with the previous year, 1936-37, were so fluctuating that we did not feel justified in placing our estimate of earnings for 1937-38 at as high a figure as they actually reached ultimately. Our revised estimate for the

year was Rs. 94½ crores, but the actual receipts turned out to be Rs. 95 crores—an increase of Rs. ½ crore. This meant an increase of traffic and consequent increase in the total train mileage run in the last three months of the year. In the current year too, 1938-39, there has been a further increase in the total train miles run in the efforts to combat the competition of road transport and to improve our traffic generally. This has resulted in additional consumption of coal which, according to the latest estimate, means an addition of about 20 lakhs in the cost of coal and 25 lakhs in freight charges. The effect of the spurt in traffic in the last quarter of 1937-38,—the effect in the shape of repairs to our various assets—is felt naturally only in the current year, and our working expenses in this direction have consequently gone above our original expectations. This effect is further accentuated by the effect of the additional train mileage run this year also, which I have already mentioned. There has also been a rise in the price of materials other than coal beyond what we originally anticipated. More detailed explanations are given in the proceedings of the Standing Finance Committee

Mr. S. Satyamurti: Nothing more than what you have read already. I have read it. Just look at it again!

Mr. T. S. Sankara Aiyar: The increase in the figure since the revised estimates for 1938-39 were approved by the committee in the first of the proceedings quoted, that is, when the budget was placed before them, was mainly on account of further anticipated increase in the cost of coal, based on the approximate accounts figures received up to the end of January 1939 and on the railways' latest requirements. This was explained to the committee. The increase in the demand against each railway was observed by them which is 1½ lakhs against the Eastern Bengal Railway, four lakhs against the East Indian Railway, two lakhs against the North-Western Railway, and 2½ lakhs against the Bombay, Baroda and Central India Railway. It was explained that these increases were mainly on account of the additional cost of coal. But the committee desired, if possible, that in such cases in future it should be explained in detail how the increase in the railways' requirements was caused, whether it was by increase in quantity, by alteration in sources of supply, of more costly coal than originally intended and so forth. I have undertaken to examine the possibility of collecting and giving such information. In this connection, I may say, as my Honourable friend, Mr. James, informed the House, that, whenever information was wanted by the members of the Standing Finance Committee, we always made our best endeavour to furnish them with the information; and I do not think, in fairness, a charge can be made against us that we have failed to give them the information which they wanted. I may also mention, in explaining the addition now expected on working expenses, that about a quarter of this additional expenditure, namely, about 25 lakhs, being the freight charges on coal, comes back to us as earnings on the receipt side.

In conclusion, with the permission of my Honourable friend, Mr. Satyamurti, who happens to come from the same *alma mater* as myself and who has set the example of treating this House now and then to Sanskrit quotations, I would remind him of a famous line in *Subhashita*. I do not put this forward as an argument, Sir, I only wish to make a comment if I may. The line is:

Honourable Members: Who is the *Vandhya* here?

Mr. T. S. Sankara Aiyar: Verily, Sir, a barren woman does not know the pangs of child-birth.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 77,35,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, my Honourable friend opposite has said and quoted without much relevance a famous Sanskrit line saying that a woman, who has never undergone the pains of child-birth, does not know what the pains are. My Honourable friend opposite, I believe, has been delivering his maiden speech, and, at the stage of civilisation to which we have come, it is reasonable for me to ask how many child-births he has undergone, because, at least in this part of the world, maidens are not expected to have any experience of that sort. It would not have been necessary for me to speak on this motion at all, if my friend, Mr. James, had not intervened, when the earlier motion was being discussed. I take it that Mr. James was referring to this supplementary grant when he said that that was being held in abeyance pending the supply of further information. But strange to say the demand is here, and not only at the original figure of 67 lakhs odd, but with an addition of ten more lakhs: thus, the figure now stands at Rs. 77 lakhs odd.

I should like to draw the attention of the House to the proceedings of the Standing Finance Committee to which the note on this particular demand refers. On page 69 of Proceedings No. 5, it is said that the Committee agreed to a supplementary demand for Rs. 67,35,000 being placed before the Assembly in respect of the voted expenditure under this head. But in the proceedings No. 7 it is stated that the Chairman explained to the Committee at its next meeting that the demand has to be 77 lakhs and odd. It is not said whether the Committee agreed to this or not. In the earlier volume, it is definitely said that the Committee agreed that this supplementary grant should be placed before this House, but here it is said that the Chairman stated, on the information then available to him, that this additional ten lakhs were necessary, but I do not see it stated here that this was agreed to by the Committee. I do not know whether there has been a mistake or whether the matter was talked out in the Committee, because I do not belong to it, but the fact is that this matter is not stated there.

Then, Sir, my Honourable friend opposite quoted what I was myself about to quote; but evidently from the same quotation different parts of the House can come to different conclusions. The Chairman of this Committee, namely, himself, undertook to consider the feasibility of adopting the suggestion. Mr. James says that all information is readily supplied, and the department evidently, according to him, is anxious to supply all the information that is wanted. But, according to the wording of this paragraph, at page 2 of Proceedings No. 7, it is clear that the Chairman has undertaken only to consider the feasibility of adopting the suggestion of supplying information. What the result of this is going to be is yet in the womb of the future and not in the womb of the maiden.

I, therefore, strongly object to this supplementary grant, and I hope the House will throw it out as it threw out the earlier grant, and my Honourable friend will be wise to follow the example of my friend, the Finance Member, and withdraw the rest of his amendments and supplementary grants.

Mr. M. S. Aney: May I ask one question by way of information? What was the rate of coal when the budget proposals were framed and what was the rate at which they had actually to pay?

Mr. T. S. Sankara Aiyar: The increase in the cost of coal was due to the increase in the rate by about eight annas to one rupee per ton on the average, but different kinds of coal are priced at different rates. The coal supplied from railway collieries is also valued at different rates, and so we cannot exactly say on which quantities and at what rates the increase has been arrived at, but the railway administrations have details, and they must have worked out the detailed figures.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I should like the Honourable Member to elucidate the point a little further. I would like to know what has been the total increase in cost on account of increase in price of coal or whether this increase has been due only to increase in price or also due to increase in consumption. I find, Sir, that under other headings also, for instance, in Supplementary Demand 6-D, there is mention of increased cost of coal. So I would like to know what has been the total increase in the cost of coal which the Railways had to purchase over the estimated figure, because this is a major item of the supplementary demands.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* north Arcot: Non-Muhammadian Rural): I think, Sir, it will be convenient if the Honourable Member were to take notes of all of the questions that will be put to him and reply to all of them together instead of replying to each Honourable Member separately.

Mr. F. E. James: Sir, I only want to make one point clear. Quite frankly, I was under the impression as a result of the Standing Finance Committee that this demand would not be brought before the House until the information had been obtained. I may have misinterpreted the Committee's final decision, but certainly that is my opinion, and I would suggest to the Honourable Member that he would be well advised to withdraw this until the information is available. Secondly, Sir, the actual wording,—I am not going into the obstetrics that have been discussed—that is not altogether a fit subject for discussion in this House,—but as far as the minutes are concerned, the responsibility for the wording of the minutes is that of the Chairman. These minutes are not submitted to the Members of the Standing Finance Committee before they are ultimately printed. All that is officially recorded at the Committee is the actual decision. But I would make two suggestions to my Honourable friend, the Member for Communications. The first is this, that it is most essential that when demands particularly for supplementary estimates are placed before the Standing Finance Committee, the fullest information should be given in the explanatory memorandum. I know I have said that whenever we have asked for information we have got it, but at the

[Mr. F. E. James.]

last meeting of the Standing Finance Committee, my friend, Mr. Santhanam, raised certain points with which I am in full agreement, and we expressed the opinion that it should not have been necessary for us to ask for that information, but that it should be in the original memorandum. Then, Sir, the second suggestion I wish to make is this,—that if we are going to have extended minutes, it would probably be as well for those minutes to be first approved by members before the Committee disperses. There should not be any real difficulty, and it is important inasmuch as the proceedings come back to this House and form the subject of discussion in this House. That would remove any misapprehensions that might exist such as have arisen in this particular case.

Mr. T. S. Sankara Aiyar: May I rise, Sir, to make an explanation?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better wait.

Mr. T. S. Avinashilingam Chettiar: Sir, with reference to what Mr. James just said, I may point out that in other Committees they do circulate the conclusions of the Committee to the Members and ask them if they have anything to say on the matter, and only after the Members have been consulted the proceedings are officially printed. I do not see any reason, therefore, why the same practice should not be followed in regard to the proceedings of the Standing Railway Finance Committees also.

Sir, I want to make one observation in connection with this matter. It has been said here that the cost has increased because of the increase of the total train mileage. This refers to the year ending the 31st day of March this year, but we have had information, I think, on the floor of the House itself, in the course of the discussion on the Finance Bill, that in the course of ten days of this month, there had been a fall of traffic to the extent of 47 lakhs. If the traffic has fallen by 47 lakhs, as they have told us, in the course of this month, then the train mileage must have gone low, and these estimates were probably made at a time when they could not, perhaps, foresee the fall of traffic in this month, and I do think, Sir, that calculated with the facts and figures which they have at present in their possession, this figure cannot be correct, for it is stated at page 68 of Proceedings No. 5 that: "At the time of preparation of the Budget, it was not anticipated that there would be any increase in the total train mileage in the current year as compared with the last", and so they should have calculated the figures at the rates on which they were working out the figures. I think, therefore, taking the fresh facts into consideration, this figure should be a considerably lower figure. . . .

Mr. Latchand Navalsai (Hind: Non-Muhammadan Rural): Will the Honourable Member tell us which are the Committees which send their minutes to the Members for approval in the first instance before they are printed finally?

Mr. S. Satiyamurti: The Public Accounts Committee.

Mr. Latchand Navalsai: Not others?

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Posts and Telegraphs.

An Honourable Member: The Standing Haj Committee.

Mr. T. S. Avinashilingam Chettiar: I think, Sir, this figure ought to be reconsidered in view of the definite fall in revenue this month, and for that purpose the motion may be withdrawn and a fresh motion may be brought forward.

Mr. S. Satiyamurti: I do not know what the Honourable the Communications Member's response is going to be to the invitation extended to them by my Honourable friend, Mr. James, for withdrawing this demand. If he is going to withdraw it, we shall save a lot of time and I shall save my breath. But, as there is no response, I must ask the House respectfully to repeat its performance on the previous demand, and throw this demand also out. The last demand was for a sum of Rs. 22 lakhs, and this demand is for a small sum of 77 lakhs. The abandon with which they come for supplementary demands beats me, and the only argument he can give is the latter portion of the *sloka*, whereas the first portion of it is much more apposite, namely: *vidvaneva vijanati vidvatjana parishramam*, which means, that "only the educated man, the learned man knows the troubles of a man who has to learn". To apply his second quotation, if this is the offspring that he can bring forth, I would rather be a barren woman, than bring forth such ugly children. I would rather have the bliss of barrenness than the unhappiness of producing such children whom nobody can recognise. On this supplemental demand, what do they say?

"The revised estimate for the current year exceeds the original by 67 lakhs. At the time of the preparation of the budget, it was not anticipated that there would be any increase in the total train mileage in the current year as compared with the last."

I do not want to be a prophet. I know it is very difficult to anticipate these matters and to estimate accurately, but I think the Committee and the House are entitled to some information, why the estimate fell short, and how it happened that owing to unforeseen circumstances this train mileage was increased. Secondly, I think the Committee and the House would be very happy to get some information as to the increased earnings of these railways, on account of the increase in mileage and increase in expenditure. No doubt, we do not have to vote on it, but I think, as they do in the original budget, this House should be very pleased to get some information, approximately it may be, of the increased earnings of the railways concerned on which owing to this increased mileage we are asked to vote this extra sum. Then:

"The traffic in 1937-38 ultimately proved to be much heavier than was anticipated at the time of preparation of the budget for 1938-39."

I want to know what are the latest figures they got with regard to the previous year, when they prepared the budget. It is added:

"As the increase in repairs to locomotives arising from an increase of traffic tends to be thrown forward to the subsequent year, the cost of repairs to be done in the current year has proved to be much heavier than was originally provided for in the budget."

This is a big item, and I think the Committee and the House should know how much was the increase under this head, how many locomotives

[Mr. S. Satyamurti.]

had to be repaired, and how this increased provision is required. There is one sentence which is very intriguing.

"The provision made for the rise in price of materials, other than coal, will also, it is feared, prove inadequate."

Is "fear" going to be the basis of a demand for grant? You fear something and, therefore, there must be an additional vote of 77 lakhs! You must give some figures as to the actual rise of prices of materials before you can ask us to vote for such a large sum. Then you find:

"These considerations account for an increase of 24 lakhs. The increased train mileage referred to above is also expected to result in increased allowances to running staff to the extent of about five lakhs."

The story does not end there. This was on the 28th and 30th January, 1939. When we come to the 20th March, 1939, we find:

"The Chairman stated that, on the information available now, the demand for Rs. 67,35,000, approved by the Committee in their meeting on the 30th January, 1939, had to be increased to Rs. 77,35,000, mainly on account of the fact that the expenditure on cost of coal, freight charges on coal and repairs to locomotives was expected to be more than previously anticipated."

I want to raise a question here. We must be given some details as to the relative apportionment of the expenditure of ten lakhs on the cost of coal, freight charges on coal and repairs to locomotives. On the coal prices, I want to tell the House one fact. We have been told in the Public Accounts Committee and elsewhere, and sometimes in this House also I think, that the railways own and work their own collieries, in order to see that colliery owners do not extract too much price from the railways of this country. I want to know, if coal prices went on increasing, why did not the railways work their own collieries and put down the prices? It seems to me that we are making a bounty of this amount to private trade, out of the taxpayer's money. I have made this point again and again in the Public Accounts Committee, and they have always assured us that they will work their collieries, whenever there is a tendency of prices to rise. I want to know from the Railway Board, why they want to increase the budget grant for paying for coal which they can produce themselves; it is a bounty to private trade which this House ought not to countenance.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member will continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

Mr. S. Satyamurti: Before we adjourned for Lunch, I was asking the House to reject this supplementary grant of 77 lakhs odd on the ground that the information given in this note to the Standing Finance Committee on Railways is not full, is not complete and is not up-to-date, and I was on the point with regard to the rise in prices of coal which

could have been prevented by the Government, if, they had worked their own collieries to the utmost, instead of buying in the open market, and thereby giving help to private trade at the expense of the taxpayer. Moreover, this Standing Finance Committee met again on the 20th March when the Railway Board wanted an increased grant of 10 lakhs. At that meeting, the Committee, as a whole, desired that they should be furnished with more detailed explanation in such cases in future, showing the particular directions in which new and unexpected circumstances had arisen and the additional expenditure attributable to each of these special circumstances, for example the increase in the quantity of coal consumed, increase in cost owing to alteration in the originally expected supply and distribution of coal, etc. "The Chairman undertook to consider the feasibility of adopting the suggestion". Mr. James said that the Railway Board have agreed to give all the information in future. It is not so. The Chairman has merely undertaken to consider the feasibility of adopting this suggestion. Whether he will accept it or not is still a matter for the future. The House, therefore, cannot even be persuaded to vote for this supplemental demand on the ground that at least, hereafter, they will give all the information, in connection with the particular directions in which new and unexpected circumstances had arisen. That is the usual ground put forward for supplementary demands. But the committee in the first instance and the House in the next ought to be satisfied on the information placed before them that these new circumstances are really unexpected and could not have been foreseen. Then, there is no use in clubbing two or three items together. The committee naturally asked that additional expenditure attributable to each of these special circumstances may be fully explained. I suggest, Mr. President, that from all relevant points of view, this supplemental demand has not been supported with that wealth of argument and detail which will convince the House to vote for it. Then I want to say one thing more. These supplementary demands are treated by the Government in fact as excess grants. As a matter of fact, according to our rules and standing orders, supplementary demands are different from excess grants. Excess grants come when the expenditure has been actually incurred, and then the Government come and say "We have spent the money. Please give it to us". As a matter of fact, this is the 25th March, and there are only six days for the year to close. The expenditure has been already incurred. I protest against this. I think this ought to come to the House much earlier, at any rate in cases in which they could have foreseen, and they ought not to compel the House to vote for expenditure already incurred under the guise of supplementary demands. For all these reasons, I ask the House to reject this supplementary grant.

Mr. K. Santhanam: First of all I want to meet Mr. James' point. Mr. James said that this was not approved by the Standing Finance Committee for Railways but I am afraid he was not quite correct, because there was no question of non-approval. Either the demand is placed before the House before the 31st March this year or it could not be placed at all. My impression is that we approved it subject to the condition that hereafter whenever such demands are put forward full explanations should be forthcoming. Secondly, Mr. James forgot that 67 lakhs had already been approved by the previous meeting of the Committee and so the whole question is with reference to the excess of ten lakhs. The second point I want to make is to draw the attention of the House to

[Mr. K. Saithanam.]

the remarks on page 1 of the Proceedings of the Standing Finance Committee for Railways held on the 20th March, where it is said:

"One member raised the question whether, in view of the fact that the budget for 1939-40 recently passed by the Assembly had been based on the supplementary demands already approved by the Committee for 1938-39, it would be proper now to make alterations in those demands."

This is a delicate point of accounts. The whole budget was presented to the House in the middle of February. There we had three sets of figures, accounts for 1937-38, revised estimates for 1938-39 and the estimates for 1939-40. These supplementary demands are, in fact and in essence, part of the revised estimates and if they had been presented at the time when the estimates were presented, then the House would have discussed them quite easily. Now, they are practically new demands presented before the House. As a matter of fact on the basis of these supplementary demands incorporated in the demands which were sanctioned last year, we sanctioned the demands for 1939-40. In order to scrutinise them properly we must discuss them in connection with the demands for 1939-40. I raised this point in the Standing Finance Committee and I suggested that the proper way to do things was to present these demands just before the annual demands for the next year. Then the original demand and the supplementary demands put together will form the revised estimates as sanctioned by the Assembly. Now, the revised estimates are not sanctioned by the Assembly. We sanction only the original demands. The supplementary demands and the original demands together form the revised estimates and, therefore, if the Government want to be logical they must present these demands before they present the budget for next year. Then this could have been much better discussed. Now, it comes after the Finance Bill and the General Budget and we are not able to relate our minds to the original demands and discuss them in proper proportion. Again, I want to stress the point that the scope of the Standing Finance Committee seems to have been misunderstood. These estimates are based on the estimates of the several railway administrations. All of them are collated by the Railway Board and presented to the Standing Finance Committee and this House. What they can do is to ensure that the Railway Board scrutinises these figures carefully. Our point is that the Railway Board should bring to bear on these figures got from the Railway Agents their own independent judgement. Otherwise it is hardly possible for this House or the Standing Finance Committee to go into every detail of each Railway administration. If the East Indian Railway says: "I want ten lakhs more for coal" I think no committee of this House can be in a position to find out the position. All that they can do is to ask the Railway Board "what are your own estimates? How did you scrutinise them? What is the amount of traffic it is expected to do, and what is the proportion, and did you compare the estimates and the demands of all the other Railways?" Sir, this brings me to the suggestion which I made in another speech that these budget estimates and supplementary demands and the demands for the next year should be scrutinized by the Standing Finance Committee at much greater length and in much greater detail than has been the custom hitherto. Hitherto we were allowed two days and we had to look through a mass of figures and, generally, these figures were not supplied to us in sufficient time in advance. This year, for instance, I had to come down to

Delhi and it was handed over to me in the morning and I had to attend a meeting in the afternoon. The figures were not ready before that time and it is hardly possible for any Committee to scrutinize them carefully unless they have time. Therefore, it should be made a rule that these figures should be supplied at least one week in advance to the Members and there should be at least four days for the Members to scrutinize the Budget for the Standing Finance Committee. After it was scrutinized and as soon as the railway estimates are presented to the Assembly, these supplementary demands should first be placed and then the railway Demands for next year should be placed. If that procedure be adopted, all the complaints connected with this point will disappear. Otherwise, I am afraid the same complaint will have to recur without any possibility of remedy. Therefore, I hope that all these suggestions which I have made will be adopted.

So far as the present supplementary demand is concerned, I have already said that it is part of the revised estimate. In connection with the revised estimates the point was raised that the maintenance of locomotive power is increasing and increasing without any kind of check, especially with reference to the question of repairs and maintenance. In the case of the East Indian Railway it is going up by leaps and bounds, and, therefore, there should be a searching inquiry into the relative costs of maintenance and relative cost of coal on the various Railways and I hope that as a result of these discussions they will present next year a comparative study of the consumption of coal and the maintenance of repair charges of locomotives in the various Railway Administrations for the last three or four years. I am afraid that the Railway Board themselves do not take care to study these comparative estimates and they themselves have no idea as to the relative costs of maintenance of locomotive power and repair charges on the various Railways. They do not have any chart in which these figures are tabulated, and are brought up to date at every budget meeting of the Standing Finance Committee as well as in connection with the Budget discussions in this House. We are now in the position that after the passing of the Railway Budget we for now get all the figures about them and we do not know exactly where we are and what we are discussing about. Similarly, unless the members of the Railway Board bring the figures up-to-date, they too lose the thread and are not able to scrutinize the figures. I am sure that a proper investigation into this particular item will yield savings which will be considerable. I have no doubt that the cost itself is very considerable. I have no doubt that the cost itself is very considerable and the supplementary demand is naturally making us alarmed at the way the railway authorities are spending money. I hope the suggestions which I have made will be carefully considered by those in charge of the Railways.

Mr. Brojendra Narayan Chaudhury: Sir, I want to know if the cost of running special trains on the occasion of the Ardhodaya Yoga formed a part of this demand. If so, I should like to know why this piece of expenditure—the necessity for running a special on the occasion of the Ardhodaya Yoga should not have been foreseen in view of the fact that the Yoga day is known according to the calendar before the beginning of the year; and, also, I would like to know how the estimates of the additional traffic for the necessary running of trains were made.

The Honourable Sir Thomas Stewart: If the Honourable Member will put down a question, I will do my best to give him such information as he wants.

Mr. Brojendra Narayan Chaudhury: I think, Sir, that the Chair has ruled that on motions like these we may ask for the necessary explanation, and it is very pertinent to ask now whether this *Ardhodaya Yoga* formed part of this expenditure. If so, why was it not foreseen beforehand? The *Yoga* took place in the month of Kartik last when there was bathing in the Ganges in Calcutta.

The Honourable Sir Thomas Stewart: I must repeat, Sir, that, in regard to a particularized question of that sort, it is a matter in respect of which I will require to have notice, and if the Honourable Member will put down his question, I shall do my best to have it answered to his satisfaction.

Mr. President (The Honourable Sir Abdur Rahim): What the Honourable Member has just now said is with reference to the information sought.

The Honourable Sir Thomas Stewart: Mr. Sankara Aiyar will give a reply to certain points raised in the course of the debate.

Mr. T. S. Sankara Aiyar: Sir, I will first touch on the point raised by my Honourable friend, Mr. James, regarding the proceedings of the last meeting of the Standing Finance Committee. I am glad that one of the members of the committee itself, Mr. Santhanam, who it was that made the suggestion, has explained the situation. Mr. James is labouring under a misapprehension. As Mr. Santhanam explained, the supplementary demand was fully approved by the Standing Finance Committee and, as the proceedings recorded will show, the Committee desired that they should be furnished with a more detailed information in such cases in the future. Subject to this rider, the whole supplementary demand was fully approved by the Standing Finance Committee. I am really surprised how Mr. James got the impression which he gave vent to, and as I have undertaken before the Standing Finance Committee, I will do my best, Sir, in examining the practicability of the suggestion, and if it is at all feasible to adopt it, we will take steps to do so.

Then my Honourable friend, Mr. Satyamurti, said that no details had been given for the increase in the supplementary demand, which was first approved by the Standing Finance Committee, the increase, namely, from Rs. 67 lakhs odd to Rs. 77 lakhs odd. Sir, in moving the motion—probably Mr. Satyamurti had not carefully attended to what I said then—I explained with regard to the difference between the supplementary demand first approved by them and the supplementary demand now proposed, that the Committee noticed the differences pertaining to each railway, viz., the Eastern Bengal Railway, 1½ lakhs, East Indian Railway, 4 lakhs, North Western Railway, 2 lakhs, and the Bombay, Baroda and Central India Railway, 2½ lakhs, and I said that I had explained to the Committee that these additions related mainly to the cost of coal. And, if more minutiae were

desired, I would add that about seven lakhs related to the cost of coal and about three lakhs to repairs and freight charges.

Then, Mr. Satyamurti raised a point about the raising of coal from the railway collieries. I can assure the House that we have raised coal from our railway collieries to the extent to which we found it necessary. All the information about the raising of coal from railway collieries is given not only in one of the appendices of our annual administration report but also in the balance-sheet and accounts circulated with the budget papers to the Members of this House and also furnished to the Public Accounts Committee.

I admit, Sir, that there is some force in what Mr. Santhanam pointed out about the time of placing the supplementary demands before the House. It was he who raised the point at the last meeting of the Standing Finance Committee. The question was whether, in view of the fact that the budget for 1939-40, recently passed by the Assembly, had been based on the supplementary demands already approved by the Committee for 1938-39, it would be proper now to make alterations in those demands. He suggested that some finality should be reached in respect of the supplementary demands when the budget was presented to the Assembly, any excess occurring later in actual expenditure over the original and supplementary grants put together being dealt with in due course under the prescribed procedure. Well, Sir, as he explained, in a certain sense the House assumes that the revised estimates for 1938-39 have been tacitly approved. It is on the basis of the revised estimates that the budget estimate is prepared, and in presenting the budget to the House, we furnish them with full explanation as to the variation between the revised estimates and the actuals of the previous year, and it may be argued that the Honourable Members, while they study the budget, also study the explanations of the differences between the revised estimates and the actuals. The feasibility of the suggestion made by Mr. Santhanam will be very carefully considered by Government. Sir, I have nothing more to say.

Babu Baijnath Bajoria: Sir, I have not received a reply to my question about the cost of coal, whether it was due to the increase in quantity or the increase in price?

Mr. T. S. Sankara Aiyar: It was due both to increase in quantity and to increase in price. The increase in quantity was about two lakhs of tons in 72 lakhs.

Mr. T. S. Avinashilingam Chettiar: What about the fall of the anticipated traffic in March?

Mr. T. S. Sankara Aiyar: It is very difficult to make any prognostication just now. Our experience in the past has been that in March there is very often a depression either in the first week, or in the second week, and we are just looking forward to the remaining part of the month.

Mr. Sri Prakasa: There was also my question as to whether the additional ten lakhs now demanded was also passed by the Standing Finance Committee because no information about that is given in the report.

Mr. T. S. Sankara Aiyar: Yes, Sir, it was passed.

Mr. President (The Honourable Sir Abdur Rahim): The question is:—
“That a supplementary sum not exceeding Rs. 77,35,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of ‘Working Expenses—Maintenance and Supply of Locomotive Power’.”

The Assembly divided.

AYES—38.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.
Maxwell, The Honourable Sir
Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Sher Muhammad Khan, Captain
Sardar Sir.
Sivaraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.

NOES—52.

Abdul Ghani, Maulvi Muhammad.
Abdullah, Mr. H. M.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Chaliba, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Desmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Hau Piracha, Khan Bahadur
Shaikh.

Gadgil, Mr. N. V.
Ghulam Bhik Nairang, Syed.
Govind Das, Seth.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jimaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jocendra Singh, Sirdar.
Kailash Behari Lal, Babu.
Labiri Chaudhury, Mr. D. K.

The motion was negatived.

Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Murtuza Sahib Bahadur, Manjivi
Syed.
Paliwal, Pandit Sri Krishna Datta.
Paude, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Bahadur
Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.
Ziauddin Ahmad, Dr. Sir.

DEMAND No. 6D.—WORKING EXPENSES—MAINTENANCE AND WORKING OF
FERRY STEAMERS AND HARBOURS.

Mr. T. S. Sankara Aiyar: Sir, I beg to move:

“That a supplementary sum not exceeding Rs. 1,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of ‘Working Expenses—Maintenance and Working of Ferry Steamers and Harbours’.”

Sir, I will just make a few remarks. The supplementary demand is required in connection with certain repairs done to two barges working in one of the ferries. The coaching and goods tariffs of the Eastern Bengal Railway show that there are ferries at the following points on the Eastern Bengal Railway:

1. Lalgola-Godaguri,
2. Fulchhari-Bahadurabad,
3. Amingaon-Pandu, and
4. Khulna-Rupsa East.

The ferry at which the two barges in question are working is the Fulchhari-Bahadurabad wagon ferry. There has been some increase in traffic in this ferry owing to special measures taken, such as the withdrawing of surcharge on coal. There is a new type of wagon, now appearing in increasing numbers in use—what is called M. C. J. type of wagon—which has greater over-all length than the type previously handled with the result that the ferry barges, as originally constructed, could carry only one vehicle per line instead of two. This has entailed the uneconomical usage of the barges with the concomitant delay and additional expenditure in dealing with the increased volume of traffic offering. The widening of the barge was urgently necessary to cope with the requirements of the increased volume of traffic. The increase in traffic was anticipated but the response was much quicker than was originally expected and the widening of the barge had to be undertaken earlier than was originally anticipated. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

“That a supplementary sum not exceeding Rs. 1,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of ‘Working Expenses—Maintenance and Working of Ferry Steamers and Harbours’.”

Mr. Sri Prakasa: Sir, I do not know about the ferry steamers either on the Eastern Bengal Railway or the East Indian Railway but I know something of those that are used on the Bengal and North Western Railway. I have often used the ferry boats at Mokameh between Mokameh Ghat and Semaria Ghat and at Patna between Mahenden Ghat and Paleza Ghat, and I think the conditions on these boats are most unsatisfactory. Despite the additional expenditure of Rs. 28,000 that is mentioned in this demand, I have seen no improvement in these ferry boats at these stations. Third classes in these boats are most unsatisfactory and they are almost always overcrowded. I should like to know if Government are satisfied that the expenditure has yielded adequate results. I hope that if they are not satisfied they would take steps to remedy these defects. I rise to

[Mr. Sri Prakasa.]

make these observations in order to draw pointed attention of Government to the unsatisfactory state of these ferries, and I request that the Government would do the needful in this matter.

The Honourable Sir Thomas Stewart: Sir, may I explain for the information of the Honourable Member that the extra expenses incurred on the Bengal and North Western Railway ferry was entirely on coal.

Mr. Sri Prakasa: That is why perhaps they smoke so much!

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 1,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

The motion was adopted.

DEMAND No. 6-G.—WORKING EXPENSES—MISCELLANEOUS EXPENSES.

Mr. T. S. Sankara Aiyar: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 11,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Miscellaneous Expenses'."

Sir, there are a number of items in question here, and I wish to dwell on some of the more important of them. On most of the railways the increase represents the amount spent on gratuity payments. Sir, this item of gratuity payments has been the subject of some discussion in the Public Accounts Committee. Gratuity payments are always very difficult to estimate on account of the fact that sudden retirements, deaths, dismissals and other such causes cause violent changes in the estimate. At the instance of the Public Accounts Committee we took up the question with the railway administrations, examined the procedure in force on the various railways and, as a result of that examination, we have issued instructions. We considered that the procedure on certain railways gave more correct results, and we have recommended that procedure for consideration to other railway administrations.

Then with regard to the payment of gratuity to surplus staff in the workshops at Ajmer. In the Ajmer workshop on the Bombay, Baroda and Central India Railway, there were found to be about 500 surplus hands and, on account of this, the workshop had to be put on shorter working hours. But this was a hardship to the labourers at large, and the suggestion was made that, by offering attractive terms of premature retirement to some of the senior employees, this surplus could be worked out, and we could resume full working shortly. These attractive terms have been offered. We have not received a final report yet but the information is that there has been a fairly good response.

I do not think it is necessary for me to comment on the other items at this stage.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 11,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Miscellaneous Expenses'."

Mr. T. S. Avinashilingam Chettiar: Sir, I move:

"That this demand be reduced by Rs. One lakh."

By this motion, I wish to raise the question of the annual adjustment in respect of Religara colliery. On page 98 of the report of the Standing Finance Committee for Railways dated the 28th and 30th January this matter is dealt with. In paragraph 4 relating to this demand they say:

"The inclusion of a sum of Rs. 1 lakh being the annual adjustment in respect of the Religara colliery which has been abandoned and the capital cost of which it has been decided to write off to revenue in twenty annual instalments."

The facts of this Religara colliery are somewhat interesting. I have not been able to get the full facts of the case but from what I am able to gather, from the report of the Public Accounts Committee in previous years, we understand that the colliery was purchased by the Government of India for about 20 lakhs. Soon after the purchase of that colliery the price of coal went down. And immediately after the price of coal went down Government found that the working of the colliery would be a dead loss. Then they wanted to get rid of the colliery and the result was a loss of 20 lakhs. This is nothing short of a scandal if I may use that word. In the course of a few months or a year, as far as I can understand, a loss of 20 lakhs was incurred; and I do not know what would have happened if it were a private agency. This resembles only another case of which I have heard and that was also done by the Government of India.

The Honourable Sir Thomas Stewart: Sir, on a point of order, is the Honourable Member discussing the actual transfer of this sum of one lakh in the present year or is he criticising the colliery policy of the Government of India some ten or fifteen years ago?

Mr. T. S. Avinashilingam Chettiar: This money is sought to be spent in the present year and I am entitled to speak of this expenditure of one lakh on this Religara colliery in the present year.

Mr. President (The Honourable Sir Abdur Rahim): Is it the contention of the Honourable Member that this colliery ought not to have been acquired by Government?

Mr. T. S. Avinashilingam Chettiar: This one lakh which is sought to be spent by Government in the present year should not be spent.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that the colliery was acquired some time ago, and that was approved by the House, and this sum is necessary for purposes of accounting.

The Honourable Sir Thomas Stewart: Yes, Sir; both the purchase of the colliery and its abandonment were approved by the Public Accounts Committee and the actual transaction which is included in our accounts in this supplementary demand is a mere accounting transaction. I suggest, Sir, that the Honourable Member's criticism should be confined entirely to the appropriateness of this accounting entry.

Mr. T. S. Avinashilingam Chettiar: Because the Public Accounts Committee has approved of a particular thing that does not take away the right of this House to protest against a particular procedure.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that it is not only the Public Accounts Committee, but the House also has approved of it.

The Honourable Sir Thomas Stewart: I can say no more than that the abandonment was approved by the Public Accounts Committee.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can then discuss the question of abandonment.

Mr. T. S. Avinashilingam Chettiar: I am really surprised at the way in which they want to burke discussion by saying that this matter was brought before the Public Accounts Committee and, therefore, the House is not privileged to discuss it. Sir, after this colliery was acquired for 20 lakhs they found that it was not paying to work it and they wanted to get rid of it, and the loss to the Government of India was 20 lakhs. This is only equalled by another instance in which timber was bought by the Government of India in the Andamans for ten lakhs. The next month they found that the timber was not necessary and they sold it for five lakhs. The next month they again found that the timber was necessary and they bought the same timber again for ten lakhs. This is on record and there was a loss of ten lakhs suffered by the Government of India in the course of a month or two. Can there be any greater scandal in financial transactions than this? I do think that this method of spending public revenues is certainly to be censured. Now they have come forward to write off this 20 lakhs to revenue in twenty annual instalments. They lost 20 lakhs on this Religara colliery and this year they have brought forward one lakh to be written off to revenue.

An Honourable Member: Where is this Religara colliery?

Mr. T. S. Avinashilingam Chettiar: I do not know that, but this I know that this sort of transaction is certainly reprehensible. Sir, I move.

Mr. President (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 11,96,000 in respect of 'Working Expenses—Miscellaneous Expenses' be reduced by Rs. one lakh."

Babu Baijnath Bajoria: Sir, my Honourable friend, Mr. Satyamurti, a few minutes ago said that railways should work their own collieries and work them more favourably and obtain coal at a competitive price than can be obtained in the market. I hope this business about the Religara colliery has opened his eyes and will answer his question.....

Mr. S. Satyamurti: They bungled the whole thing; we will do it better.

Babu Baijnath Bajoria: I am coming to that. My reference to my Honourable friend was that I did not agree with his proposition at all that railways should work their own collieries and compete with the trade, because it has been found repeatedly that they cannot and have not been able to raise coal at prices lower than the open market.....

The Honourable Sir Thomas Stewart: Question.

Babu Baijnath Bajoria: I need not go into the matter further: the reason is obvious that the working cost of an average small colliery owner is much less than the cost to the Government with their highly paid staff of managers, engineers and supervisors.....

The Honourable Sir Thomas Stewart: What happened fifteen months ago?

Babu Baijnath Bajoria: 15 months ago there was a rise in the price of coal, due to abnormal demands and it lasted only a few months. But if the Honourable Member will take the statistics for the last ten years of the prices at which they have been obtaining coal from merchants, they will find that they have been making a very good bargain of it. In this very colliery they have lost 20 lakhs.....

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): How much coal has he sold you?

Babu Baijnath Bajoria: I have not sold any coal. I am not a coal merchant, but I know the facts. Coal is one of the principal trades in Calcutta and I know the market rates and the price at which it is being sold. The collieries are also in a very bad state financially and so they cannot be charged that they are making abnormal profit or any profit at all by their sales to the railways. In this very transaction 20 lakhs of rupees have been lost by the railways; and I understand that there are other collieries which have either been not worked or have been lying idle and large capital has been sunk.....

Mr. N. M. Joshi (Nominated Non-Official): Why? Because Government purchase your coal?

Babu Baijnath Bajoria: Because Government made a bad bargain in purchasing these collieries.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go on replying to these interruptions.

Babu Baijnath Bajoria: I think Government will be more careful in future and there will not be such a scandal as this. Sir, I support the motion.

Mr. T. S. Sankara Aiyar: Sir, I will give the history of the Religara Colliery. In 1923 the Railway Board with the approval of the Secretary of State for India acquired mining rights over a big area of land in the South Karanpura coal fields for the purpose of establishing a joint colliery for the Bombay, Baroda and Central India Railway and the Madras and Southern Mahratta Railways. The capital outlay to be shared between these two railways in the proportion of three to two was estimated to be Rs. 31½ lakhs. The cost of mining coal including royalty, interest and sinking fund charges was estimated at Rs. 4-12 a ton and compared favourably with the then prevailing market rate, whose average was Rs. 6-8 per

[Mr. T. S. Sankara Aiyar.]

ton. It was estimated that there would be a saving of about Rs. 7 lakhs a year when the colliery was fully developed. Subsequently, however, the market prices fell rapidly. In 1927, taking all railway collieries together, there appeared to be a slight danger of over-production, and the market prices had also fallen to about Rs. 4 per ton. It was decided to postpone work then for three or four years. The prices of coal falling further, it was decided in March, 1933, that notice should be given for termination of the lease, which was due under the contract, and this was done in August, 1933. In 1936 the colliery was finally and definitely relinquished, and arrangement was made with the Provincial Government to relinquish the surface rights also. The total loss incurred was about Rs. 21½ lakhs.

I want to draw the attention of the House to one aspect of the case here. If the proposed accounts adjustment between capital and revenue is not made, the first effect would be over-capitalisation, that is, about 21½ lakhs remaining at debit of capital without any corresponding assets to show therefor; and, secondly, the amount would, in the course of the next 20 years, be available for division as surplus profits, of which the railway companies would get the due share under their contracts. The railway companies have agreed to this amount being transferred from capital to revenue.

Mr. M. S. Aney: Why should it be shown as surplus profits in the account?

The Honourable Sir Thomas Stewart: The reason is this: that if this debit were not transferred from capital account to revenue account, the surplus of the railways would be so much the greater and the companies would take their share of this surplus.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 11,95,000 in respect of 'Working Expenses—Miscellaneous Expenses' be reduced by Rs. one lakh."

The motion was negatived.

Mr. S. Satyamurti: Sir, I wish to speak on the main motion. If Honourable Members turn to page 4 of the note on the Supplementary Demands for Grants, they will find the following note, and it is an intriguing sentence:

"This supplementary demand is required to meet excess expenditure as explained below in each case."

I want to know where this House stands exactly with regard to these supplementary demands. They are put forward as "supplementary demands", that is to say, for expenditure which is hereafter to be incurred, either because the budget provision has been found insufficient or because some new service has to be provided for; but, frankly and blatantly, they say it is required to meet excess expenditure. Honourable Members know that, so far as actual expenditure which has been incurred is concerned, there is another provision called "excess grant" under which the Government can come to this House and say "it is required for excess expenditure incurred, therefore, please give this excess grant". That is not

done. They come before us in the guise of supplementary demands to meet expenditure which has already been incurred, and the various items of excess expenditure are very significant—(a) more gratuity payments than anticipated: why? Was there any change of policy? (Interruption by the Honourable Sir James Grigg.) If my Honourable friend wants to say something he can get up and say it. This constant muttering is not fair.....

The Honourable Sir James Grigg: (Finance Member): Nobody has a chance to speak. You are speaking the whole time, all day.

Mr. S. Satyamurti: I will resume my seat. The Honourable Member may speak now. Why does he not speak?

The President (The Honourable Sir Abdur Rahim): The Honourable Member can go on with his speech.

Mr. S. Satyamurti: I object to this running commentary all the time sitting there.

The Honourable Sir James Grigg: What has it got to do with you? You need not listen.

Mr. President (The Honourable Sir Abdur Rahim): The Chair can only say that both sides of the House are equally guilty in this respect.

Mr. S. Satyamurti: Then, you have to apportion blame to both sides, and control both. The first item is, more gratuity payments than anticipated. I want to know why these were not anticipated. I will come to the details when I take the other book.....

Mr. F. E. James: Because of a scheme of voluntary retirement. It is in the explanation.

Mr. S. Satyamurti: I know. But I am merely reading this: increased contribution to provident fund due to admission of workshop employees to the benefits of the fund. When was the decision taken? Why was it taken after the budget of one year was passed by the House and before the budget of the next year was placed before the House for being passed? Next, payment of gratuities to the surplus staff of the Central Workshops at Ajmer under a scheme of voluntary retirement. Again, I want to know when the scheme was taken up by the Government, approved by them, and why it was given effect to in the course of the budget year?

Then, Sir, going to page 98 of the proceedings of the meeting of the Standing Finance Committee for Railways, you will find, Sir, that apart from the provision of one lakh for the collieries which the House has now discussed and disposed of, we have got the second item—payment of gratuities to the surplus staff of the Central workshops at Ajmer under a scheme of voluntary retirement, 3½ lakhs. I take the point that any scheme which involves an extra expenditure of 3½ lakhs, unless there was something very exceptional, there was no point in adopting this system during the course of the year, and saying 'you must give us a supplementary grant of 3½ lakhs'. Then No. (iii) ordinary gratuity payments

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exceeding anticipations on account of unforeseen causes, 8½ lakhs. The first two items were not taken into account in the original budget, as a final decision in regard to them had not been arrived at. Sir, I join issue with the Railway Board on that matter. I feel that such items as these which require extra expenditure must be decided in time for inclusion in the next year's budget, and I say that unless there is something very exceptional which cannot wait, they cannot be given effect to during the year. The increase is partly counterbalanced by decrease in contributions to provident fund, educational grants and Health and Welfare services (2½ lakhs). I want the House to consider it. Why did they spend less money on such items as educational grants and Health and Welfare services to the tune of 2½ lakhs? It does seem to me, Sir, that this cuts right across the control of the Budget of this House, and Honourable Members should be no party to these variations of the budget proposals, and, in the absence of a fuller and more satisfactory explanation, I must oppose the demand.

Mr. Sir Ziauddin Ahmad: Sir, I just want to make one or two observations in connection with this particular demand. I do not like to repeat what my friend, Mr. Satyamurti, has said. He has already quoted from the report of the proceedings of the Standing Railway Finance Committee, but I would like to draw the attention of the House to two paragraphs at page 99 of the Report of the Railway Central Advisory Committee in connection with this demand. It is stated here:

"The Committee expressed a wish to be kept in touch with the work done by the Central Publicity Officer and with this object in view desired to be shown from time to time some of the publications issued by his office."

Then the next paragraph says:

"Attention was drawn to the fact that the amount against 'other expenses' under general administration in this demand was somewhat high, as compared with the amounts of certain other items, and the Committee suggested that the advisability of subdividing this item into two or three heads amounting to no less than Rs. 5 lakhs each, (e.g., law charges, rents, rates, taxes, etc.) should be considered."

Sir, in connection with this, I remember the account keeping of one of the Oxford undergraduates, and to which I would like to draw the attention of the Director of Finance of the Railway Board. A gentleman paid a hundred pounds to his son who was reading in Oxford and after two months asked him to submit an account. The boy submitted an account and said "a new tie 1 sh., a pair of socks 1sh. 6d., and miscellaneous and other expenses £99-17-6", and the account was complete. So the same is the case here. The Railway Board have put under miscellaneous expenditure a very substantial amount without sufficient explanation, and their accountancy is no better than the accountancy of the Oxford undergraduate when he submitted the account to his father. The Assembly and the Public Accounts Committee want to scrutinise the figures; they want to know how this £99-17-6 were spent by their son. Therefore, Sir, it is very desirable that more and fuller details should be given so as to keep the Honourable Members of this House better informed of the position. It is not enough to say 'The Railway Advisory Committee has seen it, that the President said in the Railway Finance Committee that he has scrutinised the whole thing'. It is very necessary that the Director of Railway Finance as the President of the

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Railway Finance Committee ought to realise that we have also a responsibility to the taxpayer and that we ought to be satisfied about the expenditure. I think the criticism that has been offered by my friend, Mr. Satyamurti, today, is very apt, and it is very necessary that in future they ought to supply us with fuller details of their expenditure.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 11,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Miscellaneous Expenses'."

The motion was adopted.

DEMAND No. 6H.—WORKING EXPENSES—EXPENSES OF ELECTRICAL DEPARTMENT.

Mr. T. S. Sankara Aiyar: Sir, I move:

"That a supplementary sum not exceeding Rs. 22,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Expenses of Electrical Department'."

Sir, I should like to make some brief, general remarks now about this supplementary demand. Honourable Members will remember that this demand in its present form is a new demand. A considerable number of items of expenditure had to be transferred from other heads to this head. So, naturally, in estimating the expenditure under this head, considerable difficulty was experienced, and in the course of the year it has been found that the estimate originally made has proved to be an underestimate to this extent. Heavier repairs and more operating expenses than originally anticipated are now expected to be incurred on the East Indian Railway. As I have already explained, the increase is mainly due to the fact that this was a new demand and estimating under this head offered considerable difficulties.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 22,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Expenses of Electrical Department'."

Mr. M. S. Aney: I have listened to my Honourable friend, Mr. Sankara Aiyar, and his explanation explains nothing. All that he says is that the demand is a new one and the estimates they made have now proved to be inadequate and, therefore, they have come here with a supplementary demand for Rs. 22,90,000, or something like Rs. 23 lakhs.

The Honourable Sir Thomas Stewart: May I point out to the Honourable Member that in relation to the total grant this is something like seven per cent?

Mr. M. S. Aney: I understand that, but still the Honourable Member should realise that Rs. 23 lakhs is a very big difference, and it should be shown as to what were the items within that demand where they found that their estimates had proved wrong, and how this total of Rs. 22,90,000

[Mr. M. S. Aney.]

was made up. They must give some explanation as to how their estimates have failed in the case of certain items, or whether they have failed from beginning to end altogether. There are no attempts made at all in that direction, and it seems to be a case of hopeless miscalculation and under-estimation. It looks like that, but, anyway, the explanation ought to be more intelligible and not so vague as has been put before the House. We have committed mistakes, we want more money; that is all the explanation comes to. The House cannot be satisfied with that.

Mr. T. S. Avinashilingam Chettiar: It will be seen from the supplementary demand itself that this money is required for heavier repairs and more operating expenses than anticipated, more repairs on account of renewal of dynamos, cells and batteries, than anticipated, more expenditure on replacement of train lighting dynamos than anticipated. The original demand itself was for three crores and fifty-three lakhs. I would like to know how much of this has been spent on dynamos, cells, batteries, etc., and also whether the Government have examined the matter whether these things can be manufactured by the railways themselves,—whether they have gone into the matter. I want to know how much they are paying annually towards these things, and whether they can introduce this industry in this country by getting expert people, if necessary, from foreign countries.

Mr. President (The Honourable Sir Abdur Rahim): That is a big question and the Honourable Member cannot discuss it now.

Prof. N. G. Ranga: Sir, for a number of years on the Public Accounts Committee we have noticed that the railways suffer from chronic bad budgeting. The Finance Member himself was very much concerned about this bad budgeting on the railways, and, in the first year, he seemed as if he was really anxious to see that lump cuts were insisted upon and the budget was improved. But now it does not show as if there had been any improvement at all. It shows as if these original estimates were off the mark by as much as seven per cent. If it is one per cent., it may be excusable, but can they possibly expect anybody to countenance this kind of bad budgeting in which they are off the mark by seven per cent.? The original estimate was Rs. three crores and fifty-three lakhs, and they find in the end that they require 23 lakhs more. At this rate, I do not know when the railway budget can be improved. They do not anticipate these things at the time of preparing their budget estimates; they simply say, they could not anticipate these things. They go to the Railway Finance Committee and then come here and say, the Railway Finance Committee have approved all the supplementary estimates and, therefore, we could not very well take them to task, and so on. Here we come and find this very bad budgeting. I want some definite explanation from the railway authorities why it is that they have failed to anticipate these repairs at the time of making their budget? It may be said they cannot anticipate anything at all. In that case they need not make any budget. They can simply say, we want so much money, we thought we needed only 20 crores, now we need 30 crores, give me ten crores more. It is a wrong procedure for the Finance Member to follow, and for the

Finance Member to try to encourage these people into this sort of monkeying is really monkeying. If the Finance Member will take this certificate for his own budget from this country to his own country, I can tell him, God save his country from such people as these. It is time that the railways were told that this would not be allowed to go on with this kind of bad budgeting any longer, and that they should try to improve their budgeting better and for that take some definite steps. It is rather unfortunate for Mr. Sankara Aiyar to bear the consequences for all the sins which were committed by his predecessor who was brought in as a super expert by this pseudo-expert, Sir James Grigg.

Mr. Sri Prakasa: Sir, I find the famous B. & N. W. Railway figuring again in this supplementary demand. I have said before in this House that the B. and N. W. Railway is known in the provinces of Bihar and the United Provinces where it mostly runs, as *Bewaquf*, *Nalayaq* and *Wahiyat* Railway. I see that Rs. 70,000 are asked for the purpose of repairs. I do not think the railway has been repaired ever since it was born, and I am rather glad that the Railway Member is going to Bihar where he will have directly to deal with that railway. This is a demand under the head "Electrical Department", for electrical fittings and so on. The electrical fittings are so bad that sometimes even in the higher classes, when the train comes to a stop at a railway station, the light also comes to a stop. I, therefore, want to know some details from the Government if they will give them, as to how this extra money has been spent and whether there has been really an improvement in the electric fittings of this railway.

Mr. K. Santhanam: There is one more point which the House should consider with reference to this supplementary grant. My Honourable friend, Prof. Ranga, complained about bad budgeting. If it is only a question of bad budgeting, I should not mind so much but I have got a suspicion that there is deliberately wrong budgeting in respect of many of the grants, because when they set out their grants in the first instance, the budgets, I feel, are subject to a far greater scrutiny than when supplementary budgets are presented. Therefore, I think the Railway Administrations deliberately put in expenditure at the lowest possible level when they budget at first but, afterwards, the Railway Board Members are busy with legislative and other work and they are passed on without proper scrutiny. I think there should be a definite percentage limit fixed by the Railway Board beyond which these supplementary demands should not be presented. I would suggest that no item of the grant should exceed one per cent. of the original budget. I think the present percentage is too high and it ought not to be allowed. They should standardise the accounts and if the railway administrations want more money, they should give satisfactory explanation to the Railway Board and also to the Standing Finance Committee and the House. Unless some such standards are evolved, these huge supplementary demands are bound to come. As I suggested, it is not merely bad budgeting and wrong estimating but more or less a method of getting demands granted without proper scrutiny.

Mr. S. Satyamurti: If Honourable Members will turn to page 5, they will find that out of 22 lakhs, two Railways get 17 lakhs—the East

[Mr. S. Satyamurti]

Indian Railway 12 lakhs and the North Western Railway five lakhs. I should like to know what the original grant was under these two railways, and how it is that one Railway, the East Indian Railway wants an extra grant of 12 lakhs, and the North Western Railway wants five lakhs. What is the percentage of this to the original grant? Has the Railway Board examined this extra demand for a grant? I particularly want the Railway Board to pursue some of the Railways who constantly come up with these large supplementary grants and to have a special control over them. I am sure the House would like to have an explanation of these large variations from the original budget.

Mr. Brojendra Narayan Chaudhury: May I draw the Honourable Member's attention to para. 4 on page 108 of the Standing Finance Committee's Report, Vol. 5. There it is stated:

"The transfer from other heads of ordinary working expenses turned out to be 12 lakhs more than was originally expected,"

and para. 5 says:

"The revised estimate includes unanticipated credits of Rs. 4,84,000."

I want to know whether there will be a corresponding saving in the amount of 12 lakhs, which should now be less in view of what is stated in para. 5.

Mr. President (The Honourable Sir Abdul Rahim): The question is:

"That a supplementary sum not exceeding Rs. 22,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Working Expenses—Expenses of Electrical Department'."

The Assembly divided:

AYES—40.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai Sir Girja Shankar.
Bewoor, Mr. G. V.
Bhagchand Soni, Rai Bahadur Seth.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
Jawahar Singh, Sardar Bahadur
Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir
Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain
Sardar Sir.
Sivaraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir
Muhammad.

NOES—50.

Abdul Ghani, Maulvi Muhammad.
Abdullah, Mr. H. M.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Govind Das, Seth.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jocendra Singh, Sirdar.
Kailash Behari Lal Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Murtuza Sahib Bahadur, Maulvi
Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Bahadur
Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

DEMANDS FOR SUPPLEMENTARY GRANTS.

DEMAND No. 11—INTEREST ON DEBT AND OTHER OBLIGATIONS AND REDUCTION OR AVOIDANCE OF DEBT.

The Honourable Sir James Grigg (Finance Member): Sir, I move:

"That a supplementary sum not exceeding Rs. 1,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Interest on Debt and other Obligations and Reduction or Avoidance of Debt'."

Sir, the explanation for this will be found on page one of the small blue volume.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 1,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Interest on Debt and other Obligations and Reduction or Avoidance of Debt'."

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, usually supplementary demands are placed before the Standing Finance Committee. For the last two years, if I remember aright, a Standing Finance Committee has not been established and so is not functioning.

The Honourable Sir James Grigg: Sir, we cannot discuss the "Standing Finance Committee" on a supplementary demand. The Honourable Member is raising the general question of the Standing Finance Committee.

Mr. President (The Honourable Sir Abdur Rahim): That cannot be done.

Mr. T. S. Avinashilingam Chettiar: Sir, I say the supplementary demands are always placed before the Standing Finance Committee before being brought before this House but that has not been done on this occasion and I am entitled to mention that.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can certainly point out that it ought to have been brought up before the Standing Finance Committee.

Mr. T. S. Avinashilingam Chettiar: Sir, I notice that he has said in answer to a question of mine that he has sent a circular to the Leaders of Parties over this matter. It is his business to come forward with a Resolution over that matter for the House to discuss it. With your permission, I would like to refer to one another matter. This morning, the Honourable Member Sir James Grigg said—when my friend, Prof. Ranga, made a particular statement—“what are you braying?” Sir, that is a lack of good manners.

Mr. President (The Honourable Sir Abdur Rahim): Order, Order. The Honourable Member must not refer to what has happened before.

Mr. T. S. Avinashilingam Chettiar: Sir, I want this demand to be thrown out mainly for the reason that the Honourable Member does not know how to behave, and his manners are most reprehensible (*Cries of “Shame, shame.”*)

Mr. President (The Honourable Sir Abdur Rahim): Honourable Member must not use that expression here.

Mr. T. S. Avinashilingam Chettiar: For that reason and for the other reason that I mentioned, I want that this demand should be thrown out by this House.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, in view of the fact that there has been no Standing Finance Committee it becomes rather difficult for us to know the exact details and the reasons for making supplementary demands. Sir, I find here that the Government want one lakh of rupees for brokerage commission, etc. They themselves say that they have incurred additional expenditure of rupees two lakhs two thousand and so on. So I wish to know what was the total amount of the loan or the loans that they had floated for which they had to spend this money? What was the agency which was used for managing this debt and for which they had to spend so much money? I also want to know.....

Mr. President (The Honourable Sir Abdur Rahim): Order, order. There is too much noise in the House.

Prof. N. G. Ranga:whether they had engaged any middlemen. After all, I know that these debts are subscribed within a few hours if not within a few minutes after the lists are opened and very often they are over-subscribed and for this small service I do not know why so much money has had to be spent on the so-called business of managing this debt. I also wish to know how it is that these various people who wish to subscribe to these loans are made aware of the fact that these loans are going to be raised and lists are going to be thrown open at such and

such places. We know nothing in regard to these things because no information has been vouchsafed to us. I have some sort of shrewd suspicion that the Reserve Bank is being made use of for this particular purpose for managing this debt. If that is so, I want to know why the Railway Board is being paid so sumptuously especially in view of the so many other considerations that the Government are showing to the Reserve Bank. Then, referring to the remark that my Honourable friend, Mr. Avinashilingam Chettiar, has made in regard to the behaviour of the Honourable the Finance Member at question time, this House has learnt already.....

Mr. President (The Honourable Sir Abdur Rahim): Order, order. If any unparliamentary expression is used, it is for Honourable Members to draw the attention of the Chair to that. But the Chair cannot allow any reference to what has happened before.

Prof. N. G. Ranga: I can only say that the House has learnt not to take the Honourable the Finance Member seriously and the Honourable the Finance Member has made himself a thoroughgoing buffoon, and, therefore, it is unnecessary to pursue the matter any further. He has to his credit many more occasions when his expressions had to be expunged from the records of this House than any other Honourable Member in the same period. Therefore, it is beneath my dignity to refer to it any more.

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, I raise a point of order for your consideration. The point of order is whether it is proper for any Member, during the time when the division is going on, to approach another Member and use not only unparliamentary language, but, as was admitted by the Honourable Member himself, use a term of abuse. I ask for your ruling, Sir, whether such a conduct on the part of any Member will be parliamentary? It is not an abstract point on which I am asking your ruling, but a very undesirable incident took place in the House today in my presence. I saw Sir James Grigg approach Mr. Satyamurti immediately after the division was called, and he used some expression which I could not hear, but he himself said that it was a term of abuse. As I myself did not hear the word, I cannot repeat it. Anyhow, a respectable Member of the Treasury Benches and who is a most responsible Member of the House did go over to the other Member, who is a front Bencher and who is a Deputy Leader of the Congress Party, and did use a term which, according to him, is an abusive term. Was his conduct parliamentary?

Mr. President (The Honourable Sir Abdur Rahim): Any term of abuse is unparliamentary, but it must reach the ear of the Chair before the Chair can take notice of it. At the same time, the Chair would say that it is highly undesirable for any Member to use any abusive language to another Member within the precincts of the House.

Mr. Mohan Lal Saksena (Lucknow Division: Non-Muhammadan Rural): Supposing somebody had slapped him, what would have happened?

Mr. President (The Honourable Sir Abdur Rahim): Then, the Chair would have seen what happened. All the Chair can say is that it is very undesirable for any Member to use any abusive language about another Member in the precincts of the House.

An Honourable Member: Will he withdraw that expression now?

Mr. President (The Honourable Sir Abdur Rahim): The Chair cannot take any notice, not having heard the expression.

The question is:

"That a supplementary sum not exceeding Rs. 1,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Interest on Debt and other Obligations and Reduction or Avoidance of Debt'."

The Assembly divided:

AYES—41

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Bhagchand Soni, Rai Bahadur Seth.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

NOES—54.

Abdul Ghani, Maulvi Muhammad.
Abdullah, Mr. H. M.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Govind Das, Seth.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Kailash Behari Lal Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Laljee, Mr. Husenbhai Abdullahbai.
Maitra, Pandit Lakshmi Kanta.

The motion was negatived.

Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sivaraaj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Bahadur Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.
Ziauddin Ahmad, Dr. Sir.

DEMAND No. 14—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT.

The Honourable Sir James Grigg: Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 1,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Legislative Assembly and Legislative Assembly Department'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 1,05,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Legislative Assembly and Legislative Assembly Department'."

The Assembly divided:

AYES—39.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

NOES—52.

Abdul Ghani, Maulvi Muhammad.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Govind Das, Seth.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Kailash Behari Lal Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Laljee, Mr. Husenbhai Abdullahbai.
Maitra, Pandit Lakshmi Kanta.

The motion was negatived.

Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sivaraaj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.

Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Bahadur Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

DEMAND NO. 21—DEPARTMENT OF COMMUNICATIONS.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Department of Communications'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Department of Communications'."

Mr. Mohan Lal Saksena: Sir, just now you must have seen that the Honourable the Finance Member came to Mr. Satyamurti and offered an apology, but he did not have the. . .

The Honourable Sir James Grigg: Sir, the Honourable Member will please allow me and Mr. Satyamurti to speak for ourselves.

I do not think this business should be conducted on a supplementary demand for the Department of Communications. The Honourable Member is entitled to enter into a discussion concerning that only.

Mr. President (The Honourable Sir Abdur Rahim): It is not right to refer to that matter now. The Chair has ruled that whatever took place was not within the hearing of the Chair, and any matter like that cannot be allowed to be discussed.

Mr. Mohan Lal Saksena: Sir, just now we have defeated two supplementary demands, not on the merits, but because of his behaviour, and so I think it is relevant that the matter should be discussed.

The Honourable Sir James Grigg: Sir, I suggest that this is not in order.

Mr. President (The Honourable Sir Abdur Rahim): Whatever motive might have actuated Honourable Members to vote in a particular way, that is not the concern of the Chair and cannot be discussed here. The Honourable Member should deal with the question on its merits.

Mr. Mohan Lal Saksena: Anyway, he did not have the courtesy or decency to withdraw it.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Department of Communications'."

The Assembly divided:

AYES—40.

Abdul Hamid, Khan Bahadur Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai Sir Girja Shankar.
Bewoor, Mr. G. V.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chambers, Mr. S. P.
Chanda, Mr. A. K.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Greer, Mr. B. R. T.
Grigg, The Honourable Sir James.
Hardman, Mr. J. S.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Rahman, Lieut.-Col. M. A.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sher Muhammad Khan, Captain Sardar Sir.
Sivaraaj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

NOES—48.

Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Das, Mr. B.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Kailash Behari Lal Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.

Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

(On a request being made for inclusion after the division had been taken.)

Mr. President (The Honourable Sir Abdur Rahim): The Chair would point out that this is not in order. There are lobbies set apart for voting. It is only as an exceptional measure that if, by some accident, any Member has not voted in the voting lobby he may be allowed to vote here.

DEMAND No. 28—PORTS AND PILOTAGE.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 3,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Ports and Pilotage'."

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That a supplementary sum not exceeding Rs. 3,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Ports and Pilotage'."

Mr. T. S. Avinashilingam Chettiar: Sir, I would like to refer to the grant made to Vizagapatam Port. It is Rs. 3,90,000. This grant has been going on ever since the port was started. More than Rs. 3 crores was spent on it till 1937: after that year sums of two lakhs and three lakhs have been granted every year and this year we have a grant of Rs. 3,90,000. Questions have been put whether attempts at retrenchment have been made: to our knowledge no retrenchment has been done. There is great scope for retrenchment and every year to waste a few lakhs on this port is unimaginable. I think Government should set about finding ways and means of balancing the budget of this port and I may say, that is, Rs. 3,90,000 is in addition to the interest charges which will amount to 18 or 19 lakhs, which the Port does not pay. That being the case these grants which are made annually should be stopped and attempts should be made to balance the budget of the Port.

Babu Kailash Behari Lal (Bhagalpur, Purnea and the Sonthal Parganas: Non-Muhammadan): Sir, I beg to oppose this demand, not on the merits, because very little information is given about it, but simply because it has been put forward by a man unworthy to make the demand. . . . (Cries of "Order, order.") Although some incident has occurred, the Chair has not taken notice. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot discuss that.

Babu Kailash Behari Lal: I am not referring to the incident. I am referring only to that portion of which you have taken no notice. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot now refer to past proceedings, and to what has happened on another occasion.

Babu Kailash Behari Lal: I am referring only to the fact that this demand has been made in an atmosphere in this House which is, of course, surcharged with some amount of heat of which even the Chair is aware. The Chair cannot say that it is not aware of the heat that is prevailing here in the House, and I only refer to that much only, that the demand has been made by an unworthy man who deserves censure for the abusive language he uttered. Sir, I oppose the demand.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 3,90,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Ports and Pilotage'."

The motion was adopted.

DEMAND No. 29—LIGHTHOUSES AND LIGHTSHIPS.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Lighthouses and Lightships'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Lighthouses and Lightships'."

The motion was adopted.

DEMAND No. 59—MINT.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 69,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Mint'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 69,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Mint'."

The motion was adopted.

DEMAND No. 64—MISCELLANEOUS EXPENDITURE.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 7,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Miscellaneous Expenditure'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 7,23,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Miscellaneous Expenditure'."

The motion was adopted.

DEMAND No. 66—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,62,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Miscellaneous Adjustments between the Central and Provincial Governments'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 1,62,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Miscellaneous Adjustments between the Central and Provincial Governments'."

The motion was adopted.

DEMAND No. 79—INTEREST-FREE ADVANCES.

The Honourable Sir James Grigg: Sir, I move:

"That a supplementary sum not exceeding Rs. 5,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Interest-free Advances'."

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That a supplementary sum not exceeding Rs. 5,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1939, in respect of 'Interest-free Advances'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Monday, the 27th March, 1939.

LEGISLATIVE ASSEMBLY.

Monday, 27th March, 1939.

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

MEMBERS SWORN.

Mr. Hugh Dow, C.S.I., C.I.E., M.L.A. (Secretary, Commerce Department);
Mr. Narayana Raghavan Pillai, C.B.E., M.L.A. (Government of India: Nominated Official); and
Sir Bryce Chudleigh Burt, C.I.E., M.B.E., M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

REDUCTION IN THE TERM OF FOREIGN SERVICE OF BRITISH TROOPS.

1311. ***Mr. Abdul Qaiyum:** Will the Defence Secretary please state:

- if he has read Reuter's telegram from London, dated the 7th March, 1939, published on page 2 of the *Hindustan Times*, dated the 8th March, 1939, under the "Late News" column;
- whether there is any proposal to reduce the term of foreign service for British troops to three years;
- what the additional cost will be if this is done, and what part of it will fall on India; and
- whether Government have taken up this matter with His Majesty's Government, and, if so, the effect of such representation?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) No.

(c) and (d). Do not arise. The Government of India have, however, agreed to the reduction of the term of service to four years. The estimated cost to India will be in the neighbourhood of seven lakhs.

Mr. Abdul Qaiyum: May I know what is the present term of service for British troops?

Mr. C. M. G. Ogilvie: It is somewhere in the vicinity of five years.

Mr. Abdul Qaiyum: May I know when this new proposal was agreed to by the Government of India?

Mr. C. M. G. Ogilvie: I have said so.

Mr. Abdul Qaiyum: May I know whether the Government of India were consulted before this change took place?

Mr. C. M. G. Ogilvie: Yes.

Mr. Abdul Qaiyum: May I know if the initiative was taken by the Government of India or by His Majesty's Government?

Mr. C. M. G. Ogilvie: By His Majesty's Government.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

CHANGE IN THE METHOD OF RECRUITMENT TO THE INDIAN POLICE.

1312. *Mr. Abdul Qaiyum: Will the Honourable the Home Member please state:

- (a) whether there is any proposal to change the method of recruitment to the Indian Police;
- (b) whether the competitive system is to be partially abolished in favour of nomination;
- (c) if so, what percentage of the posts is to be filled up by nomination, and when this change is likely to be introduced; and
- (d) the reasons for the proposed change, if any?

The Honourable Sir Reginald Maxwell: (a), (b) and (c). No change is at present contemplated in the system of recruitment in India. As regards the method of recruitment in England, the Secretary of State has already announced that a certain number of candidates, who must be University graduates, will be selected for admission to the Indian Police otherwise than by competitive examination. The examination will also be held as hitherto in 1939 and 1940 for a certain number of the vacancies available in these years, but the Secretary of State is not prepared to guarantee that recruitment by competitive examination will be continued after 1940.

(d) The change is being made to widen the field of recruitment.

Mr. Abdul Qaiyum: May I know what percentage of recruitment will be by nomination?

The Honourable Sir Reginald Maxwell: It is understood that during the next two years, that is, this year and next year, about one-third of the vacancies will be recruited by selection.

Mr. Abdul Qaiyum: May I know if the selection will be confined to Europeans or whether Indians also will be eligible for nomination in England?

The Honourable Sir Reginald Maxwell: Recruitment in England is entirely for Europeans, and Indian recruitment for the Indian Police takes place in India.

Mr. Abdul Qaiyum: May I know why this change is taking place, and whether it is with the consent of the Government of India?

The Honourable Sir Reginald Maxwell: The reason was stated in answer to part (d) of the question.

Mr. Abdul Qaiyum: Will the Honourable Member kindly repeat it?

The Honourable Sir Reginald Maxwell: I will read it again:

"The change is being made to widen the field of recruitment."

Mr. K. Santhanam: May I know whether the Provincial Governments were consulted as these officers have also to serve in the provinces?

The Honourable Sir Reginald Maxwell: I cannot inform the Honourable Member from my recollection.

Mr. Lalchand Navalrai: When this recruitment is going to be widened and it is going to be done in England, why is it that Indians also are not going to be taken for the purpose of widening the field?

The Honourable Sir Reginald Maxwell: As I have already informed the House, the recruitment of Indians takes place in India, and of Europeans in England. It is a question of altering the method of recruitment of Europeans in England.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

GRANT OF A DISTURBANCE ALLOWANCE TO OFFICERS AND SOLDIERS.

1313. *Mr. Brojendra Narayan Chaudhury: Will the Defence Secretary please state:

With regard to the grant of disturbance allowance mentioned in the 'House of Commons' as reported by Reuter, London, on the 13th March, 1939:

- (a) what disturbance is referred to;
- (b) whether the grant is proposed or has been sanctioned for (i) European soldiers, (ii) Indian soldiers, (iii) European officers, and (iv) Indian officers, stationed in India, and the scale proposed or sanctioned;
- (c) whether in fixing the scales of pay all kinds of risk and inconveniences were not taken into consideration; and
- (d) whether he will lay on the table a list of scales of other allowances, if any, granted to the abovementioned soldiers and officers, on station duty or as combatants, and the reasons therefor?

Mr. C. M. G. Ogilvie: With your permission, Sir, I propose to answer starred questions Nos. 1313 and 1321 together.

An allowance of £20 for a married officer and £5 for a soldier on the married establishment is paid to British personnel on the Imperial establishment when a military officer or soldier is moved from one station to another for a period in excess of six months in order to recompense

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LEGISLATIVE ASSEMBLY.

[27TH MARCH 1939.]

them for the extra expenditure they incur owing to a change of station. This allowance has been termed a "disturbance allowance". The Government of India are considering the question of the introduction of a similar allowance in India, but no decision has yet been reached. I am, therefore, unable to make any further statement at present.

With reference to part (d) of Mr. Brojendra Narayan Chaudhury's starred question No. 1313, I refer the Honourable Member to the statement laid on the table of the Council of State on the 14th September, 1937, in reply to question No. 51 of the 4th March, 1937, and also to the statement laid on the table of this House on the 31st January, 1938, in reply to part (a) of starred question No. 651 of the 13th March, 1937.

Mr. T. S. Avinashilingam Chettiar: May I know what is the total amount of the money spent on the disturbance allowance?

Mr. C. M. G. Ogilvie: I am afraid Government have no information. None has been spent in this country.

Mr. K. Santhanam: May I know the estimated cost of the allowance if it is to be given to the Indian Army?

Mr. C. M. G. Ogilvie: I should require notice.

REPORT OF THE COMMITTEE FOR THE APPLICATION OF THE RECOMMENDATIONS OF THE INDO-BURMA FINANCIAL SETTLEMENT TRIBUNAL.

1314. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state when the committee for the application of the recommendations of the Indo-Burma financial settlement tribunal was appointed?

(b) How many reports has it produced and when were they published?

(c) What is the final position between India and Burma and on what principles has it been worked?

(d) Is it a fact that the annual payment, which is now put down at Rs. 2,24.56 lakhs, was at one time put down at three crores and more and was subsequently reduced? Why was this done?

(e) How much is $7\frac{1}{2}$ per cent. of the liability of the Government of India in respect of central pensions on the date of the separation?

(f) At what rate and how is this liability expected to be reduced, and in how many years will this disappear?

Mr. K. Sanjiva Row: (a) In February, 1936.

(b) and (c). I would invite the attention of the Honourable Member to the Press Communiqués, dated the 15th February, 1938, and the 15th March, 1939.

(d) The answer to the first part of the question is in the negative; the second part does not arise.

(e) The estimated amounts are 80 lakhs in 1937-38, 75 lakhs in 1938-39 and 71 lakhs in 1939-40.

(f) The liability will be gradually reduced as the pensions are extinguished.

Mr. Manu Subedar: May I know with reference to the reply to part (e), under which account this money, 80 lakhs and 75 lakhs, is credited in the Government of India's books?

Mr. K. Sanjiva Row: It is taken under the head "Extraordinary receipts".

Mr. Manu Subedar: May I know if any part of this money is taken as receipts under the Defence Department?

Mr. K. Sanjiva Row: No.

RATE OF INTEREST ALLOWED FOR PROVIDENT FUNDS, ETC.

1315. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state what is the rate of interest allowed by Government for various Provident Funds in their charge and on deposit with them?

(b) Is there any distinction between General and other Provident Funds in Government's charge?

(c) Is there any statutory obligation on Government to maintain a fixed rate of interest in regard to the Provident Funds? If so, what?

(d) What were the successive reductions during the last five years in the interest payable on:

- (i) Postal Savings Bank deposits,
- (ii) Postal Cash Certificates,
- (iii) Provident Funds protected by rules as to rate of interest, and
- (iv) Other Provident Funds?

The Honourable Sir James Grigg: (a)—(d). The information is being collected and will be laid on the table of the House in due course.

LEVY OF AN EMPLOYMENT TAX IN THE UNITED PROVINCES.

1316. *Mr. S. Satyamurti: Will the Honourable the Finance Member be pleased to state:

(a) whether he and/or the Government of India have considered the question of the levy of an employment tax by the United Provinces Government from the financial and the constitutional point of view, as affecting the Central Government;

(b) whether Government have been approached by any individuals or associations affected by the tax and, if so, in what manner; and

(c) whether Government intend to take any action in the matter, and, if so, why?

The Honourable Sir James Grigg: (a) and (c). I am not in a position to make any statement.

(b) No.

COMPOSITION AND TERMS OF REFERENCE OF THE INDIAN SANDHURST COMMITTEE.

1317. *Mr. S. Satyamurti: Will the Defence Secretary be pleased to state:

- (a) whether Government have considered the vote of the House, censuring the Government on the composition and terms of reference of the Indian Sandhurst Committee (Dehra Dun);
- (b) whether Government propose to accept the verdict of the House and change the composition of the Committee, so as to have a majority of elected members thereon; and
- (c) if not, why not?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) and (c). No, for the reasons given in my speech of the 14th March, 1939.

GOVERNMENT'S DEFENCE POLICY AND ADMINISTRATION.

1318. *Mr. S. Satyamurti: Will the Defence Secretary be pleased to state:

- (a) whether Government have considered the vote of the House censuring them on their Defence policy and administration;
- (b) whether they propose to take any action thereon; and
- (c) if so, what, and if not, why not?

Mr. C. M. G. Ogilvie: (a) Yes.

(b) Some of the questions raised in the debate are still under consideration.

(c) Does not arise.

PUBLICATION OF THE RESULTS OF DR. GREGORY'S ENQUIRIES OR RESEARCHES.

1319. *Mr. S. Satyamurti: Will the Honourable the Finance Member be pleased to state:

- (a) the particular work on which Dr. Gregory is just now engaged;
- (b) whether the results, if any, of his enquiries or researches have so far been published, and if so, what they are; and
- (c) whether Government intend asking him to take in hand a comprehensive inquiry on the incidence of taxation in India direct and indirect, Central, Provincial and Local (i.e., by local bodies), and, if not, why not?

The Honourable Sir James Grigg: The question should have been addressed to the Honourable the Commerce Member.

DELAY IN THE GRANT OF PENSIONS, ETC., TO THE FAMILIES OF DISABLED SOLDIERS.

1320. *Mr. C. N. Muthuranga Mudaliar: (a) Will the Defence Secretary state whether the definitions in regard to eligibility for death and disablement compensations for Indian ranks differ from that in practice in the United Kingdom?

(b) Is the Honourable Member aware that widespread hardship results on account of these narrow definitions?

(c) Is the Honourable Member aware that the Indian authorities are taking a long time to decide complaints and appeals concerning war disablements? Is he aware that in the United Kingdom the period taken is usually only seven weeks?

(d) Is the Honourable Member aware that there are several disabled ex-sepoys and families of deceased sepoys who, being unable to get disablement compensations and service pensions, are thrown at large on the charity of the general public?

(e) Will the Honourable Member state whether the following extract is a normal way of disposing of such appeals:

"your husband died of a disablement which was not certified attributable to military service. . . . Further petitions will not be answered."

"(Letter No. B.-52020-3-A.G.-14, dated 8th February, 1939. Adjutant General's Branch)?"

Mr. C. M. G. Ogilvie: (a) No. The main condition in each case is that the death, disablement or disease should be attributable to military service.

(b) No. The definitions referred to are considered to be fully adequate.

(c) No, not that I am aware of. If the Honourable Member will give me details of any particular case, I will make enquiries.

(d) No.

(e) No. Replies differ depending on the circumstances of each case. If petitioners after being informed that the decision conveyed to them is final, continue to make applications, they are informed that further petitions will not be answered.

GRANT OF A DISTURBANCE ALLOWANCE.

†1321. *Mr. C. N. Muthuranga Mudaliar: Will the Honourable the Home Member be pleased to state:

- (a) whether his attention has been drawn to the question and answer in the House of Commons published in the *Hindustan Times* of Wednesday, the 15th March, 1939, on page 1, bottom of columns 4 and 5, under the heading "U. P. Employment Tax";
- (b) whether it is a fact that the Government of India are considering the grant of a disturbance allowance;
- (c) how long the matter has been under consideration;
- (d) when they expect to reach a conclusion;
- (e) what is the quantum of the allowance;
- (f) what are the services to which it is proposed to give this allowance; and
- (g) the total anticipated cost of this allowance?

†For answer to this question, see answer to question No. 1313.

EXHIBITION OF ANTI-INDIAN FILMS IN FOREIGN COUNTRIES.

1321A. *Mr. S. Satyamurti: Will the Honourable the Home Member be pleased to state:

- (a) whether Government have any information about the number and the nature of films produced outside India which have been completely prohibited from being exhibited or allowed to be exhibited only with excision by the several Provincial Boards of Censors in India;
- (b) if not, whether Government are prepared to collect the information and place it on the table of the House; and
- (c) whether Government intend taking any steps through His Majesty's Government and the usual diplomatic channels to get into touch with the producers of these objectionable films, especially those which depict India and Indians unfairly, and stop the production and exhibition of such films outside India, and if not, why not?

The Honourable Sir Reginald Maxwell: (a) and (b). I have not the required information but will obtain it and lay it on the table in due course.

(c) The Government of India will again draw the attention of His Majesty's Government to the "very" strong sentiment in India regarding films of the character referred to.

Mr. S. Satyamurti: With reference to clause (c) of the question, may I know if Government will, after getting all the information, pursue the matter further with His Majesty's Government and persuade them to approach the Governments of the countries in which such films are made and apply such diplomatic pressure as is necessary in order to stop the production and exhibition of such films outside India?

The Honourable Sir Reginald Maxwell: That might be considered when we see the results of the inquiry that is being made.

Seth Govind Das: This question has been raised again and again. Will Government be pleased to state what they have done so far in this respect?

The Honourable Sir Reginald Maxwell: I have already answered that in reply to previous questions. Government have been in constant correspondence with the Secretary of State on this subject.

Seth Govind Das: Have Government heard anything from the Secretary of State?

The Honourable Sir Reginald Maxwell: Certainly, I have already had occasion to mention the case of a film of which the production was stopped in consequence.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to unstarred question No. 83 asked by Mr. B. B. Varma on the 10th November, 1938.

NON-GRANT OF HOLIDAYS TO STATION AND RUNNING STAFF ON RAILWAYS.

- (a) Yes.
- (b) The reply to the first part is in the affirmative, and as regards the second, Government do not contemplate making any change.
- (c) No compensation is paid, as none is due under the rules.

Information promised in reply to part (b) of starred question No. 1566 asked by Mr. Badri Dutt Pande on the 29th November, 1938.

DISPARITY IN LEAVE RULES BETWEEN GOVERNMENT AND RAILWAY SCHOOLS.

Clerks who are permitted to be absent from duty during regular vacations are governed by the rules in section IV (relating to Vacation Departments) of Annexure I to the revised State Railway Leave Rules promulgated with the Railway Department's Resolution No. 8373-E., dated the 20th February, 1930, while clerks who are not so permitted are governed by the ordinary rules applicable to other railway staff.

Information promised in reply to part (b) of starred question No. 735 asked by Shrimati K. Radha Bai Subbarayan on the 27th February, 1939.

TRANSFERS OF OFFICERS OF THE FINANCE DEPARTMENT.

- (b) Rs. 4,673-5-0.

Information promised in reply to starred question No. 907 asked by Mr. K. S. Gupta on the 9th March, 1939.

COST OF MAINTAINING THE DREDGER AT THE VIZAGAPATAM PORT.

(a) The cost of maintaining and operating the dredger and connected plant and craft during the financial years 1936-37, 1937-38 and 1938-39 has been Rs. 5,74,747, Rs. 3,75,413 and Rs. 4,37,000, respectively.

- (b) Ten. Their pay and allowances are as follows:
 - (1) Pay Rs. 675+Rs. 50 house allowance.
 - (2) Pay Rs. 550+Rs. 50 house allowance.
 - (3) Pay Rs. 550+Rs. 50 house allowance.
 - (4) Pay Rs. 475.
 - (5) Pay Rs. 335.
 - (6) Pay Rs. 295.
 - (7) Pay Rs. 265.
 - (8) Pay Rs. 60.
 - (9) Pay Rs. 50.
 - (10) Pay Rs. 40.

Three shifts of eight hours each are worked, as the dredger when in commission, is required to operate for 24 hours a day.

MOTION *RE* THE INDO-BRITISH TRADE AGREEMENT.

Mr. President (The Honourable Sir Abdur Rahim): Before the Honourable Sir Muhammad Zafrullah Khan moves his motion, the Chair would like to inform the House that an arrangement has been arrived at among the Leaders of Parties that there should be a time limit for the speeches. The Mover of the motion, Sir Muhammad Zafrullah Khan, will be allowed about three quarters of an hour to move his motion, and other speakers will be allowed 20 minutes each with discretion in the Chair to allow more time in special cases if he considers it necessary.

The Chair has also been requested to sit till 6 p.m. today and tomorrow, because the Chair understands there is a large section of the Members who do not desire to sit on Wednesday. Government are agreed that they will not put up any Government business on that day. The Chair is not going to declare next Wednesday a holiday as it is not a gazetted holiday in New Delhi and the practice has always been to declare only those holidays for the Assembly that are recognised as holidays by the local administration. But if the Government do not put up any agenda for that day, that being an official day, and the Members who have put down questions do not insist on the Assembly sitting on that day, then there will be no sitting of Assembly on Wednesday. If that is so, the Chair is also agreeable to sit till 6 p.m. today and tomorrow, for the purpose of this motion. The Chair understands it has also been agreed that at 5 p.m. tomorrow, the Honourable Member in charge of the motion will reply to the debate. Does the Chair take it that this arrangement meets with the wishes of the House?

Honourable Members: Yes.

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): Sir, I beg to move:

"That this Assembly approves the Trade Agreement signed on the 20th March, 1939, between His Majesty's Government in the United Kingdom and the Government of India."

Sir, I feel I owe a word of explanation to the House as to the time occupied by the negotiations that have resulted in this trade agreement. It was almost exactly three years ago that this House passed a Resolution asking the Government to give notice of termination of the Ottawa Agreement and to start negotiations for the conclusion of a fresh agreement. In pursuance of that Resolution, notice of termination was given. A panel of unofficial advisers was constituted and Government began to examine the question in detail with the help of the unofficial advisers. But a detailed examination of the varied and complex questions that arose for settlement made it clear very early that the negotiations would take longer than Government had anticipated. Honourable Members will perhaps realise, during the course of the debate, the wideness of the range and complexity of the questions that arose for settlement and, I am sure, they will appreciate that the search for a basis of settlement over that wide range, which should be satisfactory to both countries so as to induce them to accept it, required a great deal of time.

I may perhaps give just two illustrations to show how much time was required for the settlement of comparatively simple matters. Take the case of Ceylon. It was felt by the Government of India that so far as

any agreement with Ceylon was concerned, the question should be kept apart from the discussions that were about to be entered upon with regard to the main trade problems between the United Kingdom and this country. That appears to be a very small question and a very simple question, so small indeed, that having regard to the provisions of the agreement, it is likely even to escape notice during the discussion, but several meetings were necessary with the representatives of the Colonial Office before they could be persuaded to accept the Government of India's point of view that having regard to the proximity of Ceylon to India and the many interests that were common between the two countries and the variety of questions that arise between them, apart from purely commercial and trade questions, it was desirable that there should be a separate trade agreement between Ceylon and India.

Again, take the question of fresh and extra preferences to the United Kingdom. When the *desiderata* were exchanged between the two countries, the United Kingdom put forward a long list of articles on which they requested fresh preferences, and in respect of almost every preference enjoyed by them under the Ottawa Agreement, they wanted a wider margin of preference. It took many meetings with the representatives of the Board of Trade before they were convinced that the question was not of granting any fresh or additional preferences to the United Kingdom: the question was one of drastically reducing the preferences that they, at present, enjoyed. Now, neither of these matters occupies much space in the agreement itself but they occupied a great deal of time during the discussion. I need not go on elaborating this point. I have said enough to illustrate the kind of difficulties that we met with and I want to assure the House that there was no lack of either anxiety or effort on the part of the Government of India which could have contributed towards an earlier settlement of these questions.

Another matter to which I must refer before I go on to the actual provisions of the agreement is the great assistance that I and those who were associated with me on behalf of the Government of India in these negotiations received from the panel of unofficial advisers. Throughout these discussions the unofficial advisers were prepared to make every sacrifice of time and were cheerfully willing to suffer every inconvenience in order to help the representatives of the Government of India in these negotiations, and their help indeed has been of the greatest value. They travelled to London in the summer of 1937 and stayed there throughout the summer to facilitate these discussions and negotiations. It is unfortunate that in the end there were differences between the point of view of a majority of them and the point of view of Government with regard to certain matters resulting from these negotiations, but it would indeed be ungrateful of me if I did not acknowledge that, if there are any satisfactory features in this agreement, they certainly would not have been so satisfactory had it not been for the assistance and the advice given by the unofficial advisers. I take, freely and fully, the whole responsibility for any dissatisfaction that might arise out of the provisions of this agreement which we are about to discuss.

Now, Sir, to come to the provisions of this agreement I shall first take up the explanation of what may be described as the cotton articles in this agreement because, from such criticism as has come to my notice, I apprehend that the main criticism in this House will centre round these articles, and, therefore, it would be appropriate to begin with an explanation.

[Sir Muhammad Zafrullah Khan.]

of these articles. In order to appreciate the meaning and the operation of these articles, it would be necessary to have before us the history of the cotton piecegoods imports from the United Kingdom. Before I go on to describe that history I must make this clear, that it is due entirely to the resource and the initiative of the cotton textile industry in India that today we find that the industry has fully justified the measure of protection that it has received from Government and is in a flourishing condition, so that when I go on to describe the course of the declining imports from the United Kingdom, and the increase of mill production in India, it is not by any means in a spirit of criticism but for the reason that we must have the whole of the picture before us. It is a matter for great gratification for all of us that this industry should have established itself so successfully in the country, but in order to gauge the full effect of these articles and to appreciate to what extent there is any sacrifice involved on the part of the industry, I think it would be necessary to look at the history of these imports. The House is aware that during pre-war days imports of cotton piecegoods from the United Kingdom stood as high as three thousand million yards. After the War, they began to decline. For a period of nearly seven years from 1922-23, onwards, they stood at an average level of 1,400 million yards. Then there came a sharp decline and in 1930-31 the imports were 520 million yards, and in 1931-32 they declined to 376 million yards. Well, now, there must have been several causes that contributed towards that result. But certainly one of the important causes that contributed towards that result was the change in the Indian tariff with regard to these piecegoods. In April, 1930, the duties were raised from 11 per cent. to 15 per cent. In March, 1931, the duties were again raised from 15 per cent. to 20 per cent. In September, 1931, they were raised from 20 per cent. to 25 per cent., so that there was an increase in the duties from 11 per cent. to 25 per cent. during the course of eighteen months. That being so, the United Kingdom Delegation to Ottawa evinced keen anxiety to come to some agreement with India with regard to the import of Lancashire piecegoods. The Government of India could not then take up the discussion of this question as it was then under consideration by a Tariff Board. On the other hand, as Honourable Members are aware, the United Kingdom undertook in article 8 of the Ottawa Agreement to co-operate in any practicable scheme for the increased use of Indian raw cotton in the United Kingdom. In pursuance of that undertaking they set up the Lancashire Indian Cotton Committee, which, by means of propaganda and scientific research and persuading mills to adapt themselves to a greater use of Indian cotton, did certainly push to a considerable degree the use of Indian raw cotton in Lancashire. I shall cite the figures at a later stage. So that after the Ottawa Agreement Lancashire imports continued to decline in India and the export of raw cotton to the United Kingdom began to rise and continued to rise. In 1933, a delegation from Lancashire came to India and they had conversations with the representatives of the Bombay millowners and they came to an agreement that the millowners will not oppose a reduction of five per cent. in the duties upon Lancashire cotton piecegoods. That was, as I have said, in 1933, but no reduction was actually made till 1936. In 1936, duties were reduced to 20 per cent., that is to say, by five per cent. on greys and bleached goods, but even then no reduction was made on prints; prints continued to stand, as they do today, at 25 per cent. In the meantime, imports from Lancashire had fallen further. In 1936-37, when this further reduction of five per cent. had become effective imports fell to

334 million yards; in 1937-38, they fell to 266 million yards and in the first ten months of 1938-39, they have fallen further to 176 million yards. Throughout this period there was a steady growth in the consumption of Indian cotton by Lancashire.

Here I might draw the attention of Honourable Members to the figures of our exports of raw cotton to the United Kingdom, both in the pre-Ottawa period and during what I may describe as the Ottawa period. In 1930, the exports were 279,311 bales. I might explain here that I have had these figures worked out on the basis of calendar years and that might reveal a certain amount of difference with the figures for financial years though the averages in the end are the same, but Honourable Members will observe that in the present agreement the arrangement about the offtake of cotton is based upon calendar years. A cotton year means a year beginning on the 1st January and ending on the 31st December. To make these figures comparable, therefore, I have taken calendar year figures from 1930 onwards. As I have said, in 1930, the offtake was 279,311 bales, in 1931, it was 240,481 bales and in 1932, it was 127,820 bales. Honourable Members will observe that there was a continuous decline in these three years. The average for these three pre-Ottawa years was 215,817 bales. It was in pursuance of article 8 in the Ottawa Trade Agreement and as the result of the efforts of the Indian Lancashire Cotton Committee that these figures began to rise. In 1933, the offtake was 270,480 bales, in 1934, it was 361,878 bales, in 1935, it was 384,087 bales, in 1936, it was 569,022 bales, in 1937, it was 521,237 bales and in 1938, it was 386,512 bales. The average of these six years comes to 415,332 bales. Now, it cannot be said that this article amounted only to a pious hope as has been sometimes expressed in the press and I believe also in this House on the last occasion when this matter was under discussion. I venture to submit that if we had pious hopes like these in place of settled and definite agreements, we would be much happier as the result of such pious hopes.

Now, Honourable Members will be able to appreciate that on the one side there was a continuous decline in imports and on the other side there was a continuous rise in the exports of cotton, but this position could not last indefinitely. Indeed, it cannot last between any two countries and the very first question with which the unofficial advisers and myself were confronted, when we started negotiations with His Majesty's Government in the middle of June, 1937, was that if we were anxious to secure that there should be the freest access for Indian cotton to a large and expanding market in the United Kingdom, something had to be done to assist Lancashire with regard to their imports into India. That was a plain proposition, because if the imports continued to decline, as they had declined, nobody could expect that Lancashire could continue to take increasing quantities of Indian cotton. That is a position from which there is no escape, and this position was realised by the unofficial advisers and it thus became necessary to give a fresh orientation to the trade agreement between the two countries, keeping this aspect of the question in mind. In the meantime, as will be apparent from the figures that I have given, in the last calendar year 1938, the exports of Indian raw cotton had also fallen to 386,000 bales and in the last financial year, 1937-38, they had fallen to 395,000 bales. That, naturally, made our responsibility with regard to the provisions for Indian raw cotton greater because, after all, if Lancashire's total manufactures had fallen, and its imports into India had also fallen, and if nothing was to be done for Lancashire, obviously nothing could be done for the increased offtake of Indian cotton.

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Now, the provisions of the cotton articles briefly amount to this. There will be an immediate reduction in duties on Lancashire piecegoods to 15 per cent. or, in the alternative, two annas and $7\frac{1}{2}$ pies per pound, which is the specific duty on grey goods and $17\frac{1}{2}$ per cent. on prints and 15 per cent. on the balance of the piecegoods. These duties are called basic duties. If in any cotton piecegoods year—the cotton year will be the calendar year and the cotton piecegoods year will be from the 1st April to the 31st of March—the imports of Lancashire into India fall below or remain below 350 million yards, then in the following year, there will be a further concession of $2\frac{1}{2}$ per cent. in these duties. But if in any year the imports exceed 425 million yards, then this extra $2\frac{1}{2}$ per cent. will be put on again. On the other hand, if in any year the imports exceed the maximum figure of 500 million yards, then in the following cotton piecegoods year it shall be open to the Government of India to raise the duties on imports from Lancashire to such an extent as would ensure that their imports shall again be brought below the maximum figure and these extra duties shall continue in operation till the end of such year in which the imports have fallen below 425 million yards, that is to say, they will not be taken off till the medium figure has again been passed. Now, this is linked with the arrangement for the added off-take of Indian raw cotton. This arrangement is that the United Kingdom undertake to import during the first cotton year, that is to say, between the 1st of January 1939, and, the 31st December, 1939, 500,000 bales. I would ask Honourable Members to note that the first cotton year under this agreement, if this agreement is given effect to, has already begun and will end on the 31st December and the first year's minimum guarantee will be fulfilled only, if by the 31st December of this year, there is a minimum off-take of Indian raw cotton amounting to 500,000 bales. Then the undertaking is that during 1940, the minimum off-take shall be 550,000 bales and during every subsequent year during which the agreement may remain in operation under Article XVI the minimum off-take shall be 600,000 bales.

To begin with, Honourable Members will appreciate that the average of three years, though it is a minimum undertaking, is 550,000 bales. Compared with the actual off-take during the Ottawa years, even that minimum undertaking is very much more favourable to India as the average of the Ottawa years was 415,000 odd. There is a scheme of penalties attached to this undertaking and it is this. If in any cotton year there is a deficiency in the off-take of Indian cotton by the United Kingdom then for each 50,000 bales or any fraction thereof of this deficiency the yardage figures which I have already mentioned will be reduced by 25 million yards. Let me illustrate how this will operate in actual practice. Let us assume that imports of Lancashire piecegoods during the first piecegoods year amount only to 327 million yards. They would on the basis of that figure be entitled to a further reduction of $2\frac{1}{2}$ per cent. in the duties in the following year. Now, let us assume that their off-take of Indian raw cotton in the first year amounts to only 495 thousand bales, that is to say, there is a deficiency of 5,000 bales. The effect of this would be that they will be deemed to have exported to India not 327 million yards but 352 million yards and they will, thus, not be entitled to any further reduction in the duties, having been deemed to have exceeded the minimum figure. But there is a limit to the operation of this kind of penalty; if the off-take of raw cotton by the United Kingdom falls below 400 thousand bales in the first and second year or

below 450 thousand bales in the third year, then it shall be open to the Government of India after consultation with His Majesty's Government, to increase the duties on United Kingdom piecegoods above the basic rates to such extent as the Government of India may determine. I must point out that the provision relating to consultation with His Majesty's Government does not require their concurrence in the action which the Government of India may finally decide upon as suitable. The Government of India will be free, after hearing what His Majesty's Government has to say, to come to their own decision as to the level of duties which the situation justifies. The figures that I have mentioned are the minimum with regard to which an undertaking has been secured. The objective figure, however, is much higher, namely, 750 thousand bales. The Agreement provides that if in any cotton year the quantity of Indian raw cotton imported into the United Kingdom exceeds 750 thousand bales the rate of duty charged on the United Kingdom printed piecegoods imported into India in the following cotton piecegoods year shall not exceed the duty charged in that year on other United Kingdom cotton piecegoods imported into India. The result of this will, naturally, be that Lancashire will be able to export a large quantity of printed piecegoods to India. It was pointed out on behalf of Lancashire that in that event imports of piecegoods from Lancashire may go over the medium figure or the maximum figure as the case may be and the operation of the penalty provisions may thus be attracted much sooner than would otherwise be the case. They, therefore, represented that what is intended as a concession or a reward in return for an increased off-take of raw cotton may, in actual operation, operate as a penalty and that unless the yardage figures were also raised, the concession may turn out to be of no value to Lancashire. They, therefore, asked for substantial increases in the medium and maximum yardage figures. This was strenuously resisted and the actual concession on this point is a very slight one, namely, that if as a result of the duties on printed goods being reduced to the level of the duties on other categories of piecegoods there is an increase in the import of printed goods, then such increase shall not, unless it exceeds 25 million yards, be taken into account for the purpose of determining whether or not the medium or maximum figure has been exceeded. I cannot say whether during the currency of this Agreement the off-take of Indian raw cotton by the United Kingdom will, in any year, exceed 750 thousand bales, but if it does, it will be readily agreed that the further concessions proposed to be given in that event are fully justified. Sir, that concludes the description of the cotton Articles.

Sardar Mangal Singh (East Punjab: Sikh): What are the figures of exports of raw cotton to Japan and imports of Japanese piecegoods into India?

The Honourable Sir Muhammad Zafrullah Khan: Those figures have been available to Honourable Members ever since the last agreement with Japan was arrived at.

Now, Sir, the main criticism with regard to this part of the agreement is that it would place an intolerable burden on the Indian textile industry. I beg to submit that in all quarters where that impression prevails an extremely exaggerated view is being taken of the sacrifice which the textile industry is being called upon to make. As I have said before, the resource and enterprise of which the industry has given proof in the past and the high degree of efficiency that it has attained are the fullest guarantees that

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the concessions proposed to be made to Lancashire will not involve any undue sacrifice on the part of the Indian industry. Let me give one illustration. The industry has made a steady improvement in its exports to British Colonies, where it competes on equal terms with Lancashire.

Mr. S. Satyamurti (Madras City: Non-Muhammadian Urban): Why not?

The Honourable Sir Muhammad Zafrullah Khan: Indeed this is a most gratifying feature. Without the aid of any protection so far the Colonies are concerned the industry is making a headway in those markets as against Lancashire and if the industry is able to do that I am confirmed in my belief that the sacrifice that it is being called upon to make in the general interest of India will not be too heavy a burden for it to carry.

Now, Sir, in concluding this part of my speech, let me recapitulate what we have been able to secure for Indian raw cotton. First, there is the assurance that the United Kingdom will continue to use all possible efforts to stimulate the use of Indian cotton in all possible ways, including technical research and industrial propaganda, etc. Sir, as I have said this is not only a pious hope. We have ample proof that practical benefits have accrued to India from their efforts. Secondly, we have the assurance that they will take all practicable means to improve the percentage of short-staple cotton in their takings. Sir, there appears to be a very widespread but entirely erroneous impression in this country, that the greater part of the cotton taken by the United Kingdom from India is long-staple cotton. That is entirely incorrect. In 1933, the percentage of short-staple cotton in the total exports to the United Kingdom,—and short-staple for the purposes of these figures means 7/8th of an inch staple and under,—was 41.4 per cent. In 1934, it was 44.6 per cent.; in 1935, it was 50 per cent., in 1936, it was 52.9 per cent., in 1937, 59.8 per cent. and in 1938, 61.2 per cent. I hope these figures will satisfy Honourable Members that there has been not only a continuous increase in the offtake of Indian raw cotton but a continuous increase in the percentage of short-staple cotton in the total offtake.

Mr. S. Satyamurti: Then why is there no agreement by them, agreeing to take so much?

The Honourable Sir Muhammad Zafrullah Khan: The industry has explained that it is extremely difficult for them to bind themselves with regard to the various varieties inside a particular minimum figure, but that they will continue to do whatever may be possible for them to improve the percentage of short-staple cotton. The figures I have cited show that the tendency all the time is in the direction of improving the percentage of short-staple and the actual percentage attained comes very near to the figure suggested by the advisers on behalf of the cotton growing interests during the course of the conversations with the Lancashire Delegation. Finally, there is the undertaking with respect to minimum quantities that I have explained.

Sir, I shall now go on to a brief explanation of the other provisions of the Agreement. Honourable Members will observe that the agreement preserves almost every concession that we enjoy under the Ottawa Trade

Agreement. I see Mr. Satyamurti shaking his head. Perhaps he has in mind one or two matters which the Federation of Indian Chambers of Commerce have mentioned.

Mr. S. Satyamurti: The unofficial advisers also say that.

Sardar Mangal Singh: What about wheat?

The Honourable Sir Muhammad Zafrullah Khan: When I said "almost" I had in mind the preference on wheat and the modification in the preference on rice. To take the last first: the modification is from a preference of a penny a pound to two-thirds of a penny a pound; but that is a matter of no concern to India inasmuch as India exports to the United Kingdom only high grades of rice and with regard to those grades of rice the balance of the preference affords ample protection. As a matter of fact the figures are, that out of a total export of 227,000 tons of rice in 1937, we exported to the United Kingdom only 6,000 tons. The rice preference is the concern mainly of Burma. The preference on wheat has been given up and I might add that these preferences were given up and modified for the purpose of the United Kingdom-United States of America agreement. The wheat preference was of value to us during the three years 1935-36 to 1937-38, when owing to price parity we were placed in the position of a wheat exporting country; but the present position is that there are enormous world stocks of wheat, and we have been compelled to put an import duty upon wheat. There is not the slightest hope that we might become an exporting country again within the period of this agreement. But let me stress one further point namely, that not only India but Canada and Australia also have surrendered this preference; and so long as Australia and India are on the same level *vis-a-vis* the United Kingdom, Indian wheat would not be adversely affected in the United Kingdom market.

Sir, this House discussed the effect of preferences enjoyed by this country in the United Kingdom in 1936 also. Since then, whatever the view of Honourable Members then was, the position has undergone further change and a change still more to the advantage of India.

Voices: No, no.

The Honourable Sir Muhammad Zafrullah Khan: Yes, indeed. As I have said, the present trade agreement preserves all the privileges of free entry and preference, subject to the two exceptions that I mentioned, that we enjoyed under the Ottawa Agreement. Now, take jute manufactures which enjoy free entry in the United Kingdom and which are therefore in keen competition with the Dundee industry. With regard to these we find that the figures are two crores and seven lakhs for 1935-36 and two crores and 79 lakhs for 1937-38. I have got masses of figures here but if I go on to cite them I cannot possibly finish within the time given to me; even as it is, I am afraid I will not be able to touch on more than one or two points very briefly.....

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member thinks it necessary to take a little more time I am sure the House will not grudge it.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I am extremely grateful to the House for showing me this indulgence. I shall, therefore, take a few more minutes to stress some of the points that I have in mind. Take woollen carpets and rugs which have risen from 60 lakhs to 76 lakhs; chrome leather, which has risen from 26 lakhs to 58 lakhs. I have mentioned these three manufactured articles because they compete with United Kingdom manufactures and the Board of Trade were desirous, particularly with regard to jute manufactures, that the condition of free entry should be modified. I shall only read out one little item that has appeared in this morning's *Statesman* with regard to that matter and leave it at that:

"A letter from Mr. Dingle Foot, M. P. for Dundee, to the Secretary of the Dundee Chamber of Commerce throws a new light on the exclusion of the jute trade from the British-Indian trade agreement.

Mr. Foot refers to the assurance which he said he had received from a Board of Trade official that the Department had every intention of invoking Article 15 (the protecting clause) if the United Kingdom jute industry was again severely hit by Indian competition. 'I pointed out, and he agreed, that if the Indians then chose to stand by the letter of the agreement, the United Kingdom Government would be powerless to make any alteration until the expiry of the agreement in 1942. I gathered from my inquiries at the Board of Trade that Mr. Stanley attached great importance to the inclusion of a clause to safeguard the United Kingdom jute industry and that he only gave way when it became clear that insistence on such a clause would prevent any agreement being arrived at whatsoever. All this is profoundly unsatisfactory from the viewpoint of Dundee'."

The export to the United Kingdom of articles entitled to preference has increased from Rs. 32.35 lakhs in 1935-36 to Rs. 41.03 lakhs in 1937-38. Some Honourable Member just now said "No: there has not been continuous increase". I beg to differ from him. These figures speak for themselves.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Our exports to other countries also have increased in these articles.

The Honourable Sir Muhammad Zafrullah Khan: Not in any comparable degree at all. Similarly, other commodities, linseed for instance, have made considerable progress. In 1935-36, the exports to the United Kingdom of linseed were 121 lakhs; in 1936-37, they rose to 319 lakhs; in 1937-38, they came down to 274 lakhs; but in the first six months of this year they have again reached a total of 153 lakhs. This is the commodity with respect to which it has been alleged that the preference has been nullified by the system of drawbacks. I shall come to that in a moment. An additional advantage secured under the present agreement is that with reference to certain articles which are at present enjoying unscheduled preferences, scheduled preferences have been secured. Take chrome leather. Indian chrome leather enjoys free entry into the United Kingdom and that is all that it enjoys by virtue of the Ottawa Agreement. But as there is a duty on foreign chrome leather entering the United Kingdom the result is that Indian chrome leather actually enjoys not only free entry but also a preference, but it is an unscheduled preference, meaning that the duty has been imposed for its own purposes by the United Kingdom and it is open to them, without notice to anybody or consultation with anybody, to manipulate the duty in any way they like,—take it away altogether or reduce it—there is no obligation on them

to maintain it. But now, the preference has been scheduled at 15 per cent. and this has given rise to all sorts of misunderstandings. I am afraid the Federation of Indian Chambers are to some extent responsible for spreading the misunderstanding, perhaps not consciously; for they themselves may be labouring under a genuine misunderstanding. The duty is at present 30 per cent. We shall continue to enjoy the benefit of this duty but what we have secured in addition is: that if at any time Great Britain wants to reduce the duty, it is now under an obligation that a preference of 15 per cent. at least shall be maintained. The 30 per cent. duty continues: it may rise higher or it may fall; but while at present we are absolutely unprotected, for the future we have safeguarded ourselves up to the amount of the scheduled preference.

The same applies to goat skins, raw bones and gram otherwise called chick-pea—raw goat skins are an important item and our trade under this item has been rising during the last three years.

Now I come to the drawbacks. With regard to linseed it has been argued that the preference has been nullified because there is this system of drawbacks. That will take a minute or two to explain. The United Kingdom at present gives to exporters of linseed oil and exporters of such articles in the manufacture of which linseed oil is used, a certain drawback of duty on duty-paid linseed and duty-paid linseed oil. The position is that linseed imported into the United Kingdom from Argentina, which is our only competitor in respect of this commodity, pays duty and when oil crushed from such linseed is exported from the United Kingdom to other countries, which do not levy a duty upon the imports of linseed, it is at a disadvantage in competing with the oil crushed in those countries. Similarly, where duty paid linseed oil is used in the United Kingdom in the manufacture of articles which are subsequently exported to countries where no duty is levied on the import of linseed oil these articles are at a disadvantage in competition with similar articles manufactured in those countries. Now the whole of this system of drawbacks operates only over approximately 15 per cent. of the total imports into the United Kingdom of linseed and linseed oil.

Mr. M. S. Aney (Berar: Non-Muhammadan): Does this drawback mean a refund?

The Honourable Sir Muhammad Zafrullah Khan: Yes. This refund is granted in order to enable United Kingdom exports to compete on the Continent on equal terms. The modification secured in the new Agreement is that the drawback granted on the export of articles in the manufacture of which duty paid linseed oil is used will be abolished. The drawback granted on the exports of linseed oil will continue.

Mr. S. Satyamurti: That is all?

The Honourable Sir Muhammad Zafrullah Khan: Mr. Satyamurti says: "That is all". This concession which Mr. Satyamurti has so contemptuously dismissed amounts to approximately 45 per cent. of the total drawbacks. The result of this will be that the preference which has hitherto been effective in respect of approximately 85 per cent. of the total imports of linseed and linseed oil into the United Kingdom will now become effective in respect of over 92 per cent. of the total imports. I will now invite

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the attention of the Honourable Members to the figures of exports of linseed. In the decade before the Ottawa Agreement came into operation our share of the total imports of linseed into the United Kingdom on one occasion fell as low as three per cent. and never rose above 45 per cent. Since Ottawa our share has, with the exception of one occasion, never fallen below 50 per cent. That, surely, is a striking increase. Let us look at it in another way. The share of the United Kingdom in our total exports during that decade on one occasion fell as low as 10·9 per cent. and generally averaged between 25 and 30 per cent., since Ottawa, it has never fallen below 43 per cent., was 75 per cent. in 1936-37, 77 per cent. in 1937-38 and 77·3 per cent. in 1938-39. That does not look as if the preference had been nullified. The preference has been effective and we have continuously increased our exports.

If I may revert to chrome leather for a moment we have received a representation from the Federation of Indian Tanners which lays great emphasis on the value of the right of free entry in respect of this article and the value of the preference that it actually enjoys. During the course of the negotiations Sir Purshotamdas Thakurdas received a letter from Seth Jamal Muhammad of Madras, a copy of which he forwarded to me, urging most vehemently that the continuance of the right of free entry with regard to hides and skins and tanned leather must be secured at all costs, as this privilege was of very great value to the Indian trade in these articles.

Now, Sir, I shall go on to explain the preferences which have been continued to the United Kingdom. On the last occasion when this matter was discussed in this House, Honourable Members were at pains to point out that list of preferences enjoyed by the United Kingdom in India was extremely long. The greater part of the attack was concentrated upon this aspect of the matter. That list contained 106 tariff items. In the new Agreement the number has been reduced to 20. During the negotiations the standard year that was kept in view for the purpose of computing the trade in articles enjoying preference was 1935-36. In that year the value of preferred articles imported from the United Kingdom amounted to Rs. 1,875 lakhs and, of course, this includes imports into Burma. The value of articles imported in that year in respect of which it is now proposed to continue preferences in favour of the United Kingdom was Rs. 775 lakhs including Burma and Rs. 718 lakhs excluding Burma. That is to say, preferences amounting to 11 crores have been withdrawn...

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): May I know, Sir, what will be the position with regard to the 86 commodities on which preferences are proposed to be withdrawn as to their being put on 30, 25 or 20 per cent.?

The Honourable Sir Muhammad Zafrullah Khan: That I am unable to say; until it is decided to enforce this agreement, a decision on that matter cannot be taken, but the whole question is being studied in the departments concerned.

Mr. Manu Subedar: It is bound to affect us adversely.

The Honourable Sir Muhammad Zafrullah Khan: It seems to me that Honourable Members are difficult to please. If preferences are given, it affects us adversely; if preferences are withdrawn, it affects us adversely then what do they advise us to do?

Now, the figure seven crores 75 lakhs includes Burma, and if Burma were excluded, the total is 7,18 lakhs; and if we are to take the average, for the three years 1935-36—1937-38, then the figure excluding Burma is about seven crores 12 lakhs, and that is not only a considerable reduction, a substantial reduction, but a drastic reduction of the preferences enjoyed by the United Kingdom here. The trade covered by the general preferential items represents 16·20 per cent. of the total import trade of the United Kingdom with India. That is to say, out of their total imports into this country, they will enjoy preferences only over 16·20 per cent., whereas, out of our total exports to that country, the concessions under the Agreement will apply to 82 per cent. Another way of looking at the matter is this. The trade covered by the preferences which the United Kingdom will enjoy under the new Agreement is only 12 per cent. of our total imports, and, therefore, in respect of 88 per cent. of our total imports, there will be no preferences, and the value of that is this. Honourable Members were insistent when this matter was discussed last that we should free as far as possible the bargaining power of India for the purpose of trade agreements with other countries. They are now free to make arrangements with other countries in respect of 88 per cent. of our imports. That, coupled with Article XV of the Trade Agreement which says that if during the currency of this agreement any modification is desired, then the two Governments shall consult with each other, secures to India the freedom that Honourable Members were anxious to secure. The actual agreements will be matters for negotiations, but the provision is there.

Now, Sir, I would like to conclude on this note, that apart from these arrangements between the two countries, the value of a trade agreement must also be judged from the value and character of the total trade between the two countries. The United Kingdom is our largest customer,—the second largest customer is a very long way behind. The United Kingdom share of our exports, before Ottawa, stood at 27 per cent. roughly; it then rose to 29 per cent., then to 31 per cent., and then to 33 per cent., and the figures for the first ten months of this year show that the United Kingdom is now taking 34·7 per cent. of our total exports. So that there has been roughly an increase of seven per cent. in our trade with the United Kingdom in these years. Now, let us look at the balance of trade. The balance of trade between the two countries, which used to stand generally at an adverse figure of anything between 30 and 40 crores of rupees ten to fifteen years ago, gradually began to improve. In the last three years we have had a favourable balance of trade with the United Kingdom amounting to, on the average, between ten and 18 crores, and in the first ten months of this year we have had a favourable trade balance of over eight crores, not including re-exports to the United Kingdom. I have not got figures of those, but those figures will.....

Sardar Sant Singh (West Punjab: Sikh): Is it including gold?

The Honourable Sir Muhammad Zafrullah Khan: No, merchandise only, no other figures are included. Let us see what has happened on the other side. After all, the object of this agreement is to help both sides. I

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have described the picture on our side. Let us see to what extent the United Kingdom has profited from this agreement. Obviously our object is to help them, and their object is to help us. United Kingdom imports into this country were 41·3 per cent. of our total imports in 1933-34; they were 40·6 per cent. in 1934-35, 38·8 per cent. of our total imports in 1935-36, 38·41 per cent. in 1936-37 and 29·9 per cent. of our total imports in 1937-38, so that while we have secured a progressively larger share in the United Kingdom imports, in spite of the preferences they have enjoyed under Ottawa,—and those are going to be drastically cut down for the future,—the United Kingdom percentage in our total imports has progressively declined, and it is certainly not a matter for dissatisfaction for Honourable Members here.

Now, Sir, here is a country with a settled currency and free foreign exchanges, free markets with which our trade under these arrangements is continuously on the increase. The improvements made on our side, the modification of drawbacks, getting rid of the Supplementary Agreement, scheduling of fresh preferences, are bound to increase the United Kingdom's share in our exports. They might, on the other hand, increase their exports to this country in piecegoods under these arrangements, but even then assuming that the average level reached will be 425 million yards, let us see whether that will have a very disturbing influence upon our markets. In 1935-36 we took 440 million yards from them, so that the figure will still be below the figure taken in 1935-36, and if that figure did not then occasion any particular disturbance in our industry here, surely, their attaining that figure now will not have any disturbing influence on our industry. Our industry now produces four hundred million yards, and an increase of a couple of hundred million yards in Lancashire imports is surely not going to upset the markets considering also that the pressure from Japan has slackened very considerably, at least in respect of artificial silk goods which are in competition with our cotton piecegoods. I would, therefore, urge that, taking everything into consideration,—after all there can be no agreement between two countries conferring benefits only on one side,—the House should give its approval to the agreement.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore cum North Arcot: Non-Muhammadan Rural): May I ask one question, Sir? May I know whether the Government are in a position to say whether they are going to accept the verdict of this House in this matter.

The Honourable Sir Muhammad Zafrullah Khan: That question has on several occasions been put during question hour, and I have always replied that Government will not come to a decision as to whether they should or should not ratify this agreement without paying the most careful consideration to the views expressed on it by the House.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:

"That this Assembly approves the Trade Agreement signed on the 20th March, 1939, between His Majesty's Government in the United Kingdom and the Government of India."

There are a number of amendments of which notice has been given. The amendments are nine in number, and they fall into three classes. Some ask for an adjournment of the consideration of the motion till the next

Simla Session, some are for substituting certain words for the motion before the House, and there are others which seek to add certain words at the end of the motion before the House. What the Chair proposes to do is to ask the amendments to be moved one after another, and then there will be a discussion on the main motion as well as the amendments.

Mr. S. Satyamurti: In order to save time, I may say I do not propose to move any of my amendments.

Mr. K. Santhanam: Nor do I.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I move:

"That the consideration of the proposals contained in the Trade Agreement be postponed till the next Simla Session pending an investigation as to their probable effect on the agricultural, industrial and commercial interests of India by a Committee consisting of the following members of the Assembly, namely:

- (1) The Honourable the Commerce Member.
- (2) Leaders of the different parties.
- (3) One elected non-official member representing commerce.
- (4) One elected non-official member representing industry.
- (5) One unattached member."

Mr. K. Santhanam: On a point of order, Sir. The motion is very vague as there is no precise description of the three representatives mentioned in items (3), (4) and (5), and there is no method of election laid down in the amendment. Owing to vagueness, it is not in order.

Mr. President (The Honourable Sir Abdur Rahim): There is no point of order. The Honourable Member can take that into consideration in dealing with the amendment.

Mr. A. Aikman (Bengal: European): Sir, I move:

"That the consideration of the motion be adjourned till the Simla Session pending the report of a Committee of the House, consisting of a majority of elected members, elected by the single transferable vote, which Committee shall examine the probable effect of the Agreement on the agricultural, industrial and commercial interests of India."

Seth Govind Das (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I do not move my amendment.

Sardar Sant Singh: Sir, I move:

"That for the original motion, the following be substituted:

"Having considered the Trade Agreement made between His Majesty's Government in the United Kingdom and the Government of India this House is of opinion that the enforcement of the Agreement be postponed till His Majesty's Government agrees to modify the same by guaranteeing purchase of 6,50,000 bales of Indian cotton in the first year rising to one million bales within three years with a proportion of 30 and 70 between the long and short staple."

Mr. President (The Honourable Sir Abdur Rahim): Three amendments have been moved. Now, there will be a debate on the main motion and the amendments.

Mr. Akhil Chandra Datta: Sir, in support of my motion for an adjournment of the consideration of the Agreement, I may only refer to the Honourable the Mover's explanation for the long delay in coming to this agreement. It is a vast and complicated subject and there had been many,

[Mr. Akhil Chandra Datta.]

many meetings. If they have taken three years to come to this agreement, is it fair that we should not be given even three weeks to examine the terms of this agreement and its effects on the interests of India? While giving his half-hearted support to this agreement, Sir Edward Benthall said:

"We are bound to confess that *prima facie* there is a good case for asking the Cotton Textile Industry to make this sacrifice, and consider it only fair that we should give our reasons for coming to this *prima facie* conclusion, . . ."

Then, he says this. Mr. Chapman-Mortimer is not here, I wish he were here:

"... although we should have liked time and opportunity to carry out a more searching enquiry."

He was one of the unofficial advisers who had devoted a long time to this matter, and still he felt the necessity for a more searching enquiry in order to give a decision as to whether it was really in the interests of India. Besides, the Government can have no reasonable objection, because, under Article 16, it is laid down that pending the coming into force of the present agreement the two Governments will apply its provisions as far as may be possible. In view of this, I think it is only fair that we should be given some time to examine the terms of this agreement, on an objective basis, in order to ascertain as to how far these different provisions will actually benefit India and to what extent they will go against the interests of India. This is all I have to say in support of my motion for an adjournment of the consideration of the agreement.

On the merits of the agreement itself, this agreement is intended to substitute the Ottawa Agreement. On the 30th March, 1936, when this House passed a Resolution terminating the Ottawa Trade Agreement, the suggestion that was made was this. I shall read only the material portion, that the Government of India should immediately examine the trend of trade of India with various other important countries and the United Kingdom and investigate the possibility of entering into such bilateral trade treaties with those other countries whenever and wherever possible, the object being the expansion of the export trade of India in those markets. In support of this agreement, the Honourable the Commerce Member has given his reasons but we have not been told one word as to whether there was any investigation made according to the recommendations of the Resolution about the trend of trade with various other countries and whether it is possible to enter into bilateral trade agreements with them and whether there is room for expansion of the export trade of India in those markets. The official report is absolutely silent on this point, as well as the speech of the Honourable the Mover of this motion. I must admit that they have examined the trend of trade of some countries. That they have done but, in doing so, they confine themselves only to the trade development with the United Kingdom and, more particularly, with the trend of trade of Lancashire.

The most important article of the whole agreement is article 10 which relates to cotton and very naturally the Honourable the Mover dwelt at very great length on that article. He has very fairly drawn our attention to one important aspect of the whole question. It is that during the last ten years two things were happening simultaneously. I am giving the figure of ten roughly. On one side there was the decline of Lancashire imports and the decline was going on with startling rapidity and, at the

same time, there was an increase of mill production in India and that in spite of the reduction of duty in 1936. Therefore, Sir, we are told in the official report that it became necessary to devise a scheme for meeting the demand of Lancashire for lowering the duty. In fact, the whole cat is out of the bag in the pages of the official report. The whole problem was the problem of the Lancashire industry. They demanded that the duties on Lancashire piecegoods should be reduced. We have been told by the Honourable Member that duties were increased from 11 per cent. to 25 per cent. in 1931 and the whole case of the Lancashire industry was that this duty should be reduced. Something stood in the way because one of the principles which was followed in the Ottawa Agreement was that so far as protected industries were concerned, they should not come within the preferential scheme, the Indian textile industry being a protected industry. There was that difficulty. The whole question was a case of protection *versus* protection, protection of the Indian mill industry against the protection of the Lancashire textile industry, the two competing and conflicting industries at the same time. In view of that demand made by Lancashire, it was decided that one of these must be sacrificed and in order to protect the Lancashire industry it has been decided to sacrifice the Indian textile industry. I am not using my language. This is the word used to a certain extent by the Honourable the Commerce Member in his speech this morning and it was amplified by no less a person than Sir Edward Benthall in his dissenting note. He says (after having said that Lancashire was bent upon increasing her sale of piecegoods in India) the Indian cotton textile industry must make a sacrifice, that is, must voluntarily give up a portion of her trade in Indian piecegoods. That, it is suggested, could be done in two ways: either by the actual reduction of the present production of Indian mills or by giving to Lancashire a share of her increasing market. That is a sacrifice which the Indian industry was called upon to make. That was the demand of Lancashire and that demand has been granted in this draft agreement. So that principle of protected industry has been thrown to the winds and the scope of the agreement was extended. In the language of the official report, the duty has been lowered and this is an important departure from the old agreement and a new concession given to Lancashire. This is a departure in favour of Lancashire. So, I feel justified in saying this, that the change from the Ottawa Agreement to this agreement is a change from the frying pan into the fire, so far as this particular article of the Agreement is concerned and this is the most important question. I shall not go into details. The quotas fixed are minimum 350 million yards, medium 425 million yards and the maximum is 500 million yards, although as a matter of fact the actual position in 1937-38 was an import of only 267 million yards. So, the net result is, that now under the new Agreement the import is nearly double of what was there before. The difficulties and anomalies were pointed out by Sir Edward Benthall. He says:

“There are of course difficulties in the way, notably the fact that the Industry is operating under the protection afforded by Government as the result of the last Tariff Board Enquiry. The object of the Tariff Board Enquiry is to give the industry adequate protection by which is meant the imposition of duties which will equate the prices of imported goods to the fair selling prices of similar goods produced in India. It can be argued that the tariff protection is given for the purpose of stimulating the industry, that it is fixed for a certain period and should not, without the consent of the industry, be taken off before the expiry of that period; also that fresh rates should not be fixed without enquiry by the Tariff Board. This is a sound theory in general and was put forward in the Committee's unanimous report dated the 9th July 1937.”

[Mr. Akhil Chandra Datta.]

So, Sir, in spite of these fundamental objections protection of our textile industry is proposed to be undermined for the benefit of the Lancashire industry. What is the effect? The effect is the dumping of the Lancashire goods into India; there will be an inevitable fall in price, particularly, in the printing industry, and, coupled with the increase of cost of production in these days resulting from provincial legislation and administrative action, we say, Sir, that the burden on the Indian industry will be intolerable. Then, we are told that in return for all those concessions that we are asked to make in favour of the Lancashire industry, we are given the concession of the export of raw cotton to the United Kingdom. But what is the extent of that concession? Now, the unofficial advisers made a unanimous recommendation that there should be a guarantee of 7½ lakhs of bales, rising to ten lakhs by graduated steps in five years. That was the recommendation originally made. But when the Lancashire Delegation was adamant, because, as has been pointed out here, the whole thing was at the point of the bayonet, Lancashire said, "accept this, or there will be no agreement at all". When that was the position, as a matter of compromise, the unofficial advisers reduced their demand. They agreed to 6½ lakhs, with an objective figure of ten lakhs, to be reached within five years, with a guarantee of a specific quantity of short staple cotton. Their demand was for 65 per cent. short and 35 per cent. long staple cotton. That was the demand of the unofficial advisers. But what is proposed in the agreement is five lakhs in 1939, 5½ lakhs in 1940, and six lakhs in the following years, although the actual position was this. The actual consumption was 2½ lakhs of bales before Ottawa, in 1935-36, it was 5½ lakhs, and in 1936-37, 6½ lakhs. That being the actual position, what is the amount of concession we are granted? Less than the normal quantity. We are given 5½ lakhs in 1940. As a matter of fact there were 5½ lakhs in 1935-36, and 6½ lakhs in 1936-37.

In regard to the sanctions, may I draw the attention of the House to the position as explained by the Federation of the Indian Chambers of Commerce:

"Regarding the question of the purchase of an agreed quantity of raw cotton by the United Kingdom, the Committee feel that the stipulated quantities do not mean any special sacrifice on the part of the United Kingdom to absorb additional quantities of Indian cotton and thus give the promised relief to the Indian cotton grower. During the last two years, the exports of Indian cotton to the United Kingdom were in the neighbourhood of 5½ lakhs of bales in 1935-36 and 6½ lakhs of bales in 1936-37. It would be clear from these figures that even the maximum amount which the United Kingdom promises to buy falls short of the normal offtake of Indian cotton by the Lancashire cotton industry during 1935-36 and 1936-37. On the other hand, it is surprising to find that India is asked to guarantee, with the aid of effective sanctions, the intake of 425 to 500 million yards of cotton within the course of three years, — a quantity which is far in excess of the actual quantity of United Kingdom imports into India for the year 1937-38, which is 267 million yards. It is also significant to note that while provision is made to put definite sanctions into operation in the form of reducing duty on cotton imports by 2½ per cent. over the basic rate, as soon as the Lancashire cotton imports fall below the stipulated quantity during the first year, there is no provision for any definite sanctions if the United Kingdom fail to import the stipulated quantity of raw cotton; and it is merely mentioned that the Government of India may take steps in consultation with His Majesty's Government to increase the duties above the basic rates.

On the other hand, it is stipulated that if the United Kingdom intake of raw cotton exceeds 7,50,000 bales, the United Kingdom will automatically receive further concessions in the form of a reduction of 2½ per cent. duty over the rate of duty then prevailing in respect of printed goods and an additional increase of 25 million yards in the medium and maximum limits."

Sir, my time is exhausted. I am sorry, I cannot assess the actual value of the general preferences given to India in the United Kingdom market. The cotton article of the Agreement has practically sounded the death-knell of the Indian textile industry. One of the first fruits of British rule in India was the destruction of our textile industry. There was some protection given in a lucid interval. It was not disturbed even in the otherwise very bad Ottawa Agreement. Lancashire, however, is out again to destroy our industry. So far as this industry is concerned, the signing of the cotton article will be tantamount to signing our own death warrant. Sir, in fact this is no agreement. An agreement presupposes two parties. Who are the two parties here? India opposes it tooth and nail and yet there will be the seal and signature of some *benamdar* over this agreement. With these observations, I support the motion for the adjournment, and oppose this agreement on the merits.

Mr. A. Aikman: Mr. President, on the 30th March, 1936, this House passed a Resolution in the amended form moved by Mr. Jinnah. It has already been referred to by the Honourable the Deputy President, but I propose to read it out *in toto*:

"That this Assembly recommends to the Governor General in Council that the Ottawa Agreement dated the 20th August, 1932, be terminated without delay and a notice of denunciation be given in terms of Article 14 thereof. The Assembly further recommends that the Government of India should immediately examine the trend of trade of India with various other imported countries and the United Kingdom and investigate the possibility of entering into such bilateral trade treaties with them, whenever and wherever possible to bring about the expansion of export trade of India in those markets and submit such treaty or treaties for the approval of this Assembly."

The vital importance of liberalising trade all over the world as a means of creating higher standard of living cannot be too strongly emphasised. Enslaving barter arrangements are not the way to raise the standard of living. In fact, in countries which have embarked upon that course in recent years there has been a decline in the standards of the life of the people. The markets and resources of the whole world should be thrown open as far as possible, so that international trade can increase unfettered by too many restrictions.

Great Britain and India have one common objective in the economic field, and that is the maintenance of their export trade, in the one case of manufactured goods and in the other case of agricultural produce and semi-manufactured goods. Indeed, India is also beginning to export manufactured goods as well. There is, therefore, an opportunity for safeguarding the trade between the two countries and for increasing it to the fullest extent possible by a policy of mutual co-operation, which involves a policy of give and take.

The Party for whom I speak dissent from those who endeavour to minimise the importance of India's foreign trade and advocate a policy of self-sufficiency. Apart from the question of India's external obligations, a constant and expanding overseas trade is essential for the welfare of India's producers.

There is no doubt that the outstanding feature in any consideration of India's foreign trade is the importance of the United Kingdom market. In spite of the shrinkage of imports into India from the United Kingdom there has been maintained throughout the years a large degree of mutual dependence between the economic systems of both countries, though, as

[Mr. A. Aikman.]

far as merchandise is concerned, the importance of the United Kingdom market to India is perhaps more obvious than the importance of India's market to the United Kingdom. The spread of economic nationalism which has closed or restricted other markets both to India and to the United Kingdom has in recent years increased this mutual dependence. Unfortunately, rivalries in the textile trade in particular have tended to overshadow other factors in the situation. Further the schemes for the regulation of exports of tea and rubber have diminished the importance of these articles as bargaining counters in trade negotiations.

A factor in considering India's overseas trade policy is her external obligations, for the fulfilment of these is made easier by a favourable trade balance. (India's sterling commitments amount approximately to Rs. 40 crores per annum, Rs. 16½ crores of which represent interest charges on sterling loan). We, therefore, consider that a satisfactory agreement with the United Kingdom to replace the present Trade Agreement reached at Ottawa is important.

The agreement which we now have to consider does not give India everything; but neither, I understand, is Great Britain satisfied. India has not obtained additional preferences for tobacco or coffee. The preference on wheat is withdrawn. The actual margin of preference on chrome leather is reduced, but it is guaranteed, and that is of very great importance. On the other hand, the removal of the drawback on groundnuts, the retention of the free entry into the United Kingdom for jute manufactures, leather, woollen rugs and carpets and other commodities is of great value to India. Furthermore, the number and the value of the United Kingdom goods entering India which receive preference have been substantially reduced.

The guarantee with regard to the offtake of cotton is a great advance upon the present agreement. The figures may not be as high as we should have wished, but the fact of the guarantee introduces a valuable principle and is a valuable safeguard to the cotton growers. This guarantee, however, has been linked to corresponding or consequential adjustments in the tariff rates for cotton piecegoods. I will not go into the detail of this rather complicated arrangement which has been fully expounded by the Honourable the Commerce Member but content myself with saying that the agreement which contains so many valuable features should not be sacrificed merely because of the opposition of a section of the textile industry. If this arrangement does involve some slight sacrifice on the part of this industry, we consider that there is a *prima facie* case for it. In any case, coupled with the reduction of duties is the fixation of quotas which limit the amount of piecegoods which may be imported from the United Kingdom and make that conditional upon the offtake of raw cotton.

As far as imports into India are concerned, these have been strictly limited. We have, on more than one occasion, pointed out that the level of some of the revenue duties has fostered the indiscriminate growth of uneconomic industries. The registration of the ten per cent. preference to a small range should now give the Government of India an opportunity of affecting some scaling down of existing revenue duties, with resultant benefits to the Exchequer and the consumer, but in doing this, regard will of course have to be paid, to the effect of such action on certain industries.

Part of the Ottawa Agreement provided for reciprocal preferential tariff treatment between India and certain parts of the Colonial Empire. It is

satisfactory to note that as far as Ceylon is concerned, the provisions of the old Agreement remain substantially the same, pending the negotiation of a fresh agreement. We should like to emphasise the importance of such a new agreement and express the hope that it will be concluded before long. As far as the remaining Colonies, Protectorates and Mandated territories are concerned, the schedules of preference remain unchanged. These preferences in the Colonial Empire have been of great value to India in recent years, particularly, as far as the export of cotton yarn and piecegoods is concerned.

I would just say one word, Sir, on the amendment formally moved by me earlier in the day. I feel I must make it quite clear what my Group had in mind when they did so. We strongly and unanimously feel that this new agreement is overwhelmingly in India's interest. Obviously, every Party cannot be fully satisfied by any agreement that covers such a vast number of separate items. But we believe that time will show how valuable this agreement is to the great masses of the people of this country and to the industries of this country. If it will help to satisfy Honourable Members that this is in fact the position, we believe good may come from the setting up of a Committee of this House to examine the agreement from that point of view. We believe that the work of such a committee might be useful if its members approached their task in the right spirit—an examination of the agreement from the point of view, not of this or that industry, but of the interests of the peoples and industries of India as a whole.

On balance, we believe, the Agreement deserves support, and the Honourable the Commerce Member deserves warm congratulations on the success of negotiations, which have been difficult and prolonged. It is doubtful whether any other negotiator could have secured such advantageous terms. Obviously, he has not been able to satisfy all the non-official advisers, but those who are called in to represent trade and industry in this country naturally must advise the maximum concessions that in their view are desirable. An agreement, however, is a bargain between two parties and, if concluded, means that neither party has been able to secure everything it wanted. This agreement, however, is certainly better than no agreement—much better than the old one. It is in the interests of India, and although conditions in the world are not yet favourable for any great increase in international trade, the agreement between the Governments of the United Kingdom and the United States of America and this agreement do indicate a way in which the Governments of great countries can, by mutual adjustment, assist in freeing those channels of trade which are blocked by political uncertainties, economic nationalism, and the mistaken doctrine of self sufficiency.

Mr. S. Satyamurti: Mr. President, in the long and informing speech of my Honourable friend, the Commerce Member, there are just two or three points which he did not answer or elucidate. Firstly, what will be the result of the vote on this motion in this House? He said that the Government would carefully consider it. With reference to past history, we know that the vote of the House will not be binding on the Government. Secondly, with regard to the amendments which have been moved recommending the adjournment of the consideration of this question pending the consideration of the various recommendations by a Committee of the House, I should like to know what the Government's reaction to it is. As at present advised, we are against the Resolution

[Mr. S. Satyamurti.]

moved by the Government and also against all such amendments. We think we have waited long enough—three years—after the passing of the Resolution of the House asking the Government to give notice of termination and it is time this House came to some conclusion on the matter one way or the other.

The Government are pledged to terminate the agreement by the 31st 1 P. M. March this year. If this committee were appointed, there will be an interregnum of three or four months or it may be a year, God knows, and I do not think it is in the best interest of this country that this matter should be kept hanging fire for any further time. The Resolution moved by my Honourable friend, Mr. Jinnah, on the last occasion, which was accepted by the House, wanted the Government first, to bring about the expansion of the export trade of India by means of bilateral trade agreements and the first test will be whether these proposals will bring about the expansion of the export trade of India, apart from and in addition to normal economic and trade factors. I want the House to bear that in mind. Apart from the agreement, England cannot afford not to take cotton from India, and we must remember that normal trade factors operate in such matters. Secondly, he wanted that the Government should negotiate and the House accepted his motion that they should explore by bilateral trade agreements our possibilities of trade with other countries. So far, nothing has been done on the plea that this agreement must first be out of the way. As my Honourable friend reminds me nothing may be done. Therefore, let us examine the agreement from the supreme and only test of permanent and lasting benefit to the interests of India. I want to say at once that the agreement differs from the opinions and the recommendations of the majority of unofficial Advisors whom they themselves chose. They are the nominees of the Government of India, and yet the Government have not been able to accept the recommendations of the majority of their own unofficial advisers. In their report, dated the 5th September, 1938, they have pointed out a few facts which I want to bring very prominently to the notice of the House as relevant matters to be borne in mind in judging of the effects of this agreement on the interests of India and on her industrial and economic future. One factor which has clouded the agreement is that Lancashire has been the dominant party, so far as England is concerned in negotiating this trade agreement. They make, in paragraph 8 of their report of 5th September, the point that regarding India's export to the United Kingdom, His Majesty's Government are not prepared to accept their recommendations in respect of wheat, rice, coffee and Indian cigars:

"We find that the present proposals of His Majesty's Government do not give us any assurance in respect of these items, while what is proposed in respect of linseed is not of full value."

I want the House to bear that in mind. Moreover, as regards the point made by my Honourable friend that the preference enjoyed by the United Kingdom goods in this country has been reduced in value to the tune of eleven crores, the non-official advisers by a majority recommended that the preference should not go beyond three crores, and they said that, that is the utmost to which they can go. As for preference for our own goods in the United Kingdom, they have pointed out by a careful

analysis in their report dated the 10th October, 1936, that the value of this preference is considerably reduced by the fact that they are goods in respect of which either the preference enjoyed is not very much more than what they would get by the working of normal trade conditions, or that they have not given us any exceptional treatment. So far, as the actual proposals are concerned, the preferences enjoyed by our own country in England are not very important or very useful for us in respect of, as admitted by my Honourable friend, wheat, rice and tobacco manufactured. No doubt the main part of the agreement, apart from the preferences with regard to other articles, is cotton; the other articles are comparatively less important. I want to say to this House that, so far as preferences for United Kingdom goods in our country and preferences for our goods in the United Kingdom are concerned, we cannot judge them on the same standards. Are these two countries equal? We are an agricultural country producing agricultural products and are interested in the freest possible trade between this country and other countries, and we are not concerned, as England undoubtedly is as a highly manufacturing country, somehow or other to find an outlet for her manufactured goods to be exported to other countries. Therefore, I suggest—I have not got the time to go into the relevant figures—that the Government have departed from or have been compelled to depart in their final agreement, from the advice of the majority of their own unofficial advisers, who wanted first, that preference for United Kingdom goods in our country ought not to be more than three crores, whereas, it is 7½ crores. Secondly, their own advisers wanted special treatment in respect of wheat, rice and tobacco and on all these matters they have not been able to get the concessions they wanted. The House will be interested in, and I am sure the ultimate vote on this motion will depend upon the reactions in several parts of this House to, the clauses of the agreement relating to export of cotton from India and the import of Lancashire textile piecegoods and yarn into this country.

Now, Sir, I want to say at once on behalf of the Congress Party and myself that, if this agreement secures now and in the immediate future for the Indian cotton grower an expanding market which he would not otherwise get, we should be prepared to make the requisite sacrifices in order to see that the cotton growers get more for their goods and that they find a ready market for their goods. But I want to say that the benefit proposed to be conferred by this agreement is not at all proportionate to the sacrifices demanded of the Indian textile industry. My Honourable friend, the Commerce Member, paid a well-deserved tribute to the textile industry in this country, and he said that the Indian textile industry is finding markets even in Lancashire and outside. Why not, I say? Speaking for the Congress Party, our ambition is that the Indian textile industry should capture the entire Indian market and capture the markets outside and should beat Lancashire at her own game. Lancashire does not produce an ounce of cotton, England does not produce it, it purchases our raw products and then dumps its manufactured goods on us. At one time, England did not even know what cotton cloth was. India was dominant in the cotton field. Therefore, it seems to me that before we ask the Indian textile industry to make any sacrifices, we must not think at all of the sacrifices of Lancashire. I regret to have to say this.

Throughout the Honourable the Commerce Member's speech, it seemed to me that Lancashire loomed very large before him. What does it

[Mr. S. Satyamurti.] matter, if Lancashire closes down all her mills? All the time the idea in my Honourable friend's mind was that Lancashire must have some quota or other. The sole test by which we should examine this agreement is whether it secures to the Indian cotton grower an offtake of cotton by British textile mills, more and sufficiently more than they would normally get apart from this agreement. Secondly, does this agreement secure or not secure to Lancashire textiles a larger market in the Indian markets than they would have got otherwise? The figures which are available here show that England went up to the extent of 658,383 bales in 1936-37 of cotton imported to England; no doubt it came down to 392,000 next year. But I suggest that, if ordinary economic factors are allowed to function, England is bound to buy some cotton at least from us and the cotton growers and their representatives who were chosen to advise the unofficial advisers wanted 7 lakhs 50 thousand bales as the minimum to be purchased to be increased to one million bales on an annual stipulated increase, in the course of five years. I am taking the opinion of the cotton growers and not the textile mills. They themselves wanted the basic figures, 7 lakhs 50 thousand. When they were threatened by Lancashire they said it should be at least 6 lakhs 50 thousand minimum, whereas the minimum of the Government is only five lakhs. Even, Sir, with regard to the actual cotton to be consumed by Great Britain, the Indian cotton growers wanted that there should be a minimum percentage of short staple cotton, which particularly grows in this country, being consumed by Lancashire. My Honourable friend said by means of figures that they are consumed, but my charge against him is that, in the agreement there is no provision for a minimum percentage of short-staple cotton being purchased and consumed by Lancashire. I think, from the point of view of the present Indian cotton grower, that is an important lacuna in this agreement. What is the use of saying, as Lancashire says, "Try and grow long-staple cotton, we will buy more"? After all, this agreement is only for three years, and I can say without fear of contradiction that during this period it is not possible for any one to contemplate the growth of long-staple cotton adequate to provide for sufficient purchases by Lancashire. Therefore, it seems to me that from the point of view of the present cotton grower there is no immediate benefit contemplated. Compare this agreement with the Indo-Japanese Trade Agreement. Japan has to take one million bales, as against an import of 283 million yards. It seems to me that judged from the point of view of the offtake of cotton, there is absolutely no advantage to the Indian cotton grower immediately and the probable advantage is very problematical.

So far as the import of Lancashire goods into this country is concerned, the fact of the matter is that the official advisers wanted 200 million yards as minimum limits, 300 million yards as medium limits and 400 million yards as maximum limits. The terms proposed are 350 million yards as minimum limits, 425 million yards as medium limits and 500 million yards as maximum limits. The tariff reductions, which the unofficial advisers wanted, was five per cent. all round, 20 per cent. on prints, 15 per cent. on other goods; if the imports go below 200 million yards final reduction of 2½ per cent is to be made; if the imports go above 300 million yards, then the reduction of 2½ per cent. made is to be restored. But, Sir, the rates now are, 17½ per cent printed goods, 15 per cent. or two annas 7½ pies

grey goods and the same on other goods; if the imports go below 350 millions yards, the basic rates to be reduced by 2½ per cent. and if they exceed 425 million yards, then the basic rates to prevail. Therefore, it comes to this that up to 425 million yards they will get an immediate benefit of 15 per cent. and 5 per cent. reduction, and so long as they do not exceed 425 million yards the earlier rates will not be increased. Therefore, Lancashire gets an immediate benefit much beyond her average imports. Her average imports of piecegoods into this country in the last five years has been 365,709,000 yards. Therefore, it seems to me that judging the agreement and taking this fact that the medium limit will be the minimum limit year after year,—it is not 350 but it is 425 before the sanctions can come into force at all,—Lancashire gets an immediate benefit over her average of 375 of 50 million yards, whereas the Indian cotton grower will get little or no benefit. It seems to me from that point of view, therefore, that this agreement deserves to be condemned, as not being in the best or the permanent interests of India.

So far as the other preferences are concerned, I have already said that the unofficial advisers have pointed out that Government have not accepted their recommendations with regard to wheat, rice, coffee or Indian cigars. So far as the textile industry is concerned, I want to say one word more. It is a very important industry; it is a growing industry, and we want the textile industry to make some sacrifices. And for whom? For the Indian cotton grower, for the handloom industry and for the *charkha*. And the Indian textile industry cannot make these sacrifices, if it is asked to make these sacrifices for the benefit of Lancashire. Throughout the provinces, Congress and non-Congress, there is a drive in order to help the handloom weavers. It is a proper drive and I think every section of the House will agree that the handloom weaver should be protected against the ruthless competition of mills, either indigenous or foreign. And the time has come when all the Provincial Governments will join in order to bring pressure on the Government of India that the Indian textile industry must make sacrifices in order to earmark a particular market in this country for handloom productions.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. S. Satyamurti: Sir, I shall sum up my arguments against this agreement in respect of cotton by drawing the attention of the House to the following three facts. First, according to the unofficial advisers' report of the 5th September, they say:

"The present proposals amount to an additional offtake of only three lakhs of bales per year, on an average, over the pre-Ottawa takings by the United Kingdom of Indian cotton. We are unable to agree that this small quantity could, in any way, really help the agriculturist, or compensate the industrialist and the country in general for the concessions which are asked for in other directions.

Further we find that this quantity is not guaranteed in any sense of the term. The suggested sanctions, in practice, are more illusory than real. While by the proposed arrangement, Lancashire will reap the benefit of the reduction in the duties and, thereby, increase her exports of piecegoods, the ~~Indian cotton grower~~ will leave her entirely unscathed."

[Mr. S. Satyamurti.]

They illustrate this by figures which I have not the time to quote now. Lastly—and this is the point which I want to impress on those who want to appeal on behalf of the cotton growers—they say:

“In coming to this conclusion, they were influenced by the fact that it is the short-staple cotton which is in need of a stable market, and any agreement for cotton offtake which does not take note of that fact will bring comparatively little relief to that section of cotton growers in India which needs the same. We find that Lancashire is disinclined to give any assurances on this point, and that no such assurances are included in the present proposals of His Majesty's Government.

We thus find that the proposals regarding Raw Cotton do not secure any points which we had recommended, and which the representatives of the cotton growers had put forward unanimously.”

Therefore, Sir, it seems to me that on that matter we have got no corresponding advantage to the cotton growers, for the sacrifices which the Indian textile mills are asked to make.

On the other preferences, I shall make just this brief reference. I shall refer to pages 7 and 8 of the Unofficial Advisers' report of the 3rd October, 1937. They divide the categories of goods for which we have got preferences into three, and they say with regard to the first category:

“In asking for preference for the above commodities, we were virtually asking for a favoured-nation treatment lest preference be imposed against us—a treatment we are already according to the United Kingdom.”

As regards the second category, they say:

“Thus a total of Rs. 27,57,57,000 trade is such in which preference is only of insurance value. This leaves the following items on which preference is of actual value to India. (The total of this comes to Rs. 5,96,07,000.) But the advantage to India in the items above has also to be qualified. There has been no expansion in our trade of vegetable oils under preference. Linseed preference is circumvented by drawback which was introduced after Ottawa India's consent and we were informed that the drawback would not be abolished though it may be modified.”

My friend, the Honourable the Commerce Member, also spoke about this matter. In referring to the sacrifices they were willing to make, they add this significant sentence:

“We, therefore, took as liberal a view as possible, and to go beyond this would, in our opinion, be against the vital interests of the country.”

Sir, Government have gone much beyond their recommendations. I, therefore, submit that the House has no option but to denounce the agreement as not being in the best interests of India. Suppose this agreement were denounced, what would happen? There would be ordinary trade relations between England and India and other countries. It does not mean that the flow of trade will not be there. England and India traded before Ottawa and the balance of trade was very much more in those days than it has been in recent times. If my friend sees the figures of the pre-Ottawa years, he will find that the balance of trade was much more; although there has been some sort of recovery later, but whether it is permanent or adequate, I do not know. I would refer to the previous motion that this country ought to be able to negotiate and conclude bilateral trade agreements with other countries. I want to know how far Government have considered the possibility of our entering forthwith into trade agreements with other countries like Germany, United States of America and, so on, with everyone of whom we have trade relations.

Again, Sir, the textile industry is a protected industry. Whether that protection ought to be reduced, and whether something ought to be done for ensuring the consumers' interests and the Indian cotton growers' interests are all matters of vital concern, but I do suggest that a matter of that kind ought not to be subjected to a trade agreement.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Mr. S. Satyamurti: I am finishing, Sir. It ought to be the result of a real tariff board enquiry. Then, I suggest that we can develop trade between the two countries on terms of mutual advantage. The unofficial advisers, in their report of the 10th October, 1938, have also referred to various other interests which must be protected in any agreement entered into between this country and Great Britain. After all, there are the interests of Indian banking, Indian insurance and Indian shipping. These recommendations have not been considered at all; and it does seem to me that in order that we may develop our industry on our own lines and keep our industry under control for the benefit of our own country-men, this agreement will have to be denounced; and, as soon as we have done that, we can evolve and conclude a fresh agreement, after some time. After all in effect the Ottawa Agreement has been allowed to subsist for seven years. Let us have two or three years of no agreement and see how things go on.

One last question I should like to ask; what is the exact position? Are these terms the last word of His Majesty's Government? Is there any chance of His Majesty's Government going back or modifying those terms, because the vote of the House will depend, with regard to the amendments about committees and so on, on whether there is any chance at all of His Majesty's Government changing these terms, in order to meet India's legitimate demands? It seems to me that in voting on this motion the House has got to consider the doubling of the duty on raw cotton, the provisions of the Government of India Act, the fact that the preferences given to the United Kingdom cost 2½ times the highest figure which our unofficial advisers wanted to give. The preferences we get are not of substantial value and the sacrifices of the Indian textile mills are much too great for the problematic consumption of more raw cotton than they would otherwise take. For all these reasons, I commend to the House that in the highest and permanent interests, not only of our cotton growers, but others also, this agreement ought to be rejected and we should conclude bilateral trade agreements with all countries, in the interests of all Indian interests concerned. I, therefore, suggest that this House should vote against this agreement.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions; Muhammadan Rural): Sir, the original agreement we discussed in 1932 was ratified by this House after careful scrutiny by a committee appointed by the House itself. My friend, Mr. Satyamurti, gave an amendment practically to the same effect but the majority of his Party thought it reasonable to ask him to withdraw the amendment and to deal with the whole problem within two days straightaway. At the very outset I should like to say that the crucial test of every trade agreement is whether the exports of our country are likely to increase. In all agreements there is give and take. The

[Dr. Sir Ziauddin Ahmad.]

only problem to consider is whether it has benefited our country. The crucial test of the success of an agreement is the balance of trade. I have before me the figures of the balance of trade between India and England from 1923 onwards and I notice that in 1923 the balance of trade was against India to the extent of Rs. 41.2 crores; this unfavourable balance rose to Rs. 44.25 crores in 1926-27. After the Ottawa Agreement the position began to improve immediately. In 1936-37 we had a favourable balance of trade of Rs. 18.45 crores and in the next year it was Rs. 12.47 crores. In the current year the balance of trade is likely to be equally good.....

An Honourable Member: Including gold?

Dr. Sir Ziauddin Ahmad: We have always got a favourable balance of trade in merchandise, treasure does not count. Gold and silver are used to make up differences.

Now there are three points which I would like to impress and we must take them into consideration in every trade agreement. The first is that India is a debtor country. She has to pay 50 crores every year in order to fulfil her obligations. This she can only do by exporting her merchandise. In case our balance of trade is not equivalent to 50 crores, then we shall have to part with our gold to meet our obligations. Then the second thing I should like to point out is that the export of raw materials and agricultural products raises the price level of agricultural products. Now, if the export diminishes or stops altogether, then the price levels will certainly go down, as we have seen in the case of wheat and other articles of export. Therefore, the stimulation of export trade always helps the raising of the price levels of a particular commodity. Then the third point is that whenever the demand for a particular article increases, it is certain that the supply also will increase, and everybody interested in such supply will be benefited, I mean the petty agriculturists, the tradesmen, the railways, shippers and so on. The balance of trade which I have just pointed out, which was in our favour after the Ottawa Agreement, clearly shows that it is very desirable that we should have some kind of trade agreement with the United Kingdom, and it is impossible for this country to get along without any trade agreement. The only thing now before us is whether we should leave it to the Executive to execute an agreement or we should give any definite suggestions one way or the other as to what they should do or content ourselves only with a negative proposition that we do not express our opinion. Unfortunately, we look upon this trade agreement only from the viewpoint of the mill-owners of Bombay. They are experts in the art of propaganda, and they can afford it, because of 40 crores which consumers of cotton goods put into their pockets. But we should consider the viewpoint of Bengal with its free entry of manufactured jute to the extent of 3.71 crores, the viewpoint of Northern India which is interested in tobacco, seeds, groundnuts, cotton and other agricultural products, the viewpoint of Assam which is interested in tea, and the viewpoint of Madras which is interested in tanned leather. These are articles which we cannot altogether afford to ignore and concentrate our attention only on the Bombay textile industry. The mill-owner of Bombay is really very unkind to his Punjabi friends. The Punjabees are their best customers, because the amount of cloth which a

Punjabee spends on his *Pugree* and *Salwar* will be enough for a Gujrathi for a whole year. In spite of the fact that the Punjabees are their best customers, they are treated by millowners with patronising contempt like third class passengers in our Railways. When we consider this question, we ought to look at hard facts.

Looking into the details of few problems, I was rather surprised that the Honourable the Commerce Member managed to secure the concessions for this country, and I was, particularly, surprised at the free entry of manufactured cotton and manufactured jute, because, after all, there was a very hard competition between Bengal and Dundee, and it is to the great advantage of Bengal that they succeeded to have free entry of jute. Free entry into United Kingdom of our manufactured cotton is a very significant point. Now, looking into the exports to United Kingdom and confining our attention only to those articles which enjoy preferences, and taking all these articles together for which there is free entry in Statements Nos. 1, 2 and 3, we find that in 1935-36 our export was 38.47 crores; it rose in 1936-37 to 46.2 and in 1937-38, it was 50 crores. Therefore, the preferences we now have got have a definite value. They have not got an insurance value, but they have a definite value, because the quantities of all these export articles are definitely increasing.

There are six points in the agreement to which I should like to make a passing reference. One is Article No. 1 in which it is stated that India will continue to enjoy all the benefits of free entry as she has enjoyed them in the past, then in Article No. VIII it is stated that the self-governing Colonies and Protectorates will accord to India the same preferences as are accorded to other parts of the Empire, and so the Government of India is empowered after the conclusion of this agreement to enter into a fresh agreement with Ceylon. Then Article No. XIV says that the British Government will give the same preference to India as it may at any time give to other dominions like Canada, Australia and so on. Then the most important article is that this agreement will be in force for only a period of three years when we can see how it works and whether we should continue it or cancel it at six months' notice on either side. Lastly, the most important point mentioned by the Honourable the Commerce Member this morning is, that it lays no obligation whatsoever to fix any duty. We can raise or lower the customs duty at our pleasure.

Now, Sir, coming to the export of cotton, I find that from 1930 to 1932 the export of cotton was at an average of 215,871. During the next six years, the average has been 4.532. No doubt, in this year 1936, it touched the high figure of 569,000 bales. The agreement provides that England will purchase 500,000 bales this year, i.e., up to December, 1939, and 550,000 and 600,000 bales in the coming two years. The Commerce Member has introduced a new calendar what is called the cotton year which was not known to astronomers before. I should have very much liked, as pointed out by the non-official advisers, and also by Sardar Sant Singh, in his amendment that Britain should purchase at least one million bales from India, and if possible more. We should put our maximum demand and try to get as much as we can from them, and considering the amount of cotton which they have been purchasing, we could not succeed in getting more.

An Honourable Member: Why not?

Dr. Sir Ziauddin Ahmad: As was pointed out by Mr. Satyamurti, there is no guarantee in this agreement that England will fulfil even this moderate demand of 500 to 600 thousand bales. If she fails to fulfil her obligation, then there is nothing in the agreement by which we can force the United Kingdom to buy this particular quantity.

Coming then to the question of import of cloth from the United Kingdom to this country, the figures have already been given in the printed Report, that is to say, Britain used to export to this country before the war something like three thousand million yards. Now, this was reduced after the war to the figure of 1,599 million yards. Even after the Ottawa Agreement these things continued to diminish, and they could not check this downward tendency of Manchester articles in spite of the preference she enjoyed. It has now come down to 267 million yards.

Mr. S. Satyamurti: 176 million yards for the first ten months of this year, as the Honourable the Commerce Member has said.

Dr. Sir Ziauddin Ahmad: It means that it will go down further, and the preference has not been of any value to Lancashire. At the same time we see that the production of the mills is continuously rising during the same period, and it is now over 4,000 million yards. Taking all these factors into consideration it is very difficult to say whether Lancashire will be able to increase her import into this country substantially. Our mill industry is rapidly increasing under the heavy protection which we give, and it is now in a position to export its articles from this country to other places. At page 30 of the report we find that our cotton piece-goods have free entry into United Kingdom and our export to the United Kingdom is increasing:

"Margin of preference: ten per cent. *ad valorem* on cotton yarns, unbleached, up to No. 40 count; 20 per cent. *ad valorem* on cotton manufactures. Free entry for Indian products."

The result of this is that India is now importing into the United Kingdom cotton goods worth Rs. 4.57 crores. The jute manufactures has also got a free entry into the United Kingdom and it is equivalent to 2.71 crores. Therefore, while fixing and determining our import from Lancashire we should also consider this fact that all our piecegoods from this country, made of either cotton or jute, enjoy free entry into the United Kingdom and they are a substantial total of about eight crores, and the quantum is constantly increasing.

Mr. S. Satyamurti: They cannot get jute elsewhere.

Dr. Sir Ziauddin Ahmad: I am now talking of manufactured jute and not raw jute which is competing with Dundee. There is one point on which I have not got sufficient figures before me, and that is, how this reduction of the duty from 25 to 17½ or 15 per cent., or from four annas to two annas and 7½ pies will effect the price level of Lancashire goods in British India. I have not sufficient data, I could not possibly get them from the printed books, but from the Review of the Trade of India, I find that the index level of Indian mill cloth has come down to 93, and in the case of cloth from the United Kingdom, it has gone up to 113. If we allow this reduction of duty from 25 to 15 per cent., then this index will

come down from 113 to 107. Even after this there is a great margin and they will not be able to compete with our mill industry where the index is 93 as compared with 107.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has just two minutes more.

Dr. Sir Ziauddin Ahmad: I will finish. There is one other thing which we should also consider. The value of the articles on which we get preference is 50 crores. The preference that we give to the United Kingdom is on Rs. 8.87 crores only, and looking into the figures of the first six months, it is not likely to be over 6.28 crores. Therefore, the preference is preponderatingly in our favour. Again, I am sorry that the Government and the Committee in fixing the preference on a particular article did not consider the condition of industry; they did not examine the dividend which the companies engaged in the manufacture of that article are giving. I have got before me the dividends of the various companies dealing with the articles specified in this agreement, and some of the companies are giving very high dividends like 30, 25 and 20 per cent. Such dividends ought to be divided between the shareholders and the Government of India and should not go exclusively to shareholders. That should be the case with each industry here. Preference should only be given in cases where the dividend is moderate. If we apply this test, several articles will be taken out from preferential list. In the end I would appeal to the textile industry, especially the millowners of Bombay, that they should take into consideration in all economic problems not only themselves, but other people of India as well. If they do not do so, the other people of India will follow their own methods of propaganda. Just as they started the propaganda of boycotting British goods for their benefit of their mills, we can preach, boycott the mill industry and buy only cloths made in our cottage industry. If this cry is started, I am sure the backbenchers of all the Parties on this side of the House will support it. If the millowners are not considerate to us, they will find that we will start a counter-propaganda in which we will preach the boycott of the mills of this country. . . .

Mr. S. Satyamurti: And of Lancashire.

Dr. Sir Ziauddin Ahmad: Boycott mills, and wear only cloth manufactured by our cottage industry.

Sardar Sant Singh: An agreement which is very complicated has been given to us very recently and sufficient time was not allowed to examine all its implications. A number of reports have been referred to in the documents supplied to us and have been withheld. A yellow slip attached to these documents informs us that references to confidential matters have been omitted or re-worded in the report. What those confidential matters are, or how they bear on the present agreement and why they were withheld are a mystery to us. Sir, we have to depend only on the papers that have been supplied to us.

In the speech of the Honourable the Commerce Member, a very lucid speech, we were told that the present agreement was much better than the agreement entered into at Ottawa. The whole of his reasoning is based upon showing what advantages the country derived from the present

[Sardar Sant Singh.]
agreement as compared with the agreement at Ottawa. I need hardly remind him and the House that the Ottawa Agreement was universally condemned by the country, though it was passed in this House in that Assembly where the Opposition was in a minority. Even then certain suggestions which were the maximum we could secure from the Government at that time were secured, and the life of that agreement was reduced from five years to three years. If we are to judge this agreement we must judge it on its merits, and merits alone without going into comparative advantages.

The Government of India made a wise concession to popular demand by associating non-official advisers in the present negotiations with the United Kingdom. Those unofficial advisers were the nominees of the Government and it is a tragedy that even the report and the recommendations of these advisers were not adhered to when the agreement was signed. However, let us come to the agreement itself. I would request Honourable Members to judge it on its merits alone and consider the balance of advantages and the sacrifices which each of the bargaining country is called upon to make under this agreement. The unofficial advisers laid down five tests or considerations which would govern the completion of this agreement:

- (1) Balance of gains and sacrifices of each country. This should be based not merely on an arithmetical estimate of the value but also upon the character of the trade of each country.
- (2) The position of India as a debtor country which requires a continued favourable balance of trade.
- (3) The necessity of avoiding any agreement which might hinder the expansion of India's trade with other countries, or provoke retaliation.
- (4) The importance of avoiding any agreement which might impair the existence and development of Indian industries.
- (5) The effect of such a pact on the revenues of India.

These considerations did not carry much weight with the Government of India giving rise to justifiable grievance to trade. I will not go into each of these considerations about all the items which are covered by this agreement. I will confine myself to cotton alone and, if possible, to wheat and linseed if my time permits. It is but right that both the Government spokesmen and the Opposition have tried to take their stand on the principle of the welfare of cotton growers in this country, and have pleaded that the agreement confers the maximum benefit on the growers of cotton in this country. I wish to examine this claim, according to the figures given by the Commerce Member. The average export of cotton to the United Kingdom from the year 1930 to 1932—(three years)—was 2,15,871 bales and again from the year 1933—38—(six years)—the average import of cotton in the United Kingdom was 4,15,532 bales. He quoted Lancashire imports of piecegoods into India in the year 1937-38 as amounting to 266 million yards and in nine months of 1938-39 as about 176 million yards. From those figures the Honourable the Finance Member tried to show that there was continuous decline in the imports from Lancashire goods and a continuous rise in the export of cotton to the United Kingdom and he drew the inference that no country would be prepared to enter into any bargain on these terms. This contention of the Honourable the Commerce Member cannot stand scrutiny. He is probably judging the whole thing from the point of view of mere quantity. Judging from the point of view of

the values of two commodities, namely, import of piecegoods and the export of cotton we find the difference to be so great as to call for a good deal of comment. I will try to give the profits which accrue to India by the export of cotton and to Lancashire by the import of cotton piecegoods from the United Kingdom into India. I have taken my figures from those who are competent to speak about this and from the report on the cost of production of crops, published by the Imperial Council of Agricultural Research. An investigation was carried on and the result appears in this report by Mr. R. D. Kapoor of the Imperial Council of Agricultural Research. The value of this data derived from these reports is unquestionable. Taking liberal figures for showing the comparison in the best light in favour of this agreement, the position is this. I take the cotton first. The price per pound of cotton is four annas. The cloth manufactured from one pound of cotton, I am told, and I speak subject to correction, is a minimum of four yards and of finer count six yards. I will take four yards per pound. The price on an average of one yard of Lancashire cloth is three annas. That is a low figure. I am adopting the lowest figure for the comparison. Thus the price of four yards comes to twelve annas. Out of these twelve annas, deduction of four annas as the price of cotton, three annas as wages per pound of cotton (which is a very high figure) and then three annas for other miscellaneous expenses, such as manufacture, depreciation of machinery interest on capital, freight, etc. Deducting these ten annas out of twelve annas there is a net profit to Lancashire of two annas on four yards of cloth. According to this agreement, the United Kingdom will get 500,000 bales of cotton from India, each bale being of 400 pounds. Though it is 392, I will take the round figure of 400. Now, according to the cost of production of crop prepared in the two typical centres in India, namely, East Khandesh in Bombay and Lyallpur in the Punjab, we find this. Taking Khandesh first the report states average yield of cotton per acre in the three years 1933-36 was 3.8 maunds. The average profit per acre was Rs. 5/3/4 as given in these reports. This works out at three pice per pound of net profit to the cultivator. Taking this basis of profit to the cultivator, 500,000 bales of 400 pounds each, it will bring 31,25,000 rupees approximately as profit to the cultivator, while the profit to Lancashire millowner on the basis of two annas for four yards of cloth will work out thus—Lancashire will import 350 million yards of cloth in the first year. The profit on 350 million yards will be $\frac{350,000,000 \times 2}{4 \times 16} = 1,09,37,500$ rupees. The Indian cultivator will get 31,25,000 rupees as profit for the cotton of 500,000 bales.

The Honourable Sir Muhammad Zafrullah Khan: Has the Honourable Member any idea of what a bale is?

Sardar Sant Singh: About 400 pounds or a little less.

Mr. M. S. Aney: He is referring to the profit that he will make.

The Honourable Sir Muhammad Zafrullah Khan: I see.

Mr. M. S. Aney: On the question of profit, I do not agree with you. It is very much less.

Sardar Sant Singh: I have said I am taking the figure most favourable to the agreement.

The Honourable Sir Muhammad Zafrullah Khan: May I ask the Honourable Member one question? Is he willing to accept an arrangement under which Lancashire should take from India say twice as much cotton as is necessary to manufacture the piecegoods that she exports to India?

Sardar Sant Singh: That is not the point. The point is this,—that Rs. 31,25,000 will be the profit to the cotton grower while over one crore will be the profit to Lancashire. I am not taking the cost. Similarly, with Lyallpur cotton, it will bring Rs. 52 lakhs to the Lyallpur cotton grower as profit, against over a crore to Lancashire. Now, let us compare the terms given to Japan under Indo-Japanese Trade agreement—Japan agreed to purchase one million bales of cotton against import of 283 million yards of cloth working out the profits on the same data as applied to Lancashire, the profits to the cultivator is 62,50,000 rupees against profit of 88,43,125 rupees to Japan. Now these are figures which speak for themselves. Thus, when we consider the value of the gain to each country.

An Honourable Member: What about the other gains?

Sardar Sant Singh: That you will calculate for yourself; I am confining myself to cotton alone,—we find that with the value of the gains and the sacrifices required to be made by each country, in respect of intake of cotton and piecegoods, that is quite disproportionate. I wish to draw the attention of the House to one thing and that is why the figure which was unanimously agreed to by all the unofficial advisers was not adhered to. Even the two members who wrote the minority report were very clear in making this demand, and they said as follows at page 10 of their report dated the 5th September, 1938:

"We reiterate our opinion that a definite guarantee is preferable to the proposals now under consideration and as the Commerce Member has indicated that a guarantee may yet be possible, we desire to urge the Government to endeavour to obtain such a guarantee from His Majesty's Government in the United Kingdom as, in our view, this will give greater assurance that the quantities scheduled will be taken . . ."

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

Sardar Sant Singh: On page 11, they say:

"We would still like to press for an increase of 7,50,000 bales in the last year, i.e., to 650,000 bales, but if this is a crucial point of the agreement, we would not reject the scale on that account alone because the present proposals, coupled with an undertaking to increase the use of the lower grades, are clearly a very great advance upon the position under the present agreement. . ."

What I want to say is this, that this extract from the report of the minority report which I have read out clearly indicates that even two members of this unofficial body of advisers were clearly of opinion that under no circumstances less than 650,000 bales should be taken. Why then they agreed to the lesser amount is due to the fact that, probably, some pressure was brought to bear upon them and under that pressure they yielded.

An Honourable Member: What pressure?

Sardar Sant Singh: The nature of it I do not know.

The Honourable Sir Muhammad Zafrullah Khan: Then, why do you allege it?

Sardar Sant Singh: Therefore, Sir, my submission is that this pretence to help the cotton grower on that point is a very superficial one. Going deep into the matter we find that the Government of India could have easily insisted upon at least 650,000 bales being taken by Lancashire but they did not insist on that.

As regards wheat, I will say only one word and that is that wheat is an important primary product of India. It's not being included in the preferential list goes to show that the Government of India do not care much for the wheat-growers of this country. Lately I put some questions

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Sardar Sant Singh as to whether any purchases of wheat from Roumania were being made by His Majesty's Government and I got the reply that no such wheat was purchased, even in those days when the Ottawa Agreement was still on,—and next day we read in the papers that wheat had been taken possession of by Franco while passing near Gibraltar. This treatment was being meted out to us while the Ottawa Agreement was still on. May I ask whether any guarantee has been taken under the agreement which will prevent such breaches on the part of His Majesty's Government?

The Honourable Sir Muhammad Zafrullah Khan: What was the breach?

Sardar Sant Singh: The breach alleged was that the wheat was purchased by the United Kingdom from the United States of America and Roumania instead of purchasing it from India.

The Honourable Sir Muhammad Zafrullah Khan: Which article of the Ottawa Agreement is the Honourable Member referring to?

Sardar Sant Singh: If that was so when there was no guarantee,—is there any guarantee in the future?

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Seth Govind Das: Sir, I know that this trade agreement is the outcome of the Honourable the Commerce Member's three years continuous efforts but I am afraid that after digging a big mountain only a small rat has come out. The Honourable the Commerce Member had appointed certain unofficial advisers to help him in his negotiations. He has paid a great compliment to them this morning but

[Seth Govind Das.]

may I ask whether it is not a fact that all the major recommendations made by these non-official advisers have been turned down as far as this trade agreement is concerned? My Honourable friend, Sardar Sant Singh, quoted from the report of the unofficial advisers five of the principles on which they consented that India should enter into a trade agreement with the United Kingdom. Now, Sir, to put these principles into practice the un-official advisers submitted as many as 14 reports to the Honourable the Commerce Member. It is regrettable that only three out of these fourteen reports have been published and even the recommendations contained in these three reports have not been given effect to. Sir, much has been said here about the textile industry and cotton growers. I shall deal with this question later on. But may I ask the Honourable the Commerce Member whether the recommendations of the unofficial advisers with respect to wheat, rice, linseed, tobacco, groundnuts and coffee, any of them, have been given effect to?

The Honourable Sir Muhammad Zafrullah Khan: What was the recommendation with regard to groundnuts?

Seth Govind Das: So far as the recommendations about groundnuts are concerned, a certain portion of those recommendations has been given effect to; but not the whole.

The Honourable Sir Muhammad Zafrullah Khan: What portion has not been given effect to?

Seth Govind Das: Is it not a fact that the major recommendations about groundnuts also have not been given effect to? (Interruption.) As I have very little time at my disposal, I am not going to deal with this question in detail. I am only saying that as far as these commodities are concerned, the main recommendations of the non-official advisers have not been given effect to.

It is said, Sir, that the present agreement is more beneficial to India because in general preferences while Indian exports get preferences to an extent of 45 crores in the United Kingdom market the imports from the United Kingdom get preferences in the Indian market only to the extent of eight crores. Now, Sir, first of all, I would like to mention that this figure of 45 crores is an illusory figure. If from this 45 crores we deduct firstly, tea worth about 22 crores which, according to the International Tea Agreement, this country is bound to sell whether there is a trade agreement with the United Kingdom or not, secondly, if we deduct the three crores worth of our jute manufactures for which we have practically a monopoly and which the United Kingdom is bound to purchase from us whether there is a trade agreement or not, thirdly, if we deduct goat skins worth about one crore, because there is no other country in the world which is exporting raw goat skins.....

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): The Honourable Member does not know. Goat skins are produced in Africa also.

Seth Govind Das: But they are not being exported.

Mr. Muhammad Nauman: They are being exported from Africa.

Seth Govind Das: Fourthly, if we deduct articles like lac, jute, mica and hemp worth about four crores which have a free entry, irrespective of the country from where they come and, fifthly, if we deduct the unscheduled articles like barley, pulses, etc., worth about four crores then this figure of 45 crores goes down practically to the same figure for which the United Kingdom is going to get preferences in our market, according to the present trade agreement.

Then, Sir, the Honourable the Commerce Member said that under the Ottawa Agreement preferences in this market were given to 106 items of imports from the United Kingdom. Now, Sir, I have seen the schedule in the Ottawa Agreement and I want to mention that if we set aside the sub-heading and only take the main headings of the items, then the number is not 106 but it is only 42. At present, also, only main headings are taken into consideration when it is proposed that the preferences will be given only to 20 items. Therefore, the comparison should not be between 106 items and 20 items but the comparison should be between 42 items and 20 items. And then, Sir, on the remaining items also preferences have not been given up in the interest of India but because, in spite of the preferences which these commodities got in our market, they could not make any headway here. Therefore, it is wrong to say that as far as the general preferences are concerned, the present trade agreement is in any way better than the Ottawa Agreement as far as India is concerned.

Roughly speaking, there are two parts of this agreement. One deals with the general preferences and I have tried to prove that as far as general preferences are concerned, we do not get any great advantage over the Ottawa Agreement. The second part deals with the Lancashire textile goods and the sale of our cotton to United Kingdom. Now, so far as the sale of Lancashire textile goods as against the sale of our cotton is concerned, I want to point out that it is definitely injurious to our textile industry as well as to our cotton growers. Sir, the Honourable the Commerce Member this morning said that the textile industry in this country is a well-established industry. He paid a great tribute to our textile industry and said that when the textile industry of this country is producing three to four thousand million yards of cloth, what difference would it make if about 250 millions yards of cloth is more imported from Lancashire? It is not a question of 250 millions of yards of cloth being imported but it is a question of the equilibrium of prices. If more cloth is exported from Lancashire, the production of the mills here will not only go down but it will affect the prices. Sir, if we see the history of the British rule, we find that on practically every occasion when an Indian industry thrived, something was brought in its way. Before the British rule, it is known that India used to produce such cloth that no other country in the world had produced. At the time of the East India Company's regime it is known that the thumbs of our weavers were cut down. When our sugar industry made a progress, then an excise duty was brought in. And now when our textile industry is progressing, it is asked that they should sacrifice something in the interests of Lancashire. I want that not a single yard of Lancashire cloth should be imported into this country. That is the object of Congressmen. I am in entire agreement with Dr. Sir Ziauddin Ahmad when he says that in the interests of handloom industry or *charkha*, we should even boycott mill cloth. But before we boycott our mill cloth, we shall certainly like to boycott the

[Seth Govind Das.]

mill cloth which is imported from Lancashire or any other foreign land into this country. It will be remembered that when negotiations for a fresh trade agreement had begun, there was no question of offering more protection to Lancashire industry. There were rumours after some time that the Honourable the Commerce Member is being pressed to give some more protection to Lancashire industry and this rumour was confirmed by two very significant statements in Manchester and Lancashire of Lord Derby and Mr. Inges D. Campbell respectively.

Lord Derby said that:

"while we are doing our best to help her (*that means the Indian*) agricultural population by taking her cotton goods, they must do their best to buy an increasing amount of finished goods they take from this country."

Mr. Inges D. Campbell said:

"The British Government clearly has the opportunity during these negotiations for securing a solution for the problem of the persistent decline of Lancashire trade."

When we read these statements we tried to know from the Honourable the Commerce Member, not once but many times, on the floor of the House whether the rumour current that the Lancashire industry is going to be supported and that the Indian textile industry is going to be sacrificed is correct? He kept mum and on the fine morning on the 21st of this month we read that the Indian textile industry has been sacrificed for the interests of Lancashire. During the last six years ending 1937-38 the imports from Lancashire to India fluctuated between the maximum of 542 million yards in 1932-33 to 267 million yards in 1937-38. The Honourable the Commerce Member said this morning that this year during the last ten months it has been still reduced to 167 million yards. Our cotton exports to Lancashire in 1935-36 were 5½ lakhs bales and in 1936-37, they were 6½ lakhs of bales. Now, Sir, we are asked that in place of 267 million yards of 1937-38 and about 200 million yards of this year, we must take from Lancashire goods worth about 350 million yards, increasing to 500 million yards and that also on reduced duty. And in place of 6½ lakhs of bales of our cotton which were purchased by Lancashire in 1937-38, they would purchase only about 4½ lakhs of bales. The non-official advisers in one of their reports said:

"In view of the fact that Lancashire was on an average already consuming 2½ lakhs of bales of our cotton before the Ottawa agreement, it actually consumed in 1935-36 and in 1936-37, 5½ lakhs and 6½ lakhs of bales respectively, our proposals were calculated only to assure at least this consumption. While we were in London we had also the benefit of a detailed note of the Indian Central Cotton Committee which confirmed our belief that Lancashire could consume this quantity of Indian raw cotton without any hardship or modification in the existing production."

Now, Sir, this is what the non-official advisers, who were appointed by the Honourable the Commerce Member himself, had said. I cannot understand why then should the United Kingdom not be pressed to take 6½ lakhs bales of cotton from us and why should this figure remain at 4½ lakhs bales?

I have said, Sir, that this trade agreement is not going to hit only our textile industry but it is also going to hit our cotton growers. In 1938, the representatives of the cotton growers were called in Simla to advise our non-official advisers and they said that 65 per cent. of the cotton consumed in Lancashire should be of short staple like Umrao, Bengal, Central Provinces and Berar. This recommendation was endorsed by the unofficial advisers. But we find in the trade agreement only a

pious wish as far as the consumption of this short staple cotton is concerned. The demand of cotton growers representatives was only for 65 per cent. and I cannot understand why, when even the unofficial advisers supported that demand, it was not fixed in the trade agreement that 65 per cent. short staple cotton should be purchased by the United Kingdom.

Sir, in conclusion I want to place only one matter more before this House. My Honourable friend, Mr. Avinashilingam Chettiar, asked a very pertinent question from the Honourable the Commerce Member as to what is he going to do if this Assembly rejects his proposal? Whether he is going to abide by the verdict of the Assembly or not? Times without number Government Members have said that as far as the fiscal policy of the Government is concerned the Government is going to abide by the decision of this House. Speaking on the 16th February, 1923, Sir Basil Blackett said:

"I accept whole-heartedly the doctrine that it is India's right to decide what fiscal policy she shall have, and so long as I remain a Member of the Government of India, I shall whole-heartedly attempt to assist in the introduction of the policy which India has chosen."

Sir George Schuster said at the time when preference import duty on non-British textiles was discussed:

"We made it clear to the British Government that in a matter of this kind, giving a preferential treatment to the British goods by putting an additional duty of five per cent. on non-British cotton textiles after frankly stating our conclusions we should desire to put our carefully considered views before the Legislative Assembly with whom the final decision must rest."

Sir Joseph Bhore speaking on the Indo-British Trade agreement said:

"The conclusions of the enquiry of the Tariff Board are to be our conclusions and if the substantial level of protection is to be reduced, it is the Legislature that will reduce the level of protection."

The present Commerce Member, Sir Muhammad Zafrullah Khan said with regard to the Ottawa Agreement:

"Having regard to the proceedings that have been taking place previously in connection with the Ottawa agreement and having regard to the undertaking given by the Government that the House is responsible so far as the question of this trade agreement is concerned, and that the Government is responsible to the House with regard to this trade agreement in a sense that the Government have undertaken that in case the House comes to a decision after reviewing the working of this agreement for the first three years that the agreement is not in the interests of India and if it calls upon the Government to give notice of termination under Article 14, the Government would be bound to give such notice."

I hope, Sir, that the final verdict in this respect will rest with this House and that whatever we decide would be given effect to. Sir, I oppose the Resolution moved by the Honourable the Commerce Member.

* Sir Bryce Burt (Government of India: Nominated Official): Sir, I feel sure that if one examines this agreement impartially from an agricultural point of view, one will be struck by the fact that India has obtained a larger range of preference than in the Ottawa Agreement, but at a smaller cost in the way of reciprocal preferences. We have retained practically everything we had before and we have made several valuable additions. There is very substantial improvement in the raw cotton arrangement, improvements under linseed and under groundnuts, a guarantee of the continuance of tobacco preferences with an undertaking to assist the marketing of Indian tobacco in the United Kingdom.

[Sir Bryce Burt.]

Sir, if I may first of all say a word about cotton, I think no Honourable Member of the House will deny the fact that the Indian cotton grower does need assistance at this juncture. Moreover, he needs it quickly. If we look at the course of world production, there is the fact that America, in 1937, produced a crop of 18 million bales or about $1\frac{1}{2}$ times the world consumption in a full year of American cotton. Apart from that, the Russian production has gone up since 1931 from 1,850,000 bales approximately to 3,782,000 bales in 1937-38. That is a new factor. Brazil's production has gone up in the same period from 575,000 bales to 2,282,000 bales. These are two new competitors in the world's cotton market at a time when we are faced with the biggest stock of American cotton that the world has ever known. The reason why I quote these figures is that I feel that whatever we can do for the Indian cotton grower we should do it and that very quickly. Apart from the world surplus of cotton we are up against another danger and that is the substitution of artificial fibres for cotton. We know that this is taking place in Japan, so far as goods for home consumption are concerned, and we do not know how permanent that change may be. We know that it is taking place in Italy and in Germany. In other words, our old outlets for raw cotton are gradually diminishing. Now, Sir, the United Kingdom undertakes in this agreement three distinct things; first of all, to use all efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in the United Kingdom, in all possible ways—including technical research, commercial investigation, market liaison and industrial propaganda. That, in short, means the continuance and development of the organisation which has been successful in the past. Secondly, there is a new undertaking to devote special attention to encourage the consumption of Indian short-staple cotton; and thirdly, we have the new cotton link clause under which the United Kingdom must take certain specific quantities of cotton. Now, Sir, one word about this organisation the continuance of which we have secured, I really look upon that as the most important part of the whole cotton Article, because as a result of that organisation, set up in 1933, the consumption of Indian cotton in the United Kingdom, whether the parity has been good or has been bad, has gone steadily up.

Mr. M. S. Aney: Last year it had fallen.

Sir Bryce Burt: Yes: in the calendar year 1937 the United Kingdom imported 577,000 bales and in the calendar year 1938 it was 436,000. Now, Sir, it is perhaps not well-known that the organisation set up in the United Kingdom cost the English cotton trade a considerable sum of money, not one penny of which was met by India; it was met entirely from United Kingdom trade funds. A special Indian Cotton Commissioner was appointed and the two gentlemen, who occupied that post in turn, were both men with long commercial experience of cotton in India. They spent part of their time in this country and part of their time in England going round and seeing spinners, explaining to them how to use Indian cotton to better advantage and what kinds of cotton would suit particular purposes. At the Shirley Institute, which is maintained by British Industry Research Association, work was carried out on all sorts of technical problems connected with the use of Indian cotton in manufactures for the United Kingdom market. Different mixings, different methods of spinning,

different machinery, the behaviour of Indian cotton when it was dyed, bleached and finished,—all these technical details received the attention of this institute and spinners were kept posted with the results from month to month. Finally, on the Indian Lancashire Cotton Committee there was representation of every one of the Lancashire cotton interests—including the merchants, who, in the present state of organisation of the Lancashire cotton industry, are an essential link in the chain. As a result of that team work we have seen the progressive increase in the use of Indian cotton in the United Kingdom to which reference has already been made.

Now, Sir, the second clause is a new one. It is not a quantitative undertaking but it states that special attention will be given to encouraging the use of short-staple Indian cotton. That result can only come by research, investigation and propaganda and the supply of information to mills. It means, in many cases, that the mills have got to change their methods of working entirely and very often it means a change of machinery. It is impossible to expect that any mill could state that it will take so much cotton of short staple. Indian mills themselves could not say that—with all the knowledge that they have of Indian cotton.

Now, Sir, if we look at the details of imports of cotton in the United Kingdom it will be seen that practically the whole of the cotton under 7/8th inch staple, 294,000 bales, in 1938 comes from India. The next big class is 2,280,000 bales, which is cotton of 7/8th inch to $1\frac{1}{4}$ inch in staple, and includes 733,000 bales which I can identify as Uganda, African, Egyptian and Brazilian—all cotton which is far longer in staple than anything we produce in India. Then on top of that you have roughly half a million bales of over $1\frac{1}{4}$ inch staple. So, it is quite obvious that it must take time to develop the use of Indian cotton, and the organisation, which is already doing it successfully, is I think the best way of pushing more short-staple Indian cotton into use. It is important to see the progress which has been made already. In 1937, the United Kingdom took 345,000 bales of short-staple cotton, i.e., cotton under 7/8th inch, as compared to 232,000 bales of medium staple cotton. Now, Sir, it is sometimes said that, owing to the different way in which we measure staple in India and in the United Kingdom, this is not all really short-staple Indian cotton. But the Indian Central Cotton Committee have published figures which show that this offtake is almost entirely of the truly short-staple, i.e., Bengals, Oomras, Khandesh, etc. Only a very small quantity of it is cotton that trembles on the 7/8th inch line. Already considerable progress has been made in increasing the use in the United Kingdom of the shortest staple cotton.

If I may turn to the cotton link clause, and the quantities of cotton which have to be taken in order to fulfil the agreement, the first thing that strikes one is this that one must compare like with like when using statistics. When we are considering the guaranteed minimum we must compare it with the absolute minimum of previous years. Speaking this morning Mr. Satyamurti asked what quantity of Indian cotton the United Kingdom would take in the ordinary way of trade, quite apart from any agreement. The answer to that, I think, can only be found in what has happened in the past. The quantity would probably be between 130,000 bales and 260,000 bales. That is the record of the pre-Ottawa five years or so and that is what we may expect in the ordinary course of trade, the quantity each year depending on parity. The link figures represent the absolute minimum to be taken if the United Kingdom is not to suffer penalties. Whether the parity is good or whether it is bad, whether

[Sir Bryce Burt.]

the season is good or whether it is bad, whether prices are high or low, whether the average quality of Indian cotton is good or bad, these quantities have to be taken. When there are penalties attached you will see these are not unreasonable figures to take. The operative figure in this agreement is 750,000 bales because clause 8 is the clause which will give Lancashire the greatest benefit. They are out to try and increase their export trade of cotton piecegoods and I am quite confident it will be the upper figure that will be aimed at and not the minimum below which they incur penalties. A good deal has been said about Lancashire taking a million bales of Indian cotton. I believe myself that given time, given the continuance of the organisation that is in existence, that increase might take place and that it will take place. The Central Cotton Committee is quoted as having said that Lancashire can easily take nine lakhs of bales. Well, Sir, I happen to be the President of the Central Cotton Committee and that statement was never made in any meeting of the Committee. It was a calculation supplied by the Secretary of the Committee at the request of one of the unofficial advisers, based on the amount of yarn under 20 counts manufactured in the United Kingdom in a particular year. And one of the unofficial advisers' own comment on it,—I remember it quite well,—was that sometimes one had to use even Egyptian cotton, for 20s counts. We cannot base anything on that opinion.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): What does the Indian Central Cotton Committee say about this particular provision? What is its view?

Sir Bryce Burt: The Indian Central Cotton Committee made no recommendation. I wanted to explain that there has been no such thing as an official recommendation on the committee on this point.

I myself feel that the undertaking to increase the United Kingdom consumption of Indian cotton to the greatest possible limit is what really matters.

Now, to come back to the cotton link. As I have said already, if one takes the minimum figure, one must compare it with the previous minimum. The previous minimum is about 1½ lakhs bales: that is what you can expect to get without this agreement. Cotton is not the only important agricultural export from India, but before I leave it I would like to make one other point. Mr. Satyamurti, this morning, and another Member, this afternoon, compared the quantity of cotton to be taken by the United Kingdom with the quantity taken by Japan under the Indo-Japanese Trade Agreement. There are two very big differences. I was connected with the first Indo-Japanese trade negotiations and I well remember the circumstances. We made that link then because Japan had boycotted Indian cotton completely. Contrast that position with that of a country which for the last five years has done its best to increase Indian cotton consumption. Secondly, Japan takes practically nothing in the way of agricultural produce from India except cotton, whereas the United Kingdom takes a large range of agricultural products.

I would now like to refer to one or two of those products. The big oil-seeds group which is now fifth in the list of our exports deserves attention. The groundnut preference has proved, during the last three years, not merely to be an insurance preference but to be a really active and valuable

preference. Here are the figures: the United Kingdom provides a growing market for groundnuts and takes the bulk of its supplies from empire countries. India has the largest share, 63 per cent. of the whole in 1936, 56 per cent. in 1937, and 80 per cent. in 1938. The actual quantities taken from India during those three years were 110,000 tons, 138,000 tons and 253,000 tons respectively, compared with 90,000 tons in 1935. In 1935, we were uncertain whether that preference was really working well and the unofficial advisers in their first report drew attention to the fact that the soya bean duty had not been in operation long enough to show whether it would be valuable or not. The duty on soya bean, an oilseed which the United Kingdom obtains mainly from non-Empire sources has proved of value. It has sent up the total imports of groundnuts into the United Kingdom and the figures I have just given show roughly speaking that imports from India are now three times what they were in 1935. The soya bean duty has now been scheduled under the agreement, so we have that important protection for the future. Then the drawback on groundnut oil is, as the Honourable the Commerce Member reminded us, to be withdrawn, further fortifying this preference. This preference from the agricultural point of view has improved.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

Sir Bryce Burt: Groundnut is an expanding crop; it is an important cash crop and it is a crop which helps to maintain soil fertility especially when grown in rotation with cotton, and, therefore, anything that we can do to encourage a larger export of groundnuts is to the benefit of our agriculturists; I would like to point out that, in addition to this quantity of groundnuts, the United Kingdom has also given us a preference on groundnut cake which works out to a preference on about another 400,000 tons of nut cake which works out to a preference of cake into terms of seed. The oil is groundnuts, if we convert exports of cake into terms of seed. The oil is used in the country because, as you know, the manufacture of hydrogenated oils is increasing and there is a bigger outlet for oil than there is for the cake.

Now, we come to the next important oil seed, linseed. Again here is a preference which has steadily increased in value. There has been only one temporary set back, namely, in 1935. In 1936 the United Kingdom's imports were 222,000 tons from India out of a total of 273,000 tons; in 1937 they were 192,000 out of 286,000 tons; and in 1938 they were 223,000 tons out of 276,000 tons. It is of interest to note that during the present shipping season, that is from April, 1938, to the end of February this year, India has practically monopolised the English market for linseed. The United Kingdom has taken 251,000 tons from India in that time and only 12,000 tons from Argentina, completely reversing the position of 1932.

Sir, I see that my time is going and I will not attempt to deal with any more commodities. I would simply say this. After a very long experience of Indian agriculture I do feel that this agreement is immensely in the interests of the Indian cultivator and worth a very considerable sacrifice, if indeed any sacrifice be involved.

(Sir Abdul Halim Ghuznavi and Mian Ghulam Kadir Muhammad Shahban stood up to speak.)

Mr. Deputy President (Mr. Akhil Chandra Datta): The Chair is prepared to give a chance to either of these two gentlemen, Sir Abdul Halim Ghuznavi and Mr. Shahban. . .

An Honourable Member: It is for you to choose.

Mr. Deputy President (Mr. Akhil Chandra Datta): It is certainly for the Chair to choose, but at the same time the Chair wishes to make it clear that all Parties should go by the list they have handed over to the Chair.

Mian Ghulam Kadir Muhammad Shahban (Sind Jagirdars and Zemindars: Landholders): Sir, when any measure adopted by Government is generally opposed either as a matter of fashion or conviction to support that measure appears like playing the part of a Government apologist. In purely political matters it may be permissible to sacrifice the cold neutrality of an impartial judge to the demands of general prejudice, but the analysis of economic questions requires the scientific dignity of an ethical neutrality. The Indo British trade agreement has been attacked as is but natural on the ground of there being a considerable divergence of the terms of the agreement from the proposals of Government's non-official advisers. Every agreement is in essence a compromise between extremes, for a similar divergence will be found to exist between the terms of the agreement and the original demands of the British Government. The fact of this divergence therefore can hardly be accepted as a convincing argument for rejecting the agreement. More urgent than that however is the concentration of criticism on the cotton article. In general terms the complaint is that whereas the advantages to the United Kingdom have been given definite quantitative values, the advantages derived by India are merely qualitative and as such may never materialise. In the form in which the agreement is made the complaint is intelligible, but not justifiable, for, a close examination of the terms reveals that gains and sacrifices are reciprocal and the United Kingdom in its self-interest has the incentive to increase the offtake of Indian cotton.

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

Thus the United Kingdom in its efforts to have the duty on printed cotton piecegoods reduced to 15 per cent. or 12½ per cent. as the case may be must strive to buy as much as 7½ lakhs bales of cotton. On the other hand the United Kingdom imports stand to suffer as a result of the failure of the United Kingdom to absorb less than four lakhs bales in 1939 and 1940 and less than 4½ lakhs bales in 1941. The penalty for this failure is an increase in the basic duties. Thus we may be sure of an offtake of at least 4½ lakhs bales by 1941. It is unfortunate that the increase in the basic duties resulting from the above failure is not specified. The same objection is applicable to the case in which our imports of British textiles exceed 500 million yards. But if Government could give an undertaking that the opinion of this House would be consulted in case the raising of basic duties becomes necessary, public opinion would, I am sure, be assured. To me, Sir, it appears that the prospect of Indian cotton in

the immediate future is no less favourable than the retrospect of its immediate past. For consider the export of cotton to the United Kingdom since 1933-34.

342,000	bales in	1933-34
347,000	„	1934-35
456,000	„	1935-36
610,000	„	1936-37
395,000	„	1937-38,

giving an average of 430,000 bales per annum for the last five years. In the present agreement we are assured of an immediate minimum offtake of 4 lakhs bales rising to 4½ lakhs in 1941 with every prospect of further increase. It is unfair to compare these figures with the maximum offtake of 610,000 bales in 1936-37 and lament the reduced purchases. The minimum offtake of cotton by the United Kingdom by 1941 will exceed the average offtake between 1933-34 and 1937-38. This is a real advantage which the country cannot afford to under-estimate. It acquires moreover a particular significance when we take into account the fact that the offtake of our cotton by the principal consumer of Indian cotton, Japan, in 1937-38 declined by as much as one third compared with the average offtake in the three years 1934-35 to 1936-37. This emphasises the urgent necessity of our securing an expanding market in the United Kingdom. The position of our cotton is vulnerable and the terms of the agreement constitute the best defence of this position in the circumstances. How can then the contention of the Committee of the Indian Merchants' Chamber in their telegram to the Commerce Department, dated the 24th instant, that the element of a *fair quid pro quo* is mainly lacking in the new agreement be accepted?

Just as the advantages to India have been under-estimated, the advantages to the United Kingdom have been exaggerated by the opponents of the agreement. The Agreement enables the United Kingdom to export cotton piecegoods to India in amounts the minimum of which, namely, 350 million yards is just below the average of the years 1934-35 to 1937-38, i.e., 370 million yards and the maximum of which, namely, 500 million yards is below the figure for 1934-35 by 15 million yards. How then can it be maintained as has been done by the Committee of the Indian Merchants' Chamber that "The offtake of cotton stipulated for the United Kingdom is even less than what has been the normal figures in recent years while the minimum import of cotton piecegoods is much more than the normal in recent years"? Evidently, Sir, the term "normal" with reference to export of cotton means the year in which this export was at its maximum; and with reference to imports of piecegoods, it means the year in which the imports were at their minimum. This terminological inexactitude, Sir, is hardly conducive to an analysis of the intrinsic virtues of the agreement. I am not suggesting that we should be grateful to the United Kingdom. The question does not arise because the exchange of obligations and favours is mutual. Looking at the agreement from an entirely selfish point of view, I conclude that at the worst we are not penalised in any way and at the best the position of cotton has been strengthened and the

[Mian Ghulam Kadir Muhammad Shahban.]

number and value of preferential items on the import side considerably reduced leaving unaltered the existing preferences on our exports.

It will be seen that in some respects the new agreement constitutes a striking improvement on the agreement which has preceded it:

(1) The preferences granted to India cover 82 per cent. of India's export to the United Kingdom and the Ottawa Scheme of preferences remains substantially unchanged. On the basis of a three years average, the value of trade with the United Kingdom in preferred commodities is Rs. 44,89 lakhs.

(2) The import preferences have been greatly reduced and only 16 per cent. of imports from the United Kingdom are subject to preference under the new agreement. On the basis of 3 years average the value of the trade in preferred commodities is Rs. 16,54 lakhs in 1935-36. The number of preferential tariff items has been reduced from 106 to 20 on which only one item, namely, motor cycles, is new. The preferences are confined to products which do not compete with Indian manufactures and the margin of preference is sufficiently low to permit the continuance of foreign competition. The object is to keep prices at a reasonably low level so that the interests of the consumer may be fully safeguarded. Moreover, the agreement only guarantees a margin of preference and there is nothing to prevent Government from raising the level of duties in the interests of the revenue or of Indian industries.

(3) The provisions of the Cotton Article constitute a departure from the old agreement. The duty on United Kingdom piecegoods has been reduced but (a) there is a maximum yardage limit to imports from the United Kingdom and (2) a stable market has been secured for Indian raw cotton. A concession of great importance has been obtained for the Indian cotton grower without jeopardising the interests of the domestic industry.

(4) The preference secured on groundnut and linseed under the Ottawa agreement was to some extent nullified by the drawback concession allowed in the United Kingdom. This concession has now been withdrawn from groundnut, and has been substantially modified in the case of linseed. The value of this important preference has thus been greatly enhanced.

The question may be raised whether the new scheme of preference is of substantial value to the Muslim community. It is difficult to apply such a criterion to this agreement, as no clear distinction can be made between the interests of one communal group and another. Thus the preference on exports, e.g., oil seeds, rice, vegetable oils, etc., will benefit all producers whether Muslim or non-Muslim. There are certain preferences, however, which are of special value to Muslims as they have a larger share in the production of these commodities. A summary of such preferences is given below.

1. One of the most valuable export preferences is that on jute manufactures. The value of export to the United Kingdom in 1937-38 was Rs. 2,79 lakhs. This preference will not only benefit the millowners who are mainly non-Muslim, but also the Muslim agriculturists of Bengal and Assam.

2. Another important export preference is that on woollen carpets and rugs. Exports to the United Kingdom are expanding and the trade in

1937-38 represented a value of Rs. 76 lakhs. As the great majority of carpet makers are Muslims, this preference is of special value to the Muslim community.

3. A new preference has been secured for raw goat skins and chrome leather and the old preference on leather, dressed and undressed, has been renewed. The value of exports to the United Kingdom in 1937-38 under each head was as follows:

Raw goat-skins	Rs. 96 lakhs.
Chrome leather	Rs. 58 lakhs.
Hides and Skins tanned	Rs. 5,98 lakhs.

These preferences will benefit all communities, but, as is well known, Muslims have a special interest in this trade.

4. The market secured for raw cotton under the Cotton Article is likely to increase the demand for fair staple cotton, the bulk of which is grown in the Sind-Punjab cotton area. The provisions of this Article will greatly benefit the agriculturists of these provinces the majority of whom are Muslims.

Mr. B. Das (Orissa Division: Non-Muhammadian): My Honourable friend, Sir Bryce Burt, who periodically makes his appearance in this House as the agricultural expert, spoke on behalf of the agriculturists for some time, but his allegiance was divided between the Lancashire manufacturers and the Indian agriculturists, and, in the end, he gave his casting vote to the Lancashire cotton manufacturers. He was eulogising the fact that Lancashire has agreed to buy 500,000 bales this year and increase the same to 750,000 bales, but he himself quoted figures from which it appeared that Lancashire has already exceeded that limit of 500,000 two years ago, and in the end he challenged my Honourable friend, Mr. Satya-murti, and said that if the agreement is denounced then Lancashire will confine its consumption to 125,000 bales. Let Lancashire do it. The conclusion I draw from Sir Bryce Burt's speech is this that he eulogised the Indo-Japanese trade agreement as giving a fillip in order to give his blessings to the unholy Indo-British Trade Agreement which we are now considering. Sir, I was one of those who opposed tooth and nail the unholy Ottawa Pact which has brought India to its present humiliating position. India does not want to be tied down to the chariot wheels of England in everything, particularly, in the matter of trade agreements.

My Honourable friend, Sir Muhammad Zafrullah Khan, concluded that the present agreement does not affect wheat, so also my friend, Mr. Shahban. My Honourable friend, the Commerce Member, enthused as if he has secured something very bright for India, and yet he pleaded that wheat,—which was grown in very large quantities in the Punjab and Sind, over which he brought a Bill last year and put an extra tariff so that Australian wheat could not come into the Indian ports—did not need any preference in the United Kingdom. I was looking into the figures of the export of wheat into the United Kingdom and I found that in 1937-38 United Kingdom

[Mr. B. Das.]

imported from India 290,000 tons, India exported to Germany, 146,000 tons; the total exported from India was 459,850 tons. In the previous year 1936-37 it was 231,500, and in 1935-36 it was 9,500 tons. I ask the Honourable the Commerce Member and also the Agricultural Expert and adviser of this House and the Government of India, Sir Bryce Burt, why the Government of India did not put in a special case for wheat. It is only from these documents that we are provided with, that we knew that the United Kingdom and the United States of America have entered into an unholy pact as regards wheat in the new Trade Agreement. Did the Commerce Member take this House into his confidence that the Government of India had been a party to this that the preference on wheat should be abolished, also that the preference on rice should be reduced by a third? Everything was kept secret. But if one got foreign journals and went through them, one would have found details of this trade agreement and that the United Kingdom and the United States of America had entered into a pact in November, 1938. I would like to ask the Commerce Member one question, whether the Government of India has got independence to negotiate trade agreements with any foreign country. It has not.

The Honourable Sir Nripendra Sircar (Leader of the House): More independence than you have got in your camp.

Mr. B. Das: There is no need of the Commerce Member feeling eloquent and waxing eloquent and saying that I have secured the best bargain by this Indo-British Trade Agreement, because the United Kingdom controls every trade agreement that India is bound to enter into with any foreign country. And yet the Resolution that this House passed in 1936 wanted bilateral trade agreements, and it was also in line with the recommendation of the joint note which you, Sir, and Mr. K. C. Neogy appended to the report of the Assembly Committee in 1934. The Government of India has no power to negotiate any trade agreement with any foreign country unless United Kingdom sanctions it, and yet when I was going through Article by Article of this trade agreement, I found that Burma was excluded. May I know why it is excluded? Is not Burma a possession of the British Empire? It may be a protectorate if it is not a colony. Why is Burma excluded from this, and why does it foreshadow trade relations with all the British Dominions and British possessions?

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): You will have a separate trade agreement with Burma.

Mr. B. Das: The Indo-Burma Trade Agreement is going to expire in March next. This House has already passed a Resolution that it should be ended. Because Burma is the Kalimpong Home of the British Empire, just as we have to give a subsidy to Anglo-Indians, we are giving a subsidy of 3½ crores to Burma, so that Burma can be exploited by Britain and thereby the Burma Government has a surplus budget and our Finance Member a deficit budget. If 3½ crores be added to our budget, it will increase the invisible and visible prosperity of this country. Yet, not even the non-official advisers have said a word about Burma. Why have they mentioned Ceylon? Why should Ceylon and Burma be treated differentially? While South Africa enters and can enter into a trade pact with

Germany, over the head of England or with any other country—and it has received the most-favoured-nation treatment under this agreement—it does not consult the Commerce Member when it negotiates a treaty with another country. When Canada writes a note to the United States of America does it consult my friend, the Honourable the Commerce Member? Why bring in these Dominions into these trade agreements, when they do not care for India and India is treated as the bond slave of England.

The Honourable Sir Muhammad Zafrullah Khan: Has the Honourable Member been contending that the Dominions are also parties to this trade agreement?

Mr. B. Das: Yes, indirectly they are under the most-favoured-nation clause. Some of these schedules will apply to the Dominions and Colonial possessions.

The Honourable Sir Muhammad Zafrullah Khan: Colonies, yes.

Mr. B. Das: May I ask the Honourable the Commerce Member how many agreements he has entered into with the Dominions after the Ottawa Agreement? Did you enter into any agreement separately?

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member and some of his colleagues have been putting questions to me on this subject. There is an arrangement with South Africa. There are conversations awaiting with Canada. If it is the Honourable Member's point that India cannot enter into direct negotiations with the Dominions, that is absolutely and entirely wrong.

Mr. B. Das: In theory you have got that right, but . . .

The Honourable Sir Muhammad Zafrullah Khan: No. It is a fact.

Mr. B. Das: My Honourable friend will lay down the Commerce portfolio in a fortnight's time, but during the last five years the Government of India have not entered into any agreement with any of the Dominions and yet the Dominions have gone over the head of the United Kingdom and entered into agreement with foreign nations. It is no use saying that linseed and chrome leather have got half a per cent. advantage. India has been treated as a slave. We want the freedom to think and enter into our own trade agreements. We have lost most of our foreign markets. If there were no Ottawa Agreement which was the creation of my friend, Sir Abdoolah Haroon and other Knights of Ottawa, we would not have lost our trade with Germany, France and Belgium. The Honourable the Commerce Member may say: 'What is the use of talking? England is buying more'. My answer is that the Government of India have been treated as a slave.

When I was listening to the Commerce Member I felt that he treated us like the neglected *harem* in a Maharajah or a Nawab's palace. When the Maharani comes anew he gives a present of Rs. 5,000 per mensem. Later on when five thousand women enter the *harem*, they are all pensioned off with Rs. 20. I have heard four or five Commerce Members and they have all said: 'You have got this and that'. Sir, we are not satisfied with that. We want freedom to think this matter for ourselves.

[Mr. B. Das.]

You do not allow even commercial magnates like Sir Homi Mody and Sir Cowasji Jehangir to think freely and the Government even accuse the Federation of Indian Chambers of Commerce, when they express their views on the question of trade and commerce of India. As regards the non-official advisers may I ask why their recommendations in paragraph 23, page 7 of the 1938 report were not given effect to about the invisible export and the invisible balance of trade. They suggested that Indian insurance companies, Indian banking and Indian shipping should get certain facilities. British shipping experts, while they talked of bilateral agreements with Dominions, talked of the trade being carried in British bottoms. Have the Government of India at all addressed themselves to this question? If so, what is the reply? I find that non-official recommendations have been turned down. Why should not Indian insurance companies handle the trade insurance between the United Kingdom and India? Why has not Indian banking received its due share of bills of trade? It has also been mentioned that Indian firms and merchants should have equal opportunities of admission to the commercial bodies in London. Nowhere has the Board of Trade treated the Government of India as an equal in these trade negotiations. The Honourable the Commerce Member tells us that if we make any change in this trade treaty, then the treaty goes. Nowhere in these documents is mentioned anything about the advantage United Kingdom gets from the ratio. In 1931, the rupee was linked to sterling and thereby this United Kingdom trade in India got 25 per cent. advantage. That advantage through the ratio is nowhere mentioned in these documents. The Government of India have been servile and supine in this matter. Nowhere has my Honourable friend said that he has got the freedom of trade with foreign countries. Germany, Italy and Japan had their exchange restrictions. What did the Commerce Department do? What did the Government of India do to fight with those countries about these exchange restrictions? I have tried to show that there is no chance of advancing India's trade with United Kingdom. I shall speak one word to the European group. My friend, Mr. Aikman, talked of bargains, guarantees, international trade agreements and so on. Sir, when my friends have got everything, they talk of international agreements and they talk in international terms. My friend advised us to be international in outlook and then we can get everything. He told us that this is a satisfactory trade agreement. We think otherwise and our position is that we must oppose this agreement.

Mr. N. M. Joshi (Nominated Non-Official): Mr. President, I do not wish to go into the details of the trade agreement. I shall only deal with some general considerations. I feel that India is at a disadvantage at present from the political and constitutional point of view in negotiating any treaty with Great Britain, and I feel that that disadvantage provides objections to our approving a treaty being made with Great Britain unless the advantages given to us are so outstanding and special that we may be persuaded to waive those objections. Sir, the Government of India are a subordinate Government under the authority of the British Government. The Government of India are not free to negotiate a treaty. It may be said that on this occasion the British Government have not used their authority over the Government of India. But we do not know whether they have used their authority or not. I, therefore, think that we cannot escape a feeling that the Government of India in negotiating this treaty

may not have obtained the best terms from the British Government. Similarly, Sir, it may be said that this treaty was negotiated by an Indian Member of the Executive Council, assisted by an Indian member of the Secretariat. Here again the Government Honourable Member in charge of the Department is no doubt an Indian and I have no doubt that he is very patriotic. At the same time we must remember that he is a Member of a "United" Government. There is a joint responsibility within the Government of India.

An Honourable Member: Is there any responsibility?

Mr. N. M. Joshi: They are responsible to each other in any case. There is a joint responsibility in the Government of India. The Honourable Member might have done his very best, but we do not know whether his colleagues have not come in the way of his securing the best terms he could have got from the British Government. It may be said, on account of this peculiar position of the Government of India and of the Honourable Member who negotiated this treaty, that the Honourable Member took a body of people as his advisers. Sir, I thought that the Government of India did not believe in the patriotism of big business, but somehow or other they were persuaded to take as their advisers men only from big business. Leaving aside the fact that the big business men do not form the whole of India and they do not represent the whole of India, although the advisers were consulted by the Government of India, they are not prepared to take the advice of their advisers. Well, Sir, I would also like to examine the position of the Legislature in this matter. The Government of India no doubt have placed this agreement before the Legislature as they did on some other occasion for discussion but the Government of India have never promised that they will place all the trade treaties before the Legislature for their approval and that they will abide by the decision of the Legislature. When it suits the Government of India to place the agreement before the Legislature, they do so; when it suits them to say that they will abide by the decision of the Legislature, they do so. But in 1935, the Legislature refused its approval to a trade agreement with Great Britain. The Government of India, however, all the same ratified that agreement. Similarly, the voice of the Legislature does not prevail with the Government of India in many important matters. We remember that two years ago the Tariff Board recommended a reduction of duties. The Government of India should have placed their proposals before the Legislature. The Government of India used their power to give effect to the proposals of the Tariff Board without consulting the Legislature. The Legislature decided that the Ottawa Agreement should be terminated in six months' time. The Government of India, however, kept the Ottawa Agreement in existence for three years. Sir, the Government of India also possess the power to legislate against the wishes of the Legislature. They may approve of a trade agreement today, but is there any guarantee that the Government of India will not do anything without the consent of the Legislature? Further preferences may be given to Great Britain.

While the Honourable Member in charge of the Department was negotiating a treaty with Great Britain, perhaps when he had negotiated a treaty, his colleague the Honourable the Finance Member imposes a heavy duty on Indian cotton thus changing the preferences given to Great Britain. That heavy duty on cotton certainly gave a sort of additional

[Mr. N. M. Joshi.]

preference to Great Britain. Sir, what is, therefore, the guarantee under the present constitution that, if we approve of this treaty today, the Government of India will not do something by which they give further preferences to Great Britain without consulting the Legislature? Sir, under the present constitutional position, unless we are quite sure that we are getting outstanding and special advantages, we cannot approve of a trade treaty with Great Britain. Sir, from the political point of view also I feel that a treaty with Great Britain is a disadvantage. I know if there is the greatest objection to India's freedom in Great Britain, that objection comes from Lancashire. Lancashire objects to freedom being given to India because Lancashire has got vested interests in this country and in order to protect their vested interests they every time oppose India's freedom. Before this treaty Lancashire was losing its trade. The Honourable Member himself said that during the last ten months Lancashire imports into this country have dwindled down to one hundred and seventy million yards. Sir, Lancashire is losing its vested interests. Is it right for us, from the political point of view, to prop up Lancashire's trade in this country and enhance the vested interests of Lancashire in this country? From the political point of view. Sir, it is a sad mistake for India to further prop up Lancashire's trade in this country and allow vested interests to be created which will go against India's freedom.

Then, Sir, consider the agreement from the point of view of the economic relationship that exists between India and Great Britain. India is a debtor country. We have to pay every year to Great Britain more than Rs. 50 crores. How is Great Britain going to take that money from us unless Great Britain gives us trade? If Great Britain does not give us trade, and if all the countries in the world try to become as self-sufficient, how is Great Britain going to recover the money? Therefore, it is in the interest of Great Britain to give us trade whether we make a treaty with Great Britain or not. If Great Britain does not take our goods in a few years' time the stores of gold in India will be exhausted; and how is Great Britain going to recover the money from us? India will become bankrupt. It is to prevent India becoming bankrupt that Great Britain is bound to take our goods. Moreover, we have also to remember the nature of the trade which we have with Great Britain. Great Britain no doubt takes our goods, but the chief part of the goods consists either of food supplies or raw materials. As regards tea, my Honourable friend, Seth Govind Das, has told us that the competition within the tea industry is much restricted on account of the international tea agreement. Moreover, is Great Britain going to levy a heavy import duty on tea which is an article of food? I am sure the British Parliament is not going to allow its Government to levy such a duty which will increase the cost of food for the people of Great Britain. Then, Sir, as regards the raw material, the same consideration applies. Great Britain cannot increase its duty on its raw material. So, to the extent to which Great Britain is bound to take our goods, the duties cannot be increased. On account of these considerations, I examined this treaty and tried to find out whether India is going to get any special and outstanding advantages, as I have said. For that purpose I examined the treaty which we have made with Japan and compared it with the treaty with Great Britain. The figures have already been given that while Japan takes one million or more bales of our cotton, we import only 288 million yards of Japanese cloth in addition to some

million yards of fents. While negotiating a treaty with Great Britain, we are content with 600,000 bales which is the quantity of Indian cotton that Great Britain will take.

The Honourable Sir Muhammad Zafrullah Khan: 600,000 bales is the minimum.

Mr. N. M. Joshi: That minimum is to be reached after some years and not from next year. For 600,000 bales of cotton we are going to permit Great Britain to import into India 500 million yards of cloth. If you compare the trade agreement concluded with Japan with that of Great Britain, it will be clear that we are giving very favourable terms to Great Britain. It was said by my Honourable friend, Sir Bryce Burt, that Great Britain takes our other goods. It is true, but Great Britain takes our raw materials and we too take British manufactured goods. Therefore, if Great Britain takes our raw material in return for the manufactured goods which we take from her, there is no special merit on the side of Great Britain but we are giving them a special advantage. Therefore, if this trade agreement is to be approved of by us let it be at least as good as the trade agreement with Japan. I feel that judging this trade agreement from the point of view of our special political and constitutional position and judging the merits of this agreement, it does not deserve to be approved by the Legislature.

Mr. H. Dow (Secretary, Commerce Department): Sir, I do not propose to roam over the whole field of this agreement, but to confine my remarks almost entirely to a consideration of the advantages which India is offered in respect of its exports to the United Kingdom, and even within that restricted area, I propose to deal mainly with manufactured or semi-manufactured materials, because Sir Bryce Burt has already dealt with most of the agricultural commodities. There is, however, one important agricultural commodity with which he did not deal, because he was shut out by the rigid application of the time-limit, and that is, manufactured tobacco. The unofficial advisers in their report included unmanufactured tobacco in the list of items in which they considered that preference had been "of actual value to India". But they went on to say that it could not be said that tobacco had gained any appreciable ground in the United Kingdom market. Now, Sir, there has been a very considerable difference in the position of tobacco since the unofficial advisers wrote that in 1937 and I do not think they would write that today. There have been great improvements in curing methods here, and also in marketing methods, and the preference on unmanufactured tobacco, which has been retained under the new agreement, has now become really one of the most valuable of our concessions. In 1935-36, the value of the trade was 45 lakhs, and, in 1936-37, it was no more than 50 lakhs. In the next year the value of that trade had gone up to 75 lakhs, and, in the ten months of 1938-39, for which we have figures, it has gone up to not less than 133 lakhs. In addition, there is a special article (Article 5) of the new agreement under which the United Kingdom undertake to use of their efforts to popularise the use of Indian tobacco in England; and although, I suppose, there will be some who will say that it is only a pious hope, as they have said about the cotton clause, I think that full reliance can be placed on it and that it is an undertaking of very considerable value.

[Mr. H. Dow.]

Now, Sir, to go to other matters. I should like to acknowledge assistance of a kind received from the Federation of Indian Chambers, whose committee proceeded to give Government with very commendable promptitude their views on the agreement almost as soon as it was published. I am going to ask you, first of all, to consider this statement made by the Federation, and as it was the only part of the whole of their statement which was put in leaded type in the *Hindustan Times*, I think we may rightly assume that a good deal of importance is attached to this statement in some quarters. The statement is as follows:

"The Committee wish to point out one significant aspect of the general preferences. Under the present scheme of preferences the only commodities in which India secured effective benefit are chrome leather, woollen carpets and rugs, and jute manufactures. In respect of all these commodities the changes in the new terms have reduced the margin of preference enjoyed by them under the old scheme."

This is the main charge against that part of the agreement and I shall proceed to show you that there is not a single word of truth in it.

First of all, let us take the statement that the only commodities in which India secured effective benefit under the agreement are chrome leather, woollen carpets and rugs and jute manufactures. I do not very much quarrel with this statement, because after all it is a matter of opinion, even if one may hold that that is a perverse opinion. But I want to point out that it is flatly contradicted by the unofficial advisers themselves. If Honourable Members will turn to the second one of their reports, which is dated the 3rd October, 1937, they will find that the unofficial advisers give a list of 13 commodities, the total exports of which to the United Kingdom amount to 6 crores, regarding which they give their opinion that the preference is of actual value to India. Further, they give a list of 15 items, totalling 27 crores, with reference to which they say that the preference has an insurance value. Last of all, there are only 8 items, totalling less than one crore of rupees, regarding which the unofficial advisers argue that the preferences have been of no special advantage. Now, in the face of this opinion of the unofficial advisers even, it seems to me astounding that the Federation should assert that the only preferences in which India has secured benefit are these three items, amounting to about 3 crores. Still, as I have said, that is a matter of opinion even though the opinion be perverse. The Federation then go on to say that even in these three items, the margin of preference enjoyed under the old scheme has been reduced. Now, Sir, that purports to be a statement of fact, and it is entirely untrue.

I will take these three commodities separately. First of all jute manufactures. About our jute manufactures I heard today the astonishing statement from Seth Govind Das opposite this was a thing in which India had a monopoly. That I think must have surprised a great many Honourable Members of this House. What does the Federation say? They say that the unofficial advisers recommended the maintenance of the present preferential margin of 20 per cent. in this commodity. Nothing of the sort. What they recommended was the maintenance of the existing rates of preference, and that is exactly what has been maintained. The existing rates are 15 per cent. on cordage, cables, ropes and twine and 20 per cent. on sacks and bags. These are the rates which are being continued under the new agreement. We are also continuing to get the

privilege of duty free entry, which, as the Federation says, does not change India's position in the United Kingdom *vis-a-vis* the United Kingdom industry. Does India want a change? Obviously if there were a change, it could only be a change for the worse. I do not suppose that even the Federation expect the United Kingdom actually to protect the imports against her own manufactures.

Similarly the statement that the margin of preference on chrome leather has been reduced is entirely without foundation. I might perhaps give the history of this preference to the House. Before the Ottawa Agreement, there was hardly any finished leather sent by India to the United Kingdom. In 1932 a duty of ten per cent. was imposed by the Import Duties Act on foreign finished leather, and by a Treasury order a little later the duty was raised from 10 per cent. to 15 per cent. India by virtue of the free entry clause under the Ottawa Agreement got this preference, an unscheduled preference of 15 per cent. which was in no way guaranteed to her. In 1936, on representations from British manufacturers of leather, the duty on foreign chrome leather was raised to 30 per cent. Still as a result of India's position under the free entry clause, India got the additional preference, so that her unscheduled preference actually became 30 per cent. That is the position at present. At present India has an unscheduled preference of 30 per cent. on chrome leather. Now under the new agreement, 15 per cent. of that preference is scheduled, and cannot be taken away. But she still enjoys the whole of 30 per cent. preference. So, so far from India having lost anything, India has improved her position because half of the preference which she at present enjoys becomes a scheduled preference which is guaranteed to her. It has been of very great value to India. The pre-Ottawa imports of chrome leather into the United Kingdom were in value under two lakhs of rupees. The trade had always remained almost entirely in the hands of Germany, Austria and Czechoslovakia, and that trade is now almost entirely in the hands of India, and has already reached the figure of 58 lakhs.

Now I will take the remaining articles, carpets and rugs. Here again the statement that preference has been reduced is entirely untrue. In 1932, the preference on woollen carpets and rugs imported into England was 10 per cent. duty and India was entitled to free entry. In 1934, these duties were raised, the rate of duty imposed being a specific duty of 4/6d. on a square yard on hand-knotted carpets and 20 per cent. *ad valorem* on others. Now this change took place in 1934, and it is the position today. The Federation appear to think that this specific duty of 4/6 per square yard is being introduced by the new arrangement, and that it constitutes a reduction of the duty. Neither of these things is true. India is mainly concerned in hand knotted carpets, and her chief competitors are Turkey, Iran and China. If Honourable Members will work out from the export figures which they have before them, the average value of these carpets, they will find that the average *ex-duty* value of Indian carpets is about 8/9 per square yard. The average *ex-duty* value of carpets from Turkey, Iran and China comes to 19/4 per square yard. Therefore the House will see that actually the duty of 4/6 per square yard works out to an *ad valorem* preference of about 50 per cent. and it actually gives India a price preference, which of course is to some extent offset by difference in quality, of something like 150 per cent. in dealing with her competitors.

[Mr. H. Dow.]

So much for the criticisms of the Federated Chamber. I do not attribute them to deliberate misrepresentation. But I think that one cannot get away from the conclusion that they must at any rate be due to gross carelessness, and considering the position which the Federation occupies, I am sure that this is very much a less damaging charge. The truth is that with comparatively unimportant exceptions, we have succeeded in maintaining intact all the concessions and privileges which were secured to India under the Ottawa Agreement. We have also gained additional concessions of considerable value.

The exceptions are wheat and rice. The Honourable the Commerce Member has already explained that the preference to wheat has from time to time been of value to India, but that under conditions prevailing at present and likely to prevail in the near future, its loss is not of very great importance. As for rice, the preference on which has been reduced by one-third of a penny per lb., you will notice that the unofficial advisers themselves included it in their list of preferences which had no special value. Purely Indian export is very small, and consists of a few superior varieties of rice for which the lower rate of preference will be adequate. At any rate it is clearly not possible to maintain that a preference of no value and then to regard a very slight reduction in it as a serious grievance.

Against this we have to put the acquisition of a number of new scheduled preferences. Under the existing agreement, by virtue of the free entry clause, India has been enjoying certain preferences which were not guaranteed to her by the Ottawa Agreement, and which were therefore liable to be withdrawn without notice. Some of these have proved of great value to India and their transfer to the schedule of guaranteed preferences has now been secured. One of these is chrome leather, with which I have already dealt. The other important ones are bones, grain, and goat skins (raw). The most important by far is goat skins. I notice one of the Honourable Members opposite giving a little extra curl to his aristocratic nostrils, and I must apologise for bringing so unsavoury and unhandsome a subject as goat skins "between the wind and his nobility". But goat skins are a subject of very great importance to a large section of the people of this country, and a guaranteed preference of 10 per cent. *ad valorem* is likely to prove extremely valuable. The United Kingdom is taking a larger and larger share of Indian goat skins, and in the last two years the value of this has gone up from 71 lakhs to 95 lakhs.

Now, Sir, I want to say just a few words on the subject of insurance value. There are 27 crores of Indian exports on which the unofficial advisers have said that the preferences have merely an insurance value. These include such important things as tea, hides and skins and groundnuts. Now, to be fair to the unofficial advisers we must remember that, in the early stages of a negotiation such as this, each side is likely to minimise the value of the concessions it hopes to gain or retain, and to exaggerate the value of those that it thinks it may have to give up. That is a very natural attitude, and I do not think it would be fair to the advisers to say that because they did not lay a great deal of stress on the value of these preferences therefore they attached very little importance to them. "Men are much more influenced by the hope of gain than by

the fear of loss, because loss is never expected until it is very apparent, while gain, although it be far distant, is always hoped for"—these are words of a political philosopher of the 14th century. So I do not myself believe that the unofficial advisers attached no importance to insurance. They pointed out that India's main competitors in these articles were empire countries which enjoyed the same preferences. But to lose these preferences while other Empire countries retained them would have been a most serious matter for India, and that has been fully realised both by Government and by all of Government's advisers. I may refer particularly to one item which they say has insurance value and that is trade in tanned skins. I have before me a letter from one of the largest Muhammadan dealers from Madras written to Sir Purshotamdas Thakurdas. He says in that, speaking of tanned skins:

"Under these circumstances the smallest burden on tanned skins and hides in Great Britain will prove a knock-out blow to the industry, and such a contingency is simply unthinkable."

That trade alone is one which amounts to 3 crores of rupees per annum.

Well, Sir, I have not attempted to deal with the whole agreement, and I have had the comparatively easy task of dealing with what I admit is one of its most favourable features. But I am now going, in the few moments that are left to me,—to make what I think is a fair summary of the problem with which the House has to deal:

Firstly, in the matter of preferences granted to India we have retained practically all the advantages which we had under the old agreement.

Secondly, we have secured valuable additional guaranteed preferences which were not secured to us under the old agreement.

Thirdly, we are getting these advantages at a greatly reduced price, paying in preferences to the United Kingdom less than half of what we paid under the old agreement.

Fourthly, we have in addition secured valuable guarantees for our cotton-growers at a time when, apart from this agreement, the outlook before them is very dark indeed.

And fifthly, in return for all these solid advantages we are asking the cotton industry to make some small sacrifices in order to improve the position of British piece-goods in Indian markets.

Sir, we do not pretend that this is not a sacrifice, but we do maintain that it is not an unreasonable one to ask from the cotton industry in the interest of India as a whole. This point you will find admirably set out in Sir Edward Benthall's minute of October, 1937, which deserves the very careful study of this House.

And I would remind Honourable Members that the whole body of the advisers have in their first report stated categorically that in their view a trade agreement should be concluded between India and the United Kingdom. It has been known throughout that this would be impossible without some adjustment of the present position in favour of Lancashire. To refuse to make such an adjustment, and also to demand that the United Kingdom preferences should be reduced to the impossible figure of 3 crores, is virtually to go back on that statement and to render any agreement whatever impossible.

[Mr. H. Dow.]

The philosopher Hobbes has said that "when men have once acquiesced in untrue opinions and registered them as authenticated records in their minds, it is no less impossible to speak intelligibly to such people than to write legibly upon a paper that had already been scribbled over". I am well aware that in addressing the gentlemen opposite through you, Sir, I am not writing on a clean sheet of paper, and that their minds have been fairly well scribbled over already. But I am not entirely without hope that I may have been able to make very large and legible marks in spite of that disadvantage. I should not like to think that the impetuosity of any Member of this House is so marmoreal that it has taken no impression from the array of facts and arguments which have been brought forward by the Honourable the Commerce Member and other speakers. It should be now quite clear that on the whole this agreement as a whole is very much in favour of India. Is it too much to expect, Sir, that an industry, whose greatness and prosperity has been largely built up on the sacrifices willingly made by India's poor cultivators, should now be prepared to make some small abatement of its own claims in the larger interests of those masses of their fellow-citizens, on whose well-being their own prosperity must ultimately depend?

Sir Abdul Halim Ghuznavi: Sir, at this fog-end of the day, after hearing so many speakers on this Agreement, it is difficult for me to bring forward fresh arguments, either in favour of, or against, this Agreement. Taking this Agreement as a whole, it will be found that it is really to the advantage of India. I will take one of the few items.

Take, for instance, jute. India is an agricultural country, and we must look to the interests of the agriculturists first and then to the interests of the Bombay and Ahmedabad industrialists who supply the sinews of war to my Honourable friends sitting on my right to put up a battle against the Muslim League and my Leader and the Government. I see the Deputy Leader of the Congress Party shaking his head in this way. I shake it the other way. Therefore, if anything touches the millowners' pockets, the Congress is ready to fight whether otherwise it helps India or not. The millowners must be protected as their protection means the protection of my friends here. Take the question of jute. My friend, Seth Govind Das, says: "Oh, jute is a monopoly of India. It must be taken by the United Kingdom, and so on". His colossal ignorance of the jute trade makes him say that.

Seth Govind Das: Do you deal in jute?

Sir Abdul Halim Ghuznavi: Yes; that is my big business. . . .

Mr. President (The Honourable Sir Abdur Rahim): Honourable Members must not carry on conversation like that.

Sir Abdul Halim Ghuznavi: Where is it grown? In Bengal. What is the population of Bengal? Muslims much more than Hindus. How does it benefit the growers? Because of the concession of free entry. How? Because it gives a higher price to the growers of jute. . . .

Mr. Suryya Kumar Som (Dacca Division: Non-Muhammadan Rural): Never: 2½ to 3½.

Mr. Abdul Halim Ghuznavi: Take this concrete instance. If there was no free entry, the price would not go up. . . .

Seth Govind Das: It has not in spite of free entry.

Mr. President (The Honourable Sir Abdur Rahim): There really ought not to be any interruption. The Honourable Member has a limited time at his disposal, and he must be allowed to make his speech in his own way.

Sir Abdul Halim Ghuznavi: If prices do not go up, it does not help the growers. My Honourable friend, Seth Govind Das, forgot that there is Dundee, and Dundee does not want this concession to be given to India, repeating day in and day out that the Indian jute mills are killing their trade in Dundee. As a matter of fact, because of the preference which jute gets, Dundee cannot compete with the prices at which Indian mills sell. How does it go to the growers? If the Indian jute mill produces more hessian, sacking and cloth bags, if they can sell it at a competitive price which Dundee cannot do, it helps the growers by setting up a larger demand for raw jute and thus a better price. I, therefore, welcome this concession. It is a very big concession.

Then, take hides and skins. What was the position ten years ago? Hide merchants were going to bankruptcy owing to German competition. It has been saved by this concession that has been given by the Ottawa and the existing preferences.

Take, again, tobacco. What was the position of tobacco? Nothing at all in this country. What has happened today? There is a big amount that the Indian tobacco growers are getting for their tobacco which nobody would have touched ten years ago.

Now, about cotton. Our friends of the Congress say "Oh, it is only five lakhs bales or six lakhs bales as against so many hundred million yards of cloth. That will not do". Why? What have the so-called national industry, the cloth mills of Bombay and Ahmedabad, done? In 1905, when my then Guru, Mr. (afterwards Sir) Surendra Nath Banerjee.

An Honourable Member: Guru?

Sir Abdul Halim Ghuznavi: Yes; he was my political Guru.

An Honourable Member: A bad disciple!

Sir Abdul Halim Ghuznavi: A very good disciple. I then fought the Government by his side. (Interruption.)

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): *Jaisa guru aisa chela!*

An Honourable Member: Who is your present Guru?

Sir Abdul Halim Ghuznavi: You have seen my present Guru and you wait and see what my present Guru will do for you. Have a little patience and give him a little time; it will soon be shown what sort of Guru I have got now.

[Sir Abdul Halim Ghuznavi.]

As I was saying, Sir, what have the mills done? Cotton is grown in India. They buy cotton here cheap and still they cannot compete with the foreign cloth. Japan buys the cotton from this country, takes it to Japan and brings back the finished goods into this country and sells it below the local price, and then, my millowner friends come before us with a beggar's bowl saying "Give us protection, give us protection". Protection at whose cost? At the cost of the consumers. How many crores of money have we given to the millowners of Bombay, because they said it was a national industry! Because they supply the Congress with the sinews of war, that is the reason why the Congress has a soft heart for the Bombay and Ahmedabad millowners. Nothing short of that. Take away that supply tomorrow, and I would like to see how many Honourable Members sitting on those benches will come before us and say "You must not do this, and you must not do that, because the mills will suffer".

Mr. K. Santhanam: Does Lancashire supply you with the sinews of war?

Sir Abdul Halim Ghuznavi: Cut off that concession, and the profits dwindle. My friend, Sardar Sant Singh, is not here. He said "What is this 30 lakhs that the Indian growers of cotton will get as against the crores that the other party will get!" Funny mathematics: peculiar mathematics, and peculiar arithmetic. I am myself very weak in mathematics. Anyhow, I could not follow his mathematics. . . .

Sir H. P. Mody: Logic was not your strong subject either!

Sir Abdul Halim Ghuznavi: All the objections levelled against the Agreement have been directed not against the other provisions but against cotton: they do not agree as regards cotton and piece-goods. Cotton must be shown some concession, because crocodile tears are shed for the cotton growers! What have these mills done? Honourable Members are not aware of the whole story. By combines they have reduced the price of cotton. See, what is the prevailing rate today of cotton as compared with the rate last year. The price of cotton has gone down to Rs. 145 from Rs. 250 or Rs. 300 last year. These millowners don't want that the growers should make money, because, if the prices of cotton go up, the millowners cannot make those huge profits which largely go into the pockets of the managing agents,—thanks to this House,—that has been stopped in future. Now, Sir, if this Agreement goes through, tomorrow the prices of cotton will jump up, and the growers will benefit. . . .

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): Have you learnt nothing from Sir Bryce Burt?

Sir Abdul Halim Ghuznavi: Sir Bryce Burt has said all that. He said something about American conditions, but that is not so exactly. That may be so according to their Administration Report. But if this Agreement goes through today, the cotton prices will shoot up tomorrow, because this Agreement, so far as the cotton purchase is concerned, begins from the 1st of January of this year. There are only nine months left, and they will have to take the whole of the five lakhs within the next nine months. Surely, that indicates that the prices of cotton must go up, and that will benefit the growers.

Now, Sir, a question was asked—what is the guarantee that they would take five lakhs bales this year and 5½ lakhs bales next year, a mere statement will not do: To this, I say, Sir, it is a gentleman's agreement. . . .

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Oh, oh.

Sir Abdul Halim Ghuznavi: Sir, my friend, Sir Cowasji Jehangir, says "Oh, oh" before listening to my next sentence. I say, it is a gentleman's contract first. It is not a contract with Hitler. Supposing they do not carry out their part of the contract, then give them six months' notice and terminate the agreement then and there. . . .

An Honourable Member: Wait for three years.

Sir Abdul Halim Ghuznavi: No, no, the agreement provides for the termination within three years.

Sir Cowasji Jehangir: Have you read the agreement?

Sir Abdul Halim Ghuznavi: I am sorry, I am wrong there. I was under the impression that it could be terminated within three years.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can correct it afterwards.

Sir Cowasji Jehangir: At the end of 2½ years, the notice may be given.

Sir Abdul Halim Ghuznavi: I withdraw that statement. I was under the impression that we could give six months notice. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

Sir H. P. Mody: And on the subject!

Sir Abdul Halim Ghuznavi: Some undertaking may be got from the Honourable the Commerce Member that if they do not carry out their part of the Agreement, he will see that this Agreement is terminated before three years.

Now, Sir, I will conclude by making one more observation with regard to the so-called national industry, the textile industry of Bombay. It was the late Sir Surendra Nath Banerjea who first started the Swadeshi movement in Bengal in the year 1905, and whatever measures he adopted then, are being copied by Mahatma Gandhi today. ("Oh, oh," from the Congress Party Benches.) There is nothing new. Encouragement of Swadeshi goods, boycott of British goods,—all that had been done by

[Sir Abdul Halim Ghuznavi.]

us in Bengal,—and Mahatma Gandhi today is simply following what we did years ago. Sir, when the late Sir Surendra Nath Banerjea started the Swadeshi Movement and boycotted the foreign goods, I was one of his followers. We then gave up use of foreign cloth, we started a Swadeshi Stores and lost tons of money in the enterprise, because the national industry of Bombay provided us with goods, as we had discarded the use of foreign stuff. But, do you know what they did then? They bought all the Manchester and Japanese goods, tore off one yard of cloth and put a stamp on every piece of cloth as "Made in India" and sold it at four times the price. That was their national spirit to help the Swadeshi movement.....

Mr. S. Satyamurti: Can you prove it?

Sir Abdul Halim Ghuznavi: Yes, most certainly. I am prepared to give you evidence of it. I was a sufferer. What else did they do then? Now, these contracts for foreign goods used to be made in the name of their managing agents, and they used to make profits, and so these people used to import cloth, cut off a yard from every piece, stamp it with the mark "Made in India", and quietly pass it on to Bengal, because then we were Swadeshi minded. Sir, a yard of cloth used to be sold at Rs. 1-8-0. I have repeated it several times before in this House. I have got records still, and I can produce them if necessary.

Mr. M. S. Aney: You sold it from your Stores?

Sir Abdul Halim Ghuznavi: Because they supplied it to us as Swadeshi. The fraud was committed by them in the first instance, and not by us, we were only sellers of goods, and we are called upon today to protect the interests of these millowners.....

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Sir Abdul Halim Ghuznavi: One more minute, Sir.

Mr. President (The Honourable Sir Abdur Rahim): No.

Mr. Manu Subedar: Mr. President, my Honourable friend, Mr. Dow, gave more than one sign of his having been translated from the other place to this House. He spoke as if he was in the upper regions quoting a 14th century philosopher and then came out with the question of paper and ink. If the Treasury Benches had clean hands in this matter, we would know where we are, but it is no use fulminating, as the Honourable Mr. Dow did when he spoke. Sir, when I read some of the speeches of the Honourable Sir Muhammad Zafrullah Khan at the Round Table Conference, I knew that he was possessed both of patriotism and very great critical faculty, which he used to scrutinise British proposals from Indian stand point. As a non-official I know that he still possesses these virtues, but as I have to differ from him I hope he will not misunderstand me. When I ask myself whether the very able speech which he made—an advocate's speech, an able advocate defending a very bad case—whether

that was his personal conviction or whether that is the best of an official case, I know it is difficult for him to say anything to us in reply, it is difficult for us to know. This must remain a permanent secret.

The Honourable Sir Muhammad Zafrullah Khan: I shall give you a reply on the point.

Mr. Manu Subedar: But what I would like to know is this. When three new Members were admitted for presumably this occasion, new official Members were admitted, I would like to know why some of the non-officials who had made their reports were not called. Why were they not nominated here so that they could say what they had to say in defence of the case which they made in the name of India and for India? I would like to know why they had been gagged so far, and whether that gag has been removed. Out of 14 reports, three attenuated ones have been put forward with plenty of corrections and censorship. What is all this secret which you are trying to conceal from us and in which you are not giving a fair opportunity to those non-official advisers of your own selection and nomination to place their case? We have heard much of the official case, and of those who feebly echo like my Honourable friend, Sir Abdul Halim Ghuznavi, and Dr. Sir Ziauddin, everything which the officials put forward from the front Benches. We have heard all this. Why, may I ask, is not India's case put forward by the non-officials, or has not been allowed to be put forward here?

Dr. Sir Ziauddin Ahmad: I have no master. Your master is the Federation.

Mr. Manu Subedar: These non-officials further have not been told by Government after they had made up their mind to come here. No doubt, a courtesy acknowledgment has been made by the Honourable Sir Zafrullah Khan, but why were they not called by Government for a consultation before this matter was put before this House? Why were they not, after such a consultation, given an opportunity of saying what they had to say, and why have they been repudiated completely? These are conscientious men. They served to the best of their lights, they gave much of their time to the subject, and they said with regard to some of these matters—words of earnest men. They said:

"We now recommend to the Government that nothing should induce them to go beyond this limit which we set as the furthest limit to which India can go."

These were not words spoken lightly by them. In further reports they have equally made it clear that after close calculation they are not satisfied that the terms offered by the United Kingdom were fair and proper terms. May I know why we have not been told what was the maximum demand of Lancashire, to what extent the Honourable the Commerce Member and his advisers went to Europe and negotiated in this country, and to what extent they have succeeded in scaling it down in favour of India. We do not know it. There is the question of comparing like with like. With regard to the United Kingdom, whenever there is a question of reciprocity I always prick my ears and also I look round to find where the catch is. It is not the instinct formed from the negotiations with regard to the Indo-British agreement. This is the instinct formed in this

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country after close association with England historically and having regard to almost every measure which has been taken in this country. We are always told, as Mr. Dow talking in upper regions tried to say, that the monopoly of knowledge and monopoly of the welfare of the masses is always on that side, that nobody on this side, not even my Honourable friend, Sir Abdul Halim Ghuznavi, nobody on this side has anything to do with the Indian masses. It may be possible that those who are receiving thousands of rupees monthly for doing what is considered by them as their life's work may love those from whose interests they are receiving this money, but those of us who live with them or are part of them or are of one being,—those of us must necessarily claim that we know better where the real interests of the masses of this country lie.

Now, with regard to reciprocity. I would say that we had a standard case in the Government of India Act, sections 111 and 113, where we were told that full reciprocal arrangements would prevail. We had a discussion in this House with regard to section 49 of the double income-tax relief, where we gave relief to the United Kingdom to the tune of 1½ crores, the United Kingdom gives to us reciprocally on equal terms and on the same basis to the tune of about two lakhs. That is the basis of reciprocity. Therefore, if we look a little more sceptically into what is offered and what is taken, we must not be blamed. We have been told by the Commerce Member that the amount of all preferences has been reduced from 18 crores to 11 crores. May I ask whether he has calculated in this the preference which is given to the textile industry and the steel industry? No. Further, may I point out that preference is more valuable to the United Kingdom than it is to us? There are goods produced in factories and subject to the law of increasing returns. Ours are goods produced in the fields which are subject to the law of diminishing returns. We can transfer the fields to produce something else, but they cannot turn a textile mill in Lancashire to the production of anything else. Therefore, it is no use suggesting to us that we do not understand anything, and that these experts on Government side, having dropped the pilot in the form of the non-official advisers,—that these experts understand fully and they want us to believe that what England gives is more valuable.

My Honourable friend, Mr. Dow, almost wanted us to believe that Lancashire or the United Kingdom was with both hands freely giving things away and we, on this side, representing the people of this country, were so foolish as not to appreciate, not to understand, and not to hold out our hand to accept those generous terms from the United Kingdom. Sir, the boot is on the other leg. India is being made to pay once more as India has been made to pay before.

Then, Sir, on a few manufactured articles going from India to the United Kingdom, I understand that the preference may be real, may be of importance, and something which is comparable with the preference which we offer to them. But with regard to agricultural commodities, it is not so; my Honourable friend, Sir Bryce Burt, spoke for agriculture. He spoke with knowledge of agricultural conditions, yes, but he cannot speak for Indian agriculture. He is a foreigner, he remains a foreigner, and he cannot speak for Indian agriculture as against the popular representatives sitting on this side. Then, Sir, we are told what the supreme

test of this should be India's interest. We have heard the phrase India's interests from the mouth of officialdom today several times. I begin to think whether their conception of India, of economic India, of political India, is the same as our conception. I am sorry I find that it is materially different. It being so, according to them, this country must remain perpetually a market for the United Kingdom. According to them, our industries must remain dwindling, always suffering and begging from Government. According to them, we must continue to produce raw materials and supply them to the United Kingdom. That is not our conception, and if they think that the agreement is in favour of India as they conceive it, they are welcome to this agreement.

Then, Sir, I have heard much with regard to the cotton growers and I must say something which is very relevant to this subject. Sir, I am not disclosing any confidence when I say that a few days ago, the Chairman of the East India Cotton Association and Vice-President of the Cotton Committee came over to me and said that they had made very clear stipulations in their report when giving their advice that the advice was conditioned by consideration of other taxation, that if there were no other taxes placed on those industries then alone they gave that advice. In view of the cotton duty, he said that he was not now prepared to go as far as he was prepared to go at that time, therefore the non-official advice stands completely modified. Then, Sir, with regard to the appeal in the name and on behalf of the cotton growers made by Sir Bryce Burt. May I say—since when has Lancashire been a friend of the Indian cotton grower? Lancashire had opportunity during the last 50 years to take Indian cotton. Was any effort made at any time? Since when has Lancashire become suddenly a friend of the Indian cotton grower? I maintain again that the best friend of the Indian cotton grower is the Indian textile manufacturer. He increased his consumption from one million (Laughter). My friends there may laugh. They have been sent here to laugh us out, so that Lancashire and the United Kingdom may get their purposes. Well, Sir, as I said, the Indian textile manufacturer was taking one million bales. He has increased his consumption and in the last year he has actually taken 400,000 bales more than he was taking, reaching a total of three million bales, that is 30 lakhs of bales. Take Japan. Japan is another genuine friend in the sense that she is an important customer of the Indian cotton grower. Having stipulated for a million, Japan went up to a million and a half. I do not understand the logic that by weakening the most important customer of the Indian cotton grower you can increase and advance his interests. I do not understand the logic which seeks to say that bale purchased by the United Kingdom gives very much more valuable custom than a bale purchased by somebody else. To the Indian cotton grower it is the same thing whether the bale is purchased in one quarter or in another quarter. The surest and the most valuable support to him is the Indian textile manufacturer and the handloom worker of this country.

Then, Sir, with regard to textiles, we were told many things which it is impossible to deal with in the limited time at my disposal but I will say this that on account of the duty on machinery, on stores, on dye stuffs and various other items and on account of the increased costs in respect of capital equipment and some stores, if you were trying to put the Indian textile industry right on a par with industry either in Japan or in Lancashire you would have to make allowance of about eight per cent. That is the

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calculation made by the Indian Tariff Board and I consider it an authoritative calculation. Then we are sacrificing in the deal with Lancashire over this pact. We are sacrificing a very great principle. One is that we have not fixed Lancashire to any quota. That is to say, there is no maximum for Lancashire regarding the amounts of cotton cloth which she sends here. All we can do is to raise the duty to the maximum basic duty which has been allowed.

The Honourable Sir Muhammad Zafrullah Khan: Oh, no. To the extent necessary to bring them down below the maximum.

Mr. Manu Subedar: There is no quota fixed. My point is not so much the privileges as the quota. Lancashire can send in any amount of cotton cloth into this country that it can sell in competition. That is my point. Am I correct?

The Honourable Sir Muhammad Zafrullah Khan: Not beyond the quantities laid down except in one single year after the end of which duties would, if the maximum has been exceeded, be raised by such amount as would bring them down again below the maximum.

Mr. Manu Subedar: You may raise the duty but no quota is fixed—the principle of quota which you have insisted upon in the case of another very important customer—the Indian cotton grower. The other thing is this. On previous occasions United Kingdom was content with a particular range of preferences. That is to say, give us ten per cent. preference, but you can levy any duty you like. Now, Sir, the power and privilege of fixing the standard rate of duty is also taken away from us under this pact. This to my mind is a very serious injury and there are some constitutional aspects to this, to which I should like to draw the attention of the House. You cannot raise the basic duties beyond that provided for, except under conditions which are provided for. In other words, Lancashire now claims that she should have a 35 per cent. preference under the present conditions and this preference may, conceivably, be increased to 37½. As a range of preferences it is considerable but if the British shipping companies reduce their freights or if Lord Nuffield makes a gift of half a million to help Lancashire or if anything else happens under the export credit scheme or any other situation develops in Lancashire itself, then they are enabled to come here to such an extent that even if all of us are convinced that it will prove a very serious and unfair inroad into this market and during the pendency of this agreement, we are tied down to a rate which cannot be increased.

I would deal with only one more point before I close. Sir Edward Benthall has made an appeal in one of his reports. He says that this will be a very good thing for India to give to the United Kingdom as it will be a gesture of goodwill and might bring in its return some other goodwill from the United Kingdom. I do not appreciate the sequence in which he said this. We are all waiting for some gesture of goodwill from the United Kingdom in so many directions. In this House we have been asking, day after day, for so many things. Have we ever received a gesture of goodwill from the other side in respect of legitimate things which we plead in the

interests of this country and its taxpayers? The Honourable the Commerce Member said that if an agreement is worth while with any country, it is worth while with the United Kingdom who is the biggest customer and it is worth while on the terms which have been put in the agreement. I regret I must quote a proverb

"Layne gayae put, kho aye khasum."

I think the position here is like this. I am not sure whether we are not going to lose more than we gain by this and, as my Deputy Leader put it, we should like to make an experiment for a few years when there is no agreement. The preferences, Sir, reduced as they are to twenty articles, are still going to penalise us; they are going to be a burden on the revenues of this country because they are going to reduce the amount of duty and they are going to be a hardship to Indian industry, which is seeking in these directions, to my certain knowledge in several cases, a development, and I say it is not right for this House to do anything knowingly which will destroy this opportunity for the local industry, which will be a burden to the revenues of India and which will prejudice the chances of this country making a reasonable agreement with her other important customers who purchase from her her agricultural produce and what she has got to export to them. Sir, I oppose this motion.

Mr. Muhammad Nauman: Mr. President, the agreement presented before this House for sanction has been subjected to strong criticism from different commercial quarters. Opinions are free gifts of God and as such we cannot make out the reason as to why divergent views some people have taken of this particular matter. I do not desire to read those opinions here. Sir, the Honourable Member, Sir Muhammad Zafrullah Khan, has put the whole case in the most lucid manner and I have no doubt in my mind that the Honourable Member has achieved great success in making His Majesty's Government agree to what he thought was the best in the circumstances. It is certainly true. Sir, that in negotiating an agreement we have to stick to the policy of "give and take". However much we may desire to have everything to ourselves, that is not possible. The whole question now is whether an agreement of this nature is at all necessary for this country and whether it is at all desirable. If we agree that we will be better off by an agreement, then we have to satisfy ourselves with the best possible and practicable terms and should have the satisfaction of saying that we have been able to make the best of the worst. I am making this observation, Sir, absolutely in my personal capacity, as my Party, the Muslim League, has not as yet decided what view we are going to take. Of course I am certain that our votes would be guided by the decision that we may take tomorrow.

Now, I come to the first great criticism of the Opposition that the opinions of the majority of the unofficial advisers has not been accepted. This has been one of the arguments put forward by many of my Honourable friends but I think that this is no argument, as these advisers were not chosen by us but they were nominated by the Government and we have to say that as it is, we can only give them this credit that, so far as the commercial knowledge of those persons is concerned, they have tried to place the case in the manner in which they thought best, but that is no argument for giving that our sanction. So far as my personal feelings are concerned, I am not going to attach any importance to or lay any stress

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on the fact that the unofficial advisers were our representatives and have reported things so valuable that we ought to be guided by their opinions. In this particular connection I have some grievance with the Government that the personnel of the advisers did not include Muslim representation as much as it should have. The Muslim Chambers of Commerce, including that of Calcutta, was not consulted and other Muslim commercial bodies were equally not consulted. This is, of course, my personal feeling and my personal view; I may be wrong but the Honourable Member will no doubt tell us how and why this happened. Now let us see the implications of this agreement, whether we have got any substantial advantages out of it, or whether it will expand our trade, apart from normal trading factors.

Sir, whether we have an agreement or not, England has to buy some commodities from us. England and India were trading together without any agreement, whatsoever, and so the position we have got to examine is this,—what advantage are we going to have by this agreement, and whether we would be able to expand our export trade more than what in the normal course of things we would have done. Sir, England as a manufacturing country has to buy raw materials from some country. Whether she is buying from India at a certain disadvantage, at a certain sacrifice or not, and whether she can get the same raw materials or the same quality of commodities at a cheaper and better rate elsewhere—that is the point. Sir, it has been stressed that particularly for goat skins we have been given some advantage. The trade has increased from Rs. 71 lakhs to Rs. 91 lakhs. I do not know whether His Majesty's Government have done any favour to us in that matter. Have they made any sacrifice? Were any quotations coming from Madagascar or Australia or from any other part of the Dominions or other raw material producing countries cheaper than from India? The point is whether that increase is a commercial factor only, because they wanted a certain amount of goat skin and they got that from India and they paid for them. We got ten per cent. preference or free entry, by which I mean about ten per cent. preference. But what has been the substantial position? The position in substance has been that the buyers in France and Germany are buying from England. It is not England which is consuming these goods worth Rs. 91 lakhs for "Home consumption". Can the Government convince us on that?

An Honourable Member: Why are they not buying direct?

Mr. Muhammad Nauman: Because Germany has got different rates of exchange, it has fixed a certain quota, and has got certain advantages from English banks which we cannot offer them from India. Sir, for these reasons Great Britain is buying stocks from India and storing them in English warehouses and are selling them to Germany, France and other countries, with the result that our trade with Germany, France and few other countries has deteriorated. Now I shall be glad to know whether some favour has been shown to us and whether any sacrifice has been made by England. If she has done that, then I am for them. Then comes the question of carpets. Mr. Dow, the Honourable the Secretary for Commerce, has just explained that carpets from India have free entry and he has said that Indian carpets work out at an average rate of eight shillings per square yard whereas Persian carpets and Turkish carpets work out at

nineteen shillings per square yard, but he has not quoted the rates of the carpets manufactured in England. I mean X-minister carpets—whether we have got any preference in competing with carpets manufactured in England. An *ad valorem* duty of course gives some preference as compared with Persian and Turkish carpets but do Honourable Members realise that there is a difference between the qualities of the Persian and Turkish carpets and of Indian carpets? Indian carpets have been sold at less than one-tenth of the value that is being paid for the same size of English make. For illustration, I may say that Persian carpets are worth twenty pounds and Indian carpets of the same size would be worth three or four guineas. So, the advantage of fifty or 150 per cent. is not on account of certain preferences being given to them—advantage may be attributed to a certain extent but not at all wholly for this reason. Sir, a lot of things has been said about cotton. Honourable Members have given their views. So far as cotton goes, that has not been my line but I would just offer a few remarks as to what I felt from the arguments which have been advanced on the floor of the House.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member may continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 28th March, 1939.

LEGISLATIVE ASSEMBLY.

Tuesday, 28th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

GRANT OF RAILWAY CONCESSIONS TO MANIPURIS TRAVELLING TO NAVADWIP AND MUTTRA.

1322. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) whether any concessions in fares or otherwise are granted to pilgrims travelling to Navadwip (Bengal) by the Eastern Bengal Railway or the Assam Bengal Railway or the connecting steamer companies; if so, what;
- (b) whether any such concessions or more are particularly granted to Manipuris (i) of Manipur State or (ii) of British India; if so, what;
- (c) if the reply to part (b) be in the negative whether the Government propose to move in the matter of granting special concession fares to Manipuris, for travel to and from Navadwip and Brindaban (Muttra District);
- (d) whether the East Indian Railway authorities have received any representation from the all-Manipuri Mahasava of Imphal in pursuance of the resolution of the Mahasava passed at the fourth session; and
- (e) whether Government have considered the financial aspect, in that the concession may be advantageous to the Railway in view of the general desire of Manipuris to visit Navadwip and Brindaban whenever means permit?

The Honourable Sir Thomas Stewart: (a) Yes. The Eastern Bengal and Assam Bengal Railways issue third class return tickets available for 30 days at a special lump sum rate of Rs. 13 against the ordinary return fare of Rs. 18/12/-. Government understand that the Steamer Companies also allowed concessions for distances of 50 miles and over from Eastern Bengal Railway riverine junctions. for the last 'Churamani Jog' festival.

(b) No. The concessions are available to all passengers.

(c) and (e). It is understood that Railways concerned are already considering the introduction of third class round tour concession tickets which will include Muttra in the itinerary.

(d) No.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member aware that the East Indian Railway has received a copy of a resolution passed by the Manipuri Association of Imphal.

The Honourable Sir Thomas Stewart: I am not so aware.

MANUFACTURERS SUPPLYING FANS TO STATE RAILWAYS.

1323. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) the names of the manufacturers who supply fans for the carriages and buildings of the State Railways;
- (b) the amounts paid to the above manufacturers in the year 1937-38 for supply, fittings and repair works of fans and fan installations;
- (c) of the above, how many are Indians in the ordinary sense of the word;
- (d) whether henceforward tenders will not be called for from the Indian manufacturers in Calcutta or elsewhere; and
- (e) whether he is aware that Indian-made fans are much cheaper in price than the imported thing, quality for quality?

The Honourable Sir Thomas Stewart: (a) and (b). I lay a statement on the table showing the names of manufacturers and the amounts paid to each during the year 1937-38 on behalf of State-managed Railways.

(c) The statement which I have laid on the table also shows whether the manufacturers' concerned are registered in India or abroad.

(d) Since the introduction of the rupee tender system, tenders for State-managed Railways requirements of fans and fan fittings have been invited in India.

(e) The Honourable Member's statement is contrary to the experience of the Indian Stores Department which is interested in the purchase of fans and fan fittings for State-managed Railways.

Statement.

Name of Manufacturers.	Whether registered in India or abroad.	Value of orders placed during 1937-38.
Messrs.		Rs.
1. India Electric Works Limited Calcutta	India	38,782
2. Modal Industries, Dayalbagh, Agra	Do.	1,467
3. The General Electric Company Limited, England	Abroad	81,228
4. Kingston Engineering Company Limited, England	Do.	93
5. Verity's Limited, England	Do.	17,322
6. Marelli, Limited, Italy	Do.	689
7. Crompton Parkinson Limited, England	Do.	651
8. Siemens Schuckertwerke, Germany	Do.	799
9. Ravo Electric Company, Limited, England	Do.	93
10. Mitsubishi Benki Kaisha, Japan	Do.	734
11. J. Stone and Company Limited, England	Do.	24,755
12. Patent Lighting Company Limited, England	Do.	14,607
13. B. M. Singh and Son, Calcutta, for fittings only (e.g. regulators, resistances, etc.)	India	700
Total		1,81,920
Total Indian		40,949

Mr. Brojendra Narayan Chaudhury: Have any Indian firms responded to the tender?

The Honourable Sir Thomas Stewart: Sir, if the Honourable Member will refer to the statement I have laid on the table, he will find out to what extent there has been a response from Indian manufacturers.

Mr. K. Santhanam: Are we to understand that all the fans are purchased through the Indian Stores Department?

The Honourable Sir Thomas Stewart: That is my impression at present.

MANUFACTURE OF LOCOMOTIVES IN RAILWAY WORKSHOPS.

1324. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) whether the State Railways have or propose to put order for locomotives with the Ajmer workshop, Bombay, Baroda and Central India Railway;
- (b) whether the possibilities and advantages of Asansol as the site of a central workshop for State Railways' locomotive building have been or are proposed to be considered; and
- (c) whether the attention of Government has been drawn to the letter from Mr. V. S. Dubey, Professor of Geology, Hindu University, in the *Hindustan Times* of 23rd February?

The Honourable Sir Thomas Stewart: (a) The Honourable Member is referred to paragraph 12 of the speech of the Honourable Sir Guthrie Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1939-40 in the Council of State.

(b) These and other relevant considerations have been taken into account.

(c) Yes.

Mr. Lalchand Navalrai: May I know, with regard to clause (a) of the question, whether the Ajmer workshops have ever been asked by the State Railways to prepare these locomotives?

The Honourable Sir Thomas Stewart: Yes, Sir. Metre gauge locomotives have been assembled at the Ajmer works.

Mr. Brojendra Narayan Chaudhury: May I ask if Government have particularly taken into consideration the point raised by Mr. Dubey to have a Central Workshop for the manufacture of locomotives at Asansol?

The Honourable Sir Thomas Stewart: That deduction may be drawn from my answer to part (b) of the question.

WORKING HOURS OF GUARDS BETWEEN CERTAIN STATIONS ON THE ASSAM BENGAL RAILWAY.

1325. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) whether since the opening of the George Bridge, the number of trains between Akhaera Junction and Mymensingh, Assam Bengal Railway has increased;

- (b) whether the number of guards have been correspondingly increased since;
- (c) whether fourteen guards are now required to run fourteen trains;
- (d) whether some guards in this section have to work at a stress working 13 to 14½ hours; and
- (e) whether the maximum hours are fixed by the Railway Board as safety precaution?

The Honourable Sir Thomas Stewart: (a) Yes;

(b) No.

(c) Fourteen guards work eighteen trains.

(d) This may happen occasionally when trains run late.

(e) The maximum hours of work are regulated by the Hours of Employment Regulations on some railways and for certain categories of staff, which does not include running staff, in order to ameliorate their general conditions of service.

Mr. Brojendra Narayan Chaudhury: May I know whether it is a fact that ordinarily only one guard travels with train No. 5, 61 Up, from Akhaera Junction to Mymensingh, beginning at 4 A.M. and finishing at 6-30 P.M., thereby taking 14½ hours?

The Honourable Sir Thomas Stewart: If the Honourable Member had been good enough to give me these details when he put the question on the notice paper, I should have been much better equipped to answer him.

Mr. Brojendra Narayan Chaudhury: May I ask, with reference to part (d) of the question, whether it is not a fact that guards are required to work for more than 13 hours without collection any information whatsoever?

The Honourable Sir Thomas Stewart: I have said that the running staff on railways are not subject to the Hours of Employment Regulations because it is quite impossible to work trains if the running staff are subject to these Regulations.

Mr. S. Satyamurti: Have Government examined, or will they examine the number of maximum hours which guards are called upon to work, from the point of view of the safety of the running trains and the passengers therein, and have they fixed some limit bearing in mind all these relevant considerations?

The Honourable Sir Thomas Stewart: That is a consideration, Sir, that, I think, is always present in the minds of the Railway Administrations.

Mr. S. Satyamurti: Will Government find out in view of this question the actual number of hours which guards are called upon to work, and see that the maximum is not exceeded beyond the safety limits, and then examine the whole question and fix some maximum time-limit in the interests of the safety of passengers?

The Honourable Sir Thomas Stewart: This subject has been examined and I would refer the Honourable Member to a Memorandum that was presented by the Railway Board to the Royal Commission on Labour.

Mr. K. Santhanam: May I ask if there is a limit of the maximum hours per week for this staff?

The Honourable Sir Thomas Stewart: I know there is no maximum prescribed though it is the endeavour of the Railway Administrations, as far as possible, to work within the limits set down in the Hours of Employment Regulations. If the Honourable Member will refer to the Memorandum I have just mentioned, he will see that the Railway Administrations have done so with a very considerable amount of success.

Mr. K. Santhanam: Has the Railway Board not examined this question after the issue of that Memorandum which is four or five years old?

The Honourable Sir Thomas Stewart: No, Sir. The circumstances in no way have altered the situation.

Mr. T. S. Avinashilingam Chettiar: Will the Honourable Member collect the information in which the hours of work for guards have actually exceeded the hours of work prescribed in the Hours of Employment Regulations?

The Honourable Sir Thomas Stewart: I am not prepared to undertake an investigation in regard to every individual guard or engine driver in India.

Mr. T. S. Avinashilingam Chettiar: The Honourable Member may not investigate into every individual case but he can ask the various Railway Administrations about it?

The Honourable Sir Thomas Stewart: This information was collected and the Honourable Member will get it if he refers to the Memorandum that I have mentioned.

WORKING HOURS OF CERTAIN LABOURERS ON THE ASSAM-BENGAL RAILWAY.

1326. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state:

- (a) whether, since the introduction of the interlocking system, the superior grade shunting employees have been withdrawn from Badarpore, Assam-Bengal Railway, and less number of employees of inferior grade have been placed therein;
- (b) whether, on account of the insufficiency of the lines, these employees have to work regularly for twelve hours; and
- (c) what Government propose to do to shorten the hours of the labourers in the interest of labour welfare, as well as safety of those who happen to be in the Railway premises?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) No.

(c) The question of extending the Hours of Employment Regulations to certain other Railways including the Assam Bengal Railway is under consideration.

NOTES REGARDING ACCIDENTS AND SABOTAGE ON THE EAST INDIAN RAILWAY.

†1327. ***Mr. Brojendra Narayan Chaudhury**: Will the Honourable the Railway Member please state :

- (a) whether the Chief Manager, East Indian Railway, has sent any notes to the Editor, *Illustrated Weekly of India*, Bombay, regarding accidents and sabotage on the East Indian Railway;
- (b) whether he will place on the table a copy of those notes; and
- (c) whether these notes contain the following view of the Chief Manager :

"in view of the history of sabotage and bomb outrages at other places and times it is almost inconceivable to think that these outrages are the work of any but pronounced revolutionaries whose sole idea is to embarrass ordered Government"?

The Honourable Sir Thomas Stewart: (a), (b) and (c). Any notes or any correspondence which may have been interchanged between the General Manager of the East Indian Railway and the Editor of the *Illustrated Weekly of India* must be considered as private communications. If or when an article by the General Manager of the East Indian Railway should appear in the *Illustrated Weekly of India*, I shall be prepared to answer the Honourable Member's question.

REPUDIATION BY THE BRITISH GOVERNMENT OF ITS WAR TIME OBLIGATIONS UNDER THE GENERAL ACT FOR THE PACIFIC SETTLEMENT OF INTERNATIONAL DISPUTES.

1328. ***Mr. S. Satyamurti** : Will the Foreign Secretary please state :

- (a) whether the attention of Government has been drawn to the announcement that the British Government informed the League of Nations that it cannot in future undertake to be bound in war time by the General Act for the pacific settlement of International disputes as decided on the 26th February, 1938;
- (b) whether the Government of India were consulted in the matter; if so, what was the opinion expressed by the Government of India to the British Government;
- (c) whether Lord Zetland also sent a communication to the League; and
- (d) whether Lord Zetland wrote as the Secretary of State for India with the concurrence of the Government of India; if so, the reasons why the Government of India have taken this step?

Sir Aubrey Metcalfe: (a) Yes.

(b), (c) and (d). Yes. I place on the table of the House a copy of a letter from the India Office to the Secretary-General, League of Nations.

†Answer to this question laid on the table, the questioner having exhausted his quota.

No. E. and O. 1126/39, dated the 13th February, 1939, which was based on the opinion expressed by the Government of India. Government apprehended that continued adherence to the General Act in time of war would be calculated to hamper activities essential to the successful prosecution of the war.

Copy of letter No. E. & O. 1126/39, dated the 13th February, 1939, from the India Office, London, to the Secretary-General, League of Nations, Geneva.

I am directed by the Secretary of State for India to inform you that he has had under consideration in consultation with the Government of India, and in communication with His Majesty's Government in the United Kingdom, the fact that under Article 45(1) and (2) of the General Act for the Pacific Settlement of International Disputes drawn up at Geneva on 26th September, 1928, the next period of five years for which the Act runs, in the absence of denunciation, commences on 16th August next.

In agreement with the conclusion of His Majesty's Government in the United Kingdom communicated to you in the letter from the Foreign Office of today's date, the Government of India have decided that in the unhappy event of India finding herself at war, at any time in the future, they could not continue to be bound by the Act as regards disputes arising in such conditions.

I am, therefore, directed to notify you, in accordance with the provisions of Article 45(4) and Article 39 of the General Act, that India will continue, after the 16th August 1939, to participate in the General Act for the Pacific Settlement of International Disputes subject to the reservation that, as from that date, the participation of India will not, should she unfortunately find herself involved in hostilities, cover disputes arising out of events occurring during the war. This reservation applies also to the procedure of conciliation.

I am to add that the participation of India in the General Act after the 16th August, 1939, will continue, as heretofore, to be subject to the reservations set forth in the Instrument of Accession in respect of India.

Mr. S. Satyamurti: Since I sent this question, I have seen Hitler's "achievement", and I won't put supplementary questions.

CITY BOOKING OFFICE AT SUKKUR.

†1329. ***Mian Ghulam Kadir Muhammad Shahban**: (a) Will the Honourable Members for Railways be pleased to state when the City Booking Agency was opened at Sukkur?

(b) Will the Honourable Member be pleased to lay on the table of the House a copy of the agreement executed with the contractor of the City Booking office at Sukkur?

(c) What subsidiary and other charges per maund does the contractor get from the Railway Administration for booking goods for the railway from his City Agency office?

(d) What is the average amount of maundage of goods booked from the Agency Goods Booking office?

(e) Has the contractor fulfilled the hopes of the Administration to arrest traffic formerly moving by boats and country carts to be transported now by rail? If so, will the Honourable Member be pleased to lay on the table a short statement of the success achieved by the contractor in this direction?

The Honourable Sir Thomas Stewart: (a) With effect from the 1st July, 1936.

(b) A copy of the agreement is laid on the table of the House.

†Answer to this question laid on the table, the questioner being absent.

(c) Eight pies per maund for goods carted by him. This amount is recovered from the consignor or consignee as the case may be, in addition to the usual railway freight.

(d) The average is 2,451 maunds per mensem.

(e) I have called for the information and a statement will be laid on the table of the House when received.

Memorandum of an Agreement, made this 30th day of March, 1937, between the Secretary of State for India in Council (hereinafter called the Secretary of State) and Messrs. Diwan Asa Ram and Moti Ram carrying on business in the name and style of Diwan Asa Ram & Son (hereinafter called the Contractors) in respect of Sukkur and Shikarpur City booking agencies of the North Western Railway.

Whereas the Secretary of State for India in Council has established at Sukkur and Shikarpur cities booking agencies for the conveyance of parcels and goods of all kinds between the said booking agencies and the Sukkur and Shikarpur railway stations respectively, for the purpose of giving effect to through booking arrangements from the said booking agencies to all stations on the North Western Railway and connected railways and out-agencies with which the said railway has through booking arrangements, and whereas the Contractors have agreed with the Secretary of State to carry and convey the parcels and goods as aforesaid in connection with the said booking agencies upon the terms and conditions hereinafter contained in this Agreement.

Now, therefore, the parties do hereby jointly and severally covenant and agree in the manner following, that is to say:—

Mutual (General) Stipulations.

1. In this Agreement, unless a different intention appears from the subject or context the expression—

- (a) "The Secretary of State for India in Council" includes his successors and assigns;
- (b) "Railway Administration" means the Agent of the North Western Railway and his successors and assigns;
- (c) "Contractors" include the legal representatives of the Contractors;
- (d) "City Booking Agencies" mean the agencies established in Sukkur and Shikarpur cities for the conveyance of goods and parcels between Sukkur and Shikarpur cities and Sukkur Main, Sukkur Bandar and Shikarpur railway stations respectively in either direction, when such goods and parcels are consigned from or to any station on the North Western Railway or other railway or out-agency having through booking arrangements with the North Western Railway.
- (e) "Parcels" means all such articles and small packages and the like, as are ordinarily booked for conveyance by the North Western Railway at parcels rates of freight and are usually carried by mail or other trains carrying passengers of the said railway;
- (f) "Goods" means and includes all articles and packages other than "parcels" as are ordinarily booked for conveyance by the North Western Railway at goods rates of freight and are usually carried in goods vehicles by goods or mixed trains of the said railway.

II. The Contractors shall be deemed to be the agents of the Railway Administration and shall be subject to the legal liabilities of such, as are laid down or defined in the law relating to agents in force in India for the receipt and delivery of all parcels and goods which may be booked between the city booking agencies and the stations on the North Western Railway and all railway lines and out-agencies with which the North Western Railway has or may at any time, have through booking arrangements, and for the conveyance of all such parcels and goods between the city booking agencies and the Sukkur and Shikarpur railway stations in either direction.

III. The Contractors agree to supply a sufficient number of waterproof sheets necessary to protect from rain, etc., all parcels and goods booked to and from the city booking agencies while in transit.

IV. All inward parcels and goods shall be considered to be in the Contractors' possession and in their care and custody and at their risk and responsibility from the moment that such parcels and goods shall have been delivered to and signed for by the Contractors or by a person authorized to act on their behalf or shall have been loaded in motor lorries, carts, ekkas, belonging to or provided by them for the purpose, at the place where carriage by the railway ceases. All outward parcels and goods shall be considered to remain and be in the Contractors' possession and in their care and custody and at their risk and responsibility, until the same shall have been received and signed for by a railway clerk, for the time being in the service of the Railway Administration at the railway station at which such parcels and goods are to be transferred to the North Western Railway for further transit.

V. (1) The Contractors will carry on the business of the city booking agencies in strict accordance with the terms and conditions contained in this Agreement and will forthwith deposit with the Chief Accounts Officer of the North Western Railway, Lahore, the sum of rupees 1,000 as security for the due fulfilment of each and all of the said terms and conditions to be observed by them. The said sum of rupees 1,000 is hereinafter called the "Security deposit".

The Contractors will further deposit with the Chief Accounts Officer of the North Western Railway a sum of Rs. 2,000 as security to cover the average monthly outstandings such as unaccounted for or undelivered consignments. The Chief Accounts Officer, North Western Railway, Lahore, will further be empowered to retain from the current month's dues of the Contractors any sum or sums outstanding over and above an amount equal to the security plus two months' normal cartage charges in any one month.

The amount will be adjusted monthly with reference to the transaction of the month subsequent to that in which the deduction is made.

The Railway Administration shall have full power and authority at all times to apply the whole or any part of the security deposit, and any other money at any time due by him to or held by him for and on behalf of the Contractors in and towards the satisfaction, and discharge of any sums at a time due by the Contractors to the Railway Administration, or of any claims made on, or loss or damage suffered by the Railway Administration in consequence of any default, misconduct, negligence or omission on the part of the Contractors or their servants or other persons acting for or under the authority or with the permission of the Contractors in the conduct of the business of the city booking agencies in accordance with the terms and conditions of this Agreement, or in any matter arising out of or connected with or relating to any such default, misconduct, negligence, or omission as aforesaid.

(2) If the Contractors fail to supply sufficient labour or transport for the due performance of this Agreement, it shall be lawful for the Secretary of State without any notice to, but at the expense of the Contractors to engage all such labour and transport as may in the opinion of the Secretary of State be necessary to carry the traffic offering. All such expenses incurred by the Secretary of State shall be paid by the Contractors to the Railway Administration on demand and if not so paid the Secretary of State may deduct the said amount from any money for the time being owing by the Secretary of State to the Contractors.

(3) In the event of any portion of the security deposit being so applied by the Railway Administration during the continuance of this Agreement, the Contractors shall, on being informed by the Railway Administration of the amount so applied, forthwith deposit with the Chief Accounts Officer of the North Western Railway, Lahore, a sum equal to the amount so applied as to keep up the amount of the security deposit to the full sum of rupees 1,000 and failing this, the Railway Administration may make up the amount of the security deposit accordingly from any sum thereafter accruing due to the Contractors.

(4) Upon the expiry of six months next after the date on which this Agreement is in any manner determined, the Contractors shall be entitled to the refund of the security deposit, or portion thereof then standing to their credit, after fully discharging and satisfying all sums (if any), due to the Railway Administration from the Contractors under this Agreement, including claims for which the Railway Administration may be liable on account of the Contractors and all losses suffered and expenses incurred by the Railway Administration in consequence of the default, misconduct, negligence, omission or other wrongful act of the Contractors, their servants or other persons acting on their behalf:

Provided that the Railway Administration shall not be obliged to refund the security deposit or any portion thereof unless and until the Contractors shall first:

deliver to him a certificate in writing certifying that the Contractors have no outstanding claims or demands under or arising out of or in any way connected with or relating to this Agreement, against the Railway Administration.

(5) Nothing contained in this clause shall be deemed in any way to limit or affect any other lawful right, remedy or relief to which the Railway Administration may at any time be entitled under this Agreement, or any law for the time being in force in respect of any breach by the Contractors of any of the terms and conditions of this Agreement, or any criminal or unlawful act of the Contractors, their servants or other persons acting on their behalf or in respect of anything discovered by the Railway Administration after the return of the security deposit or portion thereof; or in respect of any sums due to the Railway Administration by reason that the security deposit and other sums belonging to the Contractors coming into the hands of the Railway Administration are insufficient to satisfy and discharge the entire liability of the Contractors to the Railway Administration.

VI. The books and accounts of the city booking agencies shall at all proper times and places be open to the inspection and audit of the North Western Railway Accounts Establishment in the same manner as is customary in the case of the books and accounts maintained at railway stations on the North Western Railway.

VII. In the event of any loss or damage, however, caused, arising or occurring to or in respect of any parcels and goods or any consignment thereof while in transit under the through booking arrangements of the North Western Railway in connection with the city booking agencies and of the Railway Administration being unable clearly to fix the responsibility for such loss or damage or to specify the precise extent of the liability of the Contractors in respect thereof, then, and in every such case, such loss or damage shall ordinarily be divided between, and borne by the Contractors and the Railway Administration, respectively, in proportion to the freight earned by each from the goods and parcels in respect of which such loss or damage is caused:

Provided that the decision of the Railway Administration as to the extent of the liability of the Contractors for any such loss or damage shall, in every case, be final and conclusive.

VIII. No claim on account of overcharge or undercharge in connection with freight or apportionment of freight and being two annas in the case of parcels and four annas in the case of goods or less in the case of any consignment shall be made by the Contractors against the Railway Administration or by the Railway Administration against the Contractors.

IX. Save as herein otherwise provided, no claim on account of freight or other charges on traffic interchanged between the city booking agencies and the North Western Railway or on account of apportionment thereof, which the Contractors may prefer against the Railway Administration or the Railway Administration may prefer against the Contractors, shall be entertained by the Railway Administration or the Contractors, respectively, unless the same has been made within six months from the end of the week or the month, as the case may be, in which the entry giving rise to such claim has been accounted for in the returns provided to be submitted hereunder:

Provided that in the case of freight charges in connection with consignments in which claims for compensation have been paid or in which refunds have been made to the public (which term shall include government departments) on account of overcharges, and of readjustment of freight charges necessitated by the operation of the rules affecting through booking of traffic as laid down for the time being by the Indian Railway Conference Association, the Contractors shall entertain such claim, as aforesaid, if made by the Railway Administration within 12 months from the end of the week or month as hereinbefore mentioned; provided further that nothing in this clause contained shall be deemed in any way to limit or affect the right of the Railway Administration to claim freight charges erroneously credited to the Contractors for traffic not actually conveyed by them to or from the city booking agencies.

X. The Contractors shall not sub-let, assign or in any manner transfer to any other person the whole or any part of the rights or obligations conferred or imposed upon them by this Agreement or any of the business connected with the city booking agencies hereby constituted.

XI. (1) In the event of any breach of any of the terms and conditions of this Agreement by the Contractors, their servants or any persons acting for and on their behalf or under their authority or with their permission, or of the Contractors at any time failing to perform all or any of the services required of them by this Agreement within a time deemed reasonable by or in a manner satisfactory to the Railway Administration, the Railway Administration may, without prejudice to any other right, remedy or relief to which he may otherwise be entitled under this Agreement or any

law for the time being in force, revoke and determine this Agreement after the expiry of one week's notice in writing to be given to the Contractors of his intention of doing so.

(2) Either party to this Agreement shall be at liberty to terminate the agreement on giving one month's notice in writing to the other party without assigning any reason.

XII. Any notice, letter or other communication which shall be sent by the Railway Administration by registered post addressed to the Contractors at their head office at Wallis Road, Sukkur, shall be deemed to have been delivered to the Contractors.

XIII. This Agreement shall be deemed to have come into force in regard to the Sukkur City Booking Agency from 1st July, 1936, and in regard to the Shikarpur City Booking Agency from 1st August, 1936.

Special Stipulations to be observed by the Contractors in carrying on the business of the City Booking Agencies.

XIV. The Contractors shall comply with and observe each and all of the terms and conditions hereinafter set forth and provided for carrying on the business of the city booking agencies, that to is say:

(1) The Contractors will maintain proper books and accounts to the satisfaction of the Railway Administration of the entire city booking agencies, business carried on under this Agreement, and will duly account to the proper officers of the Railway Administration for all parcels and goods and moneys received on account thereof or in connection, therewith, such books and accounts shall be, at all times, open to inspection by the Railway Administration or any officers deputed by them.

(2) The Contractors will appoint their dalals to canvass for and collect parcels and goods from the merchant's godowns for booking them by rail.

(3) The Contractors will convey with reasonable diligence and speed to the satisfaction of the Railway Administration all parcels and goods received for transmission between Sukkur and Shikarpur city booking agencies and Sukkur and Shikarpur railway stations respectively on the North Western Railway in either direction, according to the true purport and intent of this Agreement and of the city booking agencies business carried on thereunder.

(4) The Contractors will, at all times, keep up such type and number of conveyances, as may, in the opinion of the Railway Administration be sufficient for the purpose of efficiently carrying on the business of the city booking agencies and will at all times maintain the conveyances so kept up in good and serviceable condition to the satisfaction of the Railway Administration.

(5) The Contractors will appoint, and at all times maintain competent clerks to the satisfaction of the Railway Administration at the city booking agencies to conduct the business of the city booking agencies at their own sole risk and on their responsibility and will provide good and suitable office and storage accommodation, furniture fittings and other things at these places, to the satisfaction of the Railway Administration.

(6) The Contractors will observe and comply with the instruction for the working of the city booking agencies contained in Appendix "A" (signed by the parties) and annexed hereto, and the said Appendix "A" shall be read with, and taken as part of this Agreement.

(7) The Contractors will be responsible for all errors, oversights and undercharges made by the staff maintained by them at the city booking agencies or elsewhere.

(8) The Contractors will be responsible for the collection of all freight and other charges on consignments of parcels and goods booked Inward "To-pay" and Outwards "Paid" and will be further responsible for the collection of all freight and other charges, including the agency charges as aforesaid on "Paid" parcels and for depositing the total amount received in full daily in the Imperial Bank and the Treasury Office at Sukkur and Shikarpur, respectively.

(9) The Contractors will be responsible for and will make good and will save harmless and indemnify the Railway Administration for and in respect of all loss or damage of whatever kind and from whatsoever cause arising which may occur to, or in

respect of any parcels and goods while in their possession, care or custody (as provided in Clause IV) and will refund to the Railway Administration all payments which the said Railway Administration may lawfully make to any persons in respect of any such loss or damage as aforesaid.

(10) The Contractors will charge the public using the city booking agencies and will receive payment from the Railway Administration for performing the services hereby agreed upon in connection with the said city booking agencies according to the scale of rates and charges prescribed in Appendix "B" (signed by the parties) annexed hereto or such other rates and charges as may from time to time hereafter be mutually agreed upon between the parties in place thereof. If the Contractors shall at any time charge any person a higher rate than that prescribed in Appendix "B" or for the time being in force thereof they shall, without prejudice to any other penalty, prosecution or proceeding to which they may be liable under this Agreement or any law for the time being in force, be deemed to have committed a breach of the Agreement. The rates and charges for the time being in force under this Agreement will be duly notified from time to time by the Railway Administration in the tariffs and departmental circulars of the North Western Railway Administration and all alterations in such rates and charges shall take effect and come into force from such date as is notified in such tariffs and circulars and not before.

(11) The Contractors will make no charges of any kind whatsoever to the consignor or consignee for the booking or carting of any parcels and goods or for any duty which they should perform in pursuance of this Agreement, or of the city booking agencies' business carried on thereunder, beyond the ordinary freight, wharfage or demurrage charges prescribed in the aforesaid Appendix "B" or for the time being in force as hereinbefore provided.

(12) All or any of the powers and functions reserved to the Railway Administration by, and provided for, in sub-clause (3) and (5) of this clause of this Agreement, may from time to time be discharged by the Divisional Superintendent for the time being of the Karachi Division of the North Western Railway. Similarly, the Chief Accounts Officer, North Western Railway, or any officer deputed by him, is empowered by the Railway Administration to carry out the inspection of the books and accounts referred to in the last sentence in sub-clause (1) of this clause of this Agreement.

(13) The Contractors shall at all times indemnify the Secretary of State against all claims which may be made under the Workmen's Compensation Act, 1923, or any statutory modifications thereof or otherwise for or in respect of any damages or compensation payable in consequence of any accident or injury sustained by any workman, labourer or other person in the employment of the Contractors and shall take all risk of accidents or damages which may cause a failure of the performance of the works from whatever cause arising and the entire responsibility for the sufficiency of all the means used by them for the fulfilment of the contract.

(14) The Contractors will not compete with the Railway Administration in any way, whatsoever, whether directly or indirectly by carrying parcels or goods over any section of road that is an alternative route to any portion of the rail route.

(15) The Railway Administration will supply a weighing machine for each booking office opened in the city. The weighing machine will remain the property of and will be maintained by the Railway Administration. The Contractors shall be liable for any damages caused thereto by the neglect of Contractors.

Stipulations by the Railway Administration.

XV. For and in consideration of the terms and conditions of this Agreement to be observed and performed by the Contractors, the Railway Administration will pay to the Contractors for the carriage of parcels and goods between the city booking agencies and Sukkur and Shikarpur railway stations and in either direction the rates specified in the aforesaid Appendix "B", or such other rates as may for the time being be in force, in place of those contained in Appendix "B", under sub-clause (10) of clause XIV of this Agreement.

XVI. The Railway Administration will supply at the cost of the Contractors movable boards marked "North Western Railway" to be hung on all vehicles carrying the city booking agencies' parcels and goods.

XVII. All payments to be made to the Contractors shall ordinarily be made monthly, and usually not later than the 26th of the second month following that for which the payments are due on presentation of bills by the 10th of the following months in duplicate in the form attached and prepared separately for local and foreign traffic to the Chief Accounts Officer, Traffic Audit Branch, Lahore and the Director, Railway Clearing Accounts Office, Delhi, respectively.

In witness whereof the parties have hereunto subscribed their names at the places and on the dates hereinafter mentioned, respectively.

Signed for and on behalf of the Secretary of State for India }
in Council by V. O. Raynor, Esq., Deputy Chief Commercial Manager, of the North Western Railway, acting } V. O. RAYNOR,
in the premises by order of the Governor-General of } Deputy Chief Commercial
India in Council at Lahore, on 30th March 1937. } Manager, North Western Railway.

Signed by Diwan Assa Ram, at Sukkur in the }
presence of— } ASSA RAM,
for Diwan Assa Ram & Son, Contractors.

Witnesses. { (1) Hashmet Singh J. Ajwani, Assistant Engineer, Sukkur. Dated 11th December 1936. } A. K. HOMAN,
(2) Daya Ram K. Ajwani, Advocate, Sukkur. Dated 11th December, 1936. } Divisional Superintendent, N. W. R.

APPENDIX A.

Rules for the working of the City Booking Agencies.

1. *Booking and despatch of outward parcels and goods.*—(a) The Contractors will arrange to book direct all parcel and goods traffic offered for despatch at the city booking agencies, subject to the conditions and exceptions provided for in Appendix "B".

The booking will be done direct from the city booking agencies to all stations and out-agencies open for receipt of such traffic.

The booking will be done on the forms prescribed for railway stations, i.e., parcel way-bills and invoices, and in strict accordance with the rules laid down by the Railway Administration in the books, circulars, notices and other publications referred to in para. 4.

(b) The accounting of parcels, way-bills and invoices will be done at the city booking agencies submitted to the Accounts Office, in the forms and books prescribed for Railway stations.

(c) All such parcels and goods on arrival at the station *via* which the city booking agencies are worked will be carefully compared by the railway clerk with the connected parcel way-bills and invoices and entered in the transshipment register (form Sn. 52). The railway clerk will sign in the column headed "Signature", and record in the column "Remarks" any defective conditions, etc., of the packages. All such remarks will be countersigned by the Contractors' representative.

2. *Receipt and disposal of inward parcels and goods.*—(a) All parcels and goods booked to the city booking agencies on arrival at the junction station with the city booking agencies will be entered in the transshipment register (form Sn. 52), and made over along with the connected way-bills and invoices [see para. (b) below] to the Contractors' representative, who will sign for the same in the transshipment register in the column headed "Signature", and record in the column "Remarks" any defective conditions, etc., of the packages.

(b) The Contractors' representative will, however, receive any consignment marked for the city booking agencies even where the connected way-bill or invoice has not been received. A copy of the way-bill or invoice will be prepared from the railway receipt and taken to account, subject to any undercharge being recovered on receipt of the original or a certified copy thereof from the forwarding station. This should be called for when not received.

(c) On arrival of parcels or goods at the city booking agencies the parcel way-bills or invoices will be taken into account, and the traffic and documents dealt with, in

strict accordance with the rules laid down by the Railway Administration in the books, circulars, notices and other publications referred to in para. 4.

(d) Inward parcel way-bills or invoices must be taken to account immediately upon receipt in the accounts then in hand, even when the consignment has not been received, the amount being shown outstanding until the parcels or goods have been delivered, or orders received for the outstanding to be cleared otherwise.

3 *Responsibility of the Contractors for freight and other charges.*—The Contractors will be responsible for all undercharges and collection of freight charges on parcels and goods traffic in accordance with the rules applicable for similar traffic on North Western Railway stations.

4. *Books and forms.*—The Contractors will maintain all such books and forms as may be required from time to time by the Railway Administration, for the proper booking and accounting for all traffic booked to and from the city booking agencies in accordance with the rules appearing in the North Western Railway Commercial Manual, State Railway Open Line Codes, Manual of Instructions for the Monthly System of Accounts, Coaching and Goods tariffs, and similar other publications, also such other instructions as may be issued from time to time by the Agent or Chief Accounts Officer of the North Western Railway. One copy of each such book, etc., as are required to be maintained, will be supplied free of charge by the Railway Administration, on the Contractors indenting for them on the divisional superintendent, Books, etc., required to replace those lost or otherwise destroyed, or in addition to those supplied free of charge, will be supplied only at the expense of the Contractors.

5. *Returns.*—The Contractors will arrange to submit complete returns relating to parcels and goods traffic dealt with at the city booking agencies to the Chief Accounts Officer, North Western Railway, for the local traffic, and to the Director, Railway Clearing Accounts Office, Delhi, for the through traffic, showing separately the agencies' and railway proportion, also balance-sheets in connection therewith, in the manner prescribing in the books referred to above and in any supplemental, general or special instructions, issued by the Chief Accounts Officer or the Agent, North Western Railway.

6. *Refunds.*—Under no circumstances will the Contractors allow a refund of freight or any other charges on consignments booked to and from the city booking agencies and all such claims will be forwarded to the Agent, North Western Railway. Overcharges due to errors in classification or computation of freight discovered prior to the delivery of consignment will, however, be refunded by the Contractors at the time of delivery, the consignee being asked to acknowledge the refund on refund list (form Sn. 40). The form bearing the acknowledgment will be sent to Chief Accounts Officer, North Western Railway, along with the connected balance-sheet.

7. *Remittance of cash.*—The Treasury Remittance-note Book (form C. O. 15), which is in trefoil, will be kept by the Contractors. In this book the total cash collections will be entered and sent by the Contractors, along with the two outer foils, to the Imperial Bank and Treasury Office at Sukkur and Shikarpur, respectively, as laid down in Clause XIV (8) of the Memorandum of Agreement. The said Imperial Bank and the Treasury Office will sign both outerfoils, and return them to the Contractors, who will submit one outer foil to the Chief Accounts Officer by the same day's post, together with Cash Remittance-note (Sn. 61), the other outer foil will be pasted to the counterfoil of the book. Credit-notes and vouchers will also be entered in form Sn. 61, which will show the earnings on account of goods and coaching separately. One Cash Remittance-note (Sn. 61), only for remittance of cash and vouchers will be prepared daily and if there be no cash collections on any such day a "Nil" Cash Remittance-note (Sn. 16) will be prepared and submitted to the Chief Accounts Officer.

ASSA RAM,

for Diwan Assa Ram & Son,
Contractors.

Dated 11th December, 1936.

V. O. RAYNOR,
Deputy Chief Commercial
Manager, North Western
Railway, Lahore.
Dated 30th March, 1937.

APPENDIX B.

City Booking Agencies at Sukkur and Shikarpur City.

General conditions applicable to the city booking agencies.

1. The Railway Administration will not under-take any liability on behalf of the Contractors under the Common Carriers Act, III of 1865.

2. Coal, offensive goods, explosives dangerous goods, arms and ammunition will not be booked. Small consignments of safety cartridges and ammunition for private individuals, will, however, be accepted, and will be carried over the city booking agencies at owner's risk under risk-note form C.

3. Goods liable to damage by rain must be packed in waterproof coverings.

4. Goods carried over the railway at owner's risk will be carried over the city booking agencies also at owner's risk.

5. In the case of parcels and goods liable to leakage, breakage or deterioration by wet, booked at owner's risk (risk-note form B) over the railway portion of the journey and for which no owner's risk rate is quoted over the city booking agencies, risk-note form A will be taken so far as the agencies' portion of the journey is concerned.

6. The maximum weight of any single package will not exceed five maunds in case of parcels and 25 maunds for goods, except when special arrangements have been made.

7. Actual weight will be taken as the basis for the calculation of charges, except where otherwise specified. The rules as to fractions of weight and charges obtaining on the North Western Railway will also apply.

8. Parcels charged by measurement on the North Western Railway will be similarly charged over the city booking agencies.

9. Wharfage will be charged under the rules and at the rates applicable over the North Western Railway.

10. The insurance charge will be Rs. 2 per cent. or fractions thereof on the declared value subject to a minimum of Rs. 2. Rates for goods and parcels traffic between Sukkur and Shikarpur city booking agencies and the railway stations will be as follows:

	Rs.	a.	p.	
1. Goods	0	0	8	per maund or part of a maund.
	0	1	0	for one maund or fraction thereof.
2. Parcels	0	0	6	for every additional 20 seers of fractions thereof.

NOTE.—The above charges will be shown separately on the railway receipts paid or to-pay according as freight is "Paid" or "Topay".

ASSA RAM,
for Diwan Assa Ram & Son,
Contractors.

Dated 11th December, 1936.

V. O. RAYNOR,
Deputy Chief Commercial
Manager, North Western
Railway, Lahore.

Dated 30th March, 1937.

APPENDIX C.

Bill No.

Dated.....193

To

(Here give name).....

city booking agency Contractor(s).....for

-charges for carting and handling-Inward/Outward goods /Parcels booked to/from.....

.....Out-agency during the

month of as per details given below :—

Date.	No. of invoice/ way-bill.	Station		Weight.	Rate.	Out- agency charges due.	Remarks
		From.	To.				
				Mds. s.		Rs. a. p.	

Place.....

Name of Contractor(s).

N. B.—Separate bills will be prepared in duplicate for local and through traffic. The bill for local traffic will be sent to the Chief Accounts Officer, Traffic Accounts Branch, and will show the total amount claimed on through traffic also and a grand total for both local and through traffic. The bill relating to through traffic will be submitted direct to the Railway Clearing Accounts Office.

OPENING OF THE CITY GOODS AGENCY AT SUKKUR.

†1330. ***Mian Ghulam Kadir Muhammad Shahban:** (iv) Will the Honourable Member for Railways be pleased to state if it is a fact that there are already two goods offices at Sukkur?

(b) Is it a fact that small consignments of goods cannot be booked from Sukkur Bunder Goods office?"

(c) Is it a fact that the merchants and public of Sukkur have demanded the opening of Sukkur Bunder Goods office for booking of small consignments? If so, how was this request disposed of?

(d) Are Government aware that Sukkur Bunder Goods office is situated near the business quarters which are on Bunder Road at Sukkur? If so, do Government propose to direct the North Western Railway to give necessary facilities to the mercantile public of Sukkur by the opening of Sukkur Bunder Goods office for the booking of small consignments, in addition to full wagon loads? If not, why not?

(e) Is it a fact that at one time Sukkur Bunder Goods office did book small consignments also, but the facilities to the mercantile community were stopped? If so, why?

† Answer to this question laid on the table, the questioner being absent.

(f) Is it a fact that this work has now been transferred to the City Goods Agent?

(g) Is it a fact that the public has not appreciated the opening of the City Goods Agency and the merchants, Mukhies of various business communities, and cartmen, etc., had petitioned to this effect to the Railway Administration?

(h) Is the Honourable Member prepared to direct the North Western Railway Administration to consult the public opinion at Sukkur, whether they need a City Goods Agency or opening of the Sukkur Bunder Goods office for booking of small consignments, and act accordingly? If not, why not?

(i) What steps do Government propose to take to conciliate the hostile public opinion against the City Goods Agency at Sukkur leased to an ex-railway servant, and to meet public wishes?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) Government understand that certain representations were received, to which, however, the Administration was unable to agree.

(d), (e), (h) and (i). Government understand that Sukkur Bunder Goods Office is situated near some business quarters. This Bunder Goods Office was closed for the booking of "small" in May, 1933, for the following reasons:

- (i) that Sukkur Bunder is not suitable for the booking of "small's";
- (ii) that it is very congested and there is no possibility of its expansion;
- (iii) that the restriction saves loading of duplicate wagons and results in better loads being obtained per wagon;
- (iv) that the restriction results in considerable savings in shunting and detention to wagons.

Government do not propose to take any action in the matter, as it is entirely one for decision by the Railway Administration concerned.

(f) and (g). No. It is understood that the public generally have appreciated the opening of the City Booking Agency, but a few petitions have been submitted against this Agency.

OFFICERS OFFICIATING IN LOWER GAZETTED SERVICE ON THE NORTH WESTERN RAILWAY.

†1331. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state the number of officers on the North Western Railway who are officiating in lower gazetted service, and the duration for which each of them has so officiated?

(b) Is there any proposal to make direct recruitment to the lower gazetted railway service on the North Western Railway? If so, why?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I gave to parts (a) and (b) of Haji Chaudhury Muhammad Ismail Khan's starred question No. 1178 on the 20th March, 1939

(b) The reply to the first part is in the negative: the second part does not, therefore, arise.

INTERLOCKING OF THE HYDERABAD (SIND) RAILWAY STATION.

†1332. ***Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that Hyderabad (Sind) station on the North Western Railway, is four-side junction, having connection with Jodhpur Railway?

(b) Is it a fact that this situation is not fully interlocked, with the consequence that the train operations are in the hands of inferior staff and there is no direct or effective control by the Assistant Station Master on duty?

(c) Is it a fact that as early as 1926, funds were provided by the Jodhpur Durbar for the interlocking of Hyderabad (Sind) Station, which is a joint junction of the Jodhpur and North Western Railways? If so, what happened to these proposals during the last thirteen years?

(d) Are there any stations on the North Western Railway equally important as Hyderabad (Sind), which are non-interlocked or partially interlocked?

(e) If the reply to part (d) above be in the affirmative, will Government be pleased to state the names of such stations? If the reply to part (d) be in the negative, do Government propose to take early steps to have Hyderabad (Sind) station completely interlocked? If not, why not?

(f) Are Government aware that the Railways in western countries have many mechanical devices to avoid accidents, if human agency fails to take necessary precautions in time? If so, why have not the elementary precautions of interlocking been taken at such an important junction as Hyderabad (Sind) to ensure against accidents?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The station is partially interlocked: but the rules governing the reception and despatch of trains ensure safety in operation.

(c) I have not been able to trace any papers bearing on this point.

(d) and (e). Details relating to stations which are now interlocked or partially interlocked are not readily available. The necessity for interlocking a station may not depend entirely on the traffic handled at the station, though this is the general criterion for determining the importance of a station. Stations are interlocked when this is considered necessary in the interests of the safety of the travelling public.

(f) Yes. Similar devices have also been adopted in India when this has been necessitated by operating conditions. I would also refer the Honourable Member to paragraph 34 of the Report of the Indian Railway Enquiry Committee, 1937.

†Answer to this question laid on the table, the questioner being absent

DAILY ALLOWANCE OF MEMBERS OF THE ASSAM-BENGAL RAILWAY ADVISORY COMMITTEE.

†1333. ***Prof. N. G. Ranga:** Will the Honourable the Railway Member be pleased to state:

(a) if his attention was drawn to the suggestion made by the Assam Bengal Railway Advisory Committee that a member's daily allowance be raised to Rs. 32;

(b) if so, whether he has also considered the fact that the allowance of members of the Central Legislative Assembly is only Rs. 20 and that of members of Provincial Assemblies is often much less;

(c) if he is also aware of the desire expressed by the same Advisory Committee to have more frequent meetings and that it is more desirable in the interest of the travelling public and commercial interests that these Advisory Committees ought to be enabled to meet more frequently; and

(d) if so, whether he is prepared not to raise the daily allowance but to make it possible for such Committees to increase the number of their meetings?

The Honourable Sir Thomas Stewart: (a) and (c). Yes.

(b) The answer to the first part is in the affirmative. Government have no information regarding the allowances to members of Provincial Assemblies.

(d) The majority of the Central Advisory Council were in favour of the fee being fixed at Rs. 32 per day. Government do not propose to make any reduction. The number of meetings is not governed by the fees paid to members.

PROVISION OF LATRINES IN THIRD CLASS CARRIAGES ON RAILWAYS.

†1334. ***Prof. N. G. Ranga:** Will the Honourable the Railway Member be pleased to state:

(a) whether the railways keep a census of all the third class carriages in use on their lines which do not contain latrines;

(b) if so, what is their proportion to the other carriages;

(c) whether any steps are being taken either not to use them, or fit them up with latrines, or replace them by better carriages;

(d) if so, what are those steps;

(e) in how many years it is expected that such carriages will go out of use and allow third class carriages to be provided with latrines; and

(f) whether any attempt is being made to restrict their use only for short day-time journeys?

The Honourable Sir Thomas Stewart: (a) and (b). The Honourable Member is referred to Appendix E of the Report by the Railway Board on Indian Railways for 1937-38, Volume II.

(c) to (f). The Railway Board insist on latrines being provided by Railways in all carriages excluding suburban services and those used on a

†Answer to this question laid on the table, the questioner being absent.

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LEGISLATIVE ASSEMBLY.

[28TH MARCH 1939.]

run of less than one hour's duration. Only a small number of old carriages on Class I Railways are not fitted with latrines. These are either being provided with latrines to a definite programme or are relegated to suburban services. All new carriages built whether as additions or in replacement of old carriages are provided with latrines. A definite date by which all old carriages without latrines will be replaced by new carriages with latrines cannot be indicated.

DACOITIES AND TRAIN ROBBERIES ON RAILWAYS.

†1335. *Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state:

- (a) if dacoities and train robberies are on the increase on Indian railways;
- (b) what is the trend of such happenings during the last five years;
- (c) what the steps are which have been taken by railways to prevent such thefts, dacoities and robberies;
- (d) whether any payment is made by the railways concerned to the Local Governments for lending police assistance; and
- (e) whether any negotiations are being carried on with the Local Governments to see that better police patrolling of stations and their waiting rooms and platforms and on the trains are being carried on?

The Honourable Sir Thomas Stewart: (a) and (b). Information received from railways would indicate that, generally speaking, there has been no increase in the number of thefts or robberies on either passenger or goods trains.

(c) This would appear to be a matter for the Police authorities.

(d) The cost of police required for maintenance of order in railway premises is paid by Railways to Provincial Governments. The cost of police staff employed on train patrol is borne by Provincial Governments.

(e) Government have no information of any negotiations between individual Railway Administrations and Police authorities concerned regarding patrolling arrangements mentioned by the Honourable Member.

IMPROVEMENTS IN LATRINES OF THIRD CLASS CARRIAGES ON THE BENGAL NAGPUR AND MADRAS AND SOUTHERN MAHRATTA RAILWAYS.

†1336. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

- (a) if he is aware of the complaint made and answer given to the Bengal Nagpur Railway Advisory Committee on the 16th May, 1938, that water taps in the latrines should be in front of the person using the lavatory;

(b) if so, whether he is prepared to bring to the notice of all the railways the need for this reform being made and also to see that in every new carriage built hereafter, the water tap is placed in front of the person using the lavatory in a third class compartment;

(c) if he has noticed the suggestion made by the South Indian Railway Advisory Committee on the 6th May, 1938, to improve the latrines in third class carriages by some device so as to minimise the stink therein and the answer given by the Chairman, referring to the Madras and Southern Mahratta Railway experiment with a removable latrine and also the South Indian Railway experiment with sanitary blocks;

(d) if so, what is the result of the Madras and Southern Mahratta Railway experiment; and

(e) whether he is prepared to bring to the notice of all other railways the results of these experiments of the Madras and Southern Mahratta Railway and South Indian Railway, so as to minimise the stink in the latrines of third class carriages of our trains?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Particulars of the meetings of all Local Advisory Committees are already circulated to other Railways. The position of the water tap referred to by the Honourable Member is governed by several considerations and its location directly in front of the person using the lavatory in existing stock will not always be possible. The position in respect to new stock will be examined.

(c) Yes.

(d) and (e). The results of experiment referred to are not yet known. Should they prove successful the question of standardising such arrangements will be taken up.

EDUCATIONAL ASSISTANCE ON THE NORTH WESTERN RAILWAY.

1337. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state the total amount given as educational assistance to:

(i) Indians,

(ii) Europeans and Anglo Indians,

on the North Western Railway, during the financial year 1937-38?

(b) Is it a fact that there are two sets of Educational Assistance Rules (i) of 1921 and (ii) 1930?

(c) Will the Honourable Member please state the amount of assistance given on the North Western Railway under the 1921 and 1930 rules separately in the financial year 1937-38?

†Answer to this question laid on the table, the questioner being absent.

The Honourable Sir Thomas Stewart: (a) (i). Rs. 8,679.

(ii) Rs. 1,50,731.

(b) Yes, except that the first set of rules referred to were issued in 1924, and not 1921.

(c) Government do not consider that the labour involved in separating the large number of items in the manner suggested is justified.

Mr. T. S. Avinashilingam Chettiar: May I know the reason for this abnormally large sum spent on European and Anglo-Indian education compared with the very small amount spent on Indians?

The Honourable Sir Thomas Stewart: I would be sorry to admit that it was abnormally large sum. Presumably the reason for the differentiation is that there are in most stations facilities for the education of Indian children which do not exist for the education of Anglo-Indian and European children.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will consider the advisability of suggesting that these Anglo-Indian children should study in the schools which are provided for Indians in view of the admitted declaration by the Anglo-Indian community that they are children of the soil and that they want to identify more and more with the people of the land.

The Honourable Sir Thomas Stewart: That is an educational question which perhaps the Honourable Member can propound to the Secretary to the Department of Education, Health and Lands.

Mr. K. Santhanam: May I know whether the Honourable Member is aware that, under the Government of India Act, there are special provisions for providing adequate educational facilities for Anglo-Indians and Europeans by the Provincial Governments?

The Honourable Sir Thomas Stewart: I am aware of that.

Mr. K. Santhanam: In view of those provisions, will the Honourable Member consider the desirability of eliminating this extra expenditure from the railway revenues?

The Honourable Sir Thomas Stewart: The Honourable Member may rest assured that the railway administrations will not spend any money on education unnecessarily.

Mr. Lalchand Navalrai: May I know if the same kind of education is being given to Indians and Europeans and Anglo-Indians also, or is there any difference?

The Honourable Sir Thomas Stewart: This is a question relating to education of the various provinces and I would refer my Honourable friend to the Education Secretary.

DISCHARGE AND RE-INSTATEMENT OF CREW STAFF ON THE EAST INDIAN RAILWAY.

1338. *Shaikh Rafiuddin Ahmad Siddiquee: (a) Will the Honourable the Railway Member be pleased to state how many men out of the 218 men discharged on the abolition of the Crew System on the entire line of the East Indian Railway on the 1st June, 1931:

(i) were re-instated by the East Indian Railway before Court of Enquiry 1931;

(ii) were re-employed by the East Indian Railway before the Court of Enquiry 1931;

(iii) were re-instated on the recommendation of the Court of Enquiry 1931; and

(iv) were re-employed on the recommendation of the Court of Enquiry 1931?

(b) Are temporary Crew Staff who were discharged on reduction of establishment, entitled to re-instatement under Fundamental Rule 54? If not, under what Fundamental Rules were their cases dealt with?

(c) Were staff, re-instated and re-employed by the East Indian Railway prior to the Court of Enquiry, allowed to appear before the Railway Court of Enquiry 1931?

(d) Is it a fact that one man out of the above 218 men has been re-instated by the General Manager after eight years, i.e., 1938?

(e) Under what Fundamental Rules was his fixation after eight years opened and dealt with?

The Honourable Sir Thomas Stewart: (a) to (e). I would refer the Honourable Member to the reply given to Qazi Muhammad Ahmad Kazmi's question No. 832 on the 26th February, 1936.

CERTAIN STAFF IN THE POSTS AND TELEGRAPHS DEPARTMENT.

1339. *Shaikh Rafiuddin Ahmad Siddiquee: (a) Will the Honourable Member for Communications state:

(i) the total number of departmental approved candidates, viz., Inspectors of Post Offices and Railway Mail Service and Head Clerks to the Superintendents of Post Offices (1) Hindus, (2) Mussalmans, (3) others, separately, for 50 per cent. reserved posts of Superintendents of Post Offices and Railway Mail Service according to the recent revised orders;

(ii) the total number of Inspectors of Post Offices and Railway Mail Service and Head Clerks to the Superintendents of Post Offices (1) Hindus, (2) Mussalmans, (3) others, separately, in each circle on the 1st February, 1939;

(iii) the total number of clerks (1) Hindus, (2) Mussalmans, (3) others, (each community to be shown separately), recruited from (1) outsiders, and (2) departmental candidates, separately, on each occasion in each Circle by competitive examination from the time of issuing orders in force at present on the subject;

(iv) the total number of Boy peons, (1) Hindus, (2) Mussalmans, (3) others, separately, in each Circle on the 1st February, 1939; and

(v) the total number of Engineering Supervisors of Telegraph, (1) Hindus, (2) Mussalmans, (3) others, separately, recruited before and after giving effect to the new system of recruitment (i.e., 50 per cent. outsiders and 50 per cent. departmental candidates) separately, on the 1st February, 1939?

(b) Is it a fact that the posts of packers of the Postal Department have been reserved for Boy peons of the Telegraph Traffic Branch and those of the postmen for packers and those of the 50 per cent. clerical posts for postmen and packers? Does it mean the reserving of 50 per cent. of the posts in the clerical cadre and all the posts of postmen and packers of the Postal Department for the Boy peons of the Telegraph Department? If so, how is the communal representation in each of the above classes of appointments, which are separate from one another, going to be given effect to?

The Honourable Sir Thomas Stewart: (a) (i) Hindus 17, Mussalmans 6, and others 4.

(ii) to (v). Two statements giving the information asked for by the Honourable Member are placed on the table.

(b) As regards the first part, the fact is not as stated. A boy peon of any Branch of the Department who has passed the test for appointment to posts of inferior servants is eligible, in preference to outsiders, for an inferior servant's post in any Branch of the Department selected by him. Similarly, an inferior servant of any Branch of the Department who has passed the necessary test is eligible in preference to outsiders, for appointment as postman or mail guard according to his choice. All posts of inferior servants and postmen, for which qualified departmental officials are not available, are filled by recruitment of qualified outside candidates.

50 per cent. of the vacancies for clerical posts are reserved for departmental officials of all classes below the rank of clerks, provided they secure qualifying marks in the competitive examination for recruitment. If the number of successful departmental candidates in the examination falls below 50 per cent. of the vacancies, the balance is made up by recruiting additional outside candidates.

The requisite number of qualified departmental candidates for posts of inferior servants, postmen and clerks is, in practice, rarely available, so that, generally, there is considerable direct recruitment for these appointments.

The reply to the second part is in the negative and the third part does not arise.

STARRED QUESTIONS AND ANSWERS.

Circles.	Part (a) (ii) Number of Inspectors of Post Offices and Railway Mail Service and Head Clerks to Superintendents of Post Offices.									Part (a) (iii) Number of candidates selected by competitive examination.									Part (a) (iv) Number of boy peons.		
	(1) Hindus.			(2) Mussalmans.			(3) Others.			Held in 1937.			Held in 1938.			(1) From outsiders.			(2) From departmental candidates.		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1) From outsiders.	(2) From departmental candidates.	(3) Others.	(1) From outsiders.	(2) From departmental candidates.	(3) Others.	(1) Hindus.	(2) Mussalmans.	(3) Others.	(1) Hindus.	(2) Mussalmans.	(3) Others.
Bengal and Assam	81	6	1	111	16	4	4	1	2	175	67	12	9	3	...	163	82	3	163	82	3
Bihar and Orissa	45	3	...	73	10	1	...	...	...	32	10	2	1	2	...	100	21	2	100	21	2
Bombay	62	1	7	284	10	23	10	1	1	20	18	8	1	...	...	301	85	9	301	85	9
Central	40	9	...	110	19	5	1	...	...	40	5	6	...	...	...	112	33	2	112	33	2
Madras	72	...	12	184	4	14	1	...	...	102	43	40	12	1	2	54	19	17	54	19	17
Punjab and N.W. F.	40	26	9	57	62	12	...	...	...	25	41	6	...	...	...	44	71	19	44	71	19
Sind and Baluchistan	10	4	...	36	6	1	...	...	...	30	20	2	1	...	...	12	25	4	12	25	4
United Provinces	33	23	1	70	9	2	...	...	...	34	21	...	5	2	...	113	45	5	113	45	5

Statement showing the number of Engineering Supervisors recruited during the three years prior to the introduction of the method of recruitment (50 per cent. outsiders and 50 per cent. departmental) on the 1st January, 1929.

Year.	Hindus.	Mussalmans.	Others.	Total.
1926	15	1	17	33
1927	3	..	9	12
1928	3	1	11	15

Statement showing the number of Engineering Supervisors recruited after the introduction of the existing method of recruitment.

Year.	Hindus.		Mussalmans.		Others.		Total.
	Out-siders.	Departmentals.	Out-siders.	Departmentals.	Out-siders.	Departmentals.	
1929	29	8	2	..	5	3	47
1931	8	9	2	..	2	1	22
1935	20	3	1	..	2	..	26
1936	17	10	1	..	3	..	31

ROBBERY AT VERKA STATION ON THE NORTH WESTERN RAILWAY.

1340. *Sardar Sant Singh: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that a woman passenger was robbed at Verka Railway Station, (North Western Railway) on the 19th February, 1939, and deprived of her trunk containing jewellery and other valuables?

(b) If so, is it a fact that the robbers threw down the trunk out of the moving train, when the father of the woman passenger jumped down and caught one of the robbers, while the communication cord was pulled and the train stopped?

(c) Is it a fact that while the robbers were assaulting the father of the woman, police rendered no help?

The Honourable Sir Thomas Stewart: (a) to (c). It is understood that the facts are substantially as narrated by the Honourable Member. It would appear that the communication cord was pulled, but the train which had just started was stopped by the driver on hearing the hue and cry. It is also understood that the robbery and decamping of the dacoits was so quick that there was no time for any one to render assistance.

POST OF THE DIRECTOR, RAILWAY CLEARING ACCOUNTS OFFICE.

†1341. *Dr. P. N. Banerjee: (a) Will the Honourable Member in charge of Railways please state whether it is a fact that the post of the Director, Railway Clearing Accounts Office, has been reduced to that of a

†Answer to this question laid on the table, the questioner being absent

Deputy Chief Accounts Officer, and that it is the biggest accounts charge in India with an establishment of about 1,200 persons?

(b) Is it also a fact that the Chief Auditor, Railway Clearing Accounts, attached to the Railway Clearing Accounts Office, is also of the same status, and that he is in charge of an establishment of about 60 persons?

(c) If the reply to parts (a) and (b) be in the affirmative, will Government state the special reasons for this large disparity in the charges under these two officers?

The Honourable Sir Thomas Stewart: (a) The reply to the first part of the question is in the affirmative, with the qualification that the Director of the Railway Clearing Accounts Office draws special pay of Rs. 100 per mensem. This is given in recognition of the additional responsibility attaching to this post as compared with that of the ordinary Deputy Chief Accounts Officer. In regard to the second part of the question, the Railway Clearing Accounts Office is not the biggest accounts charge in India.

(b) The Chief Auditor does not draw the special pay alluded to in the reply to part (a) of the question. Government have further decided that the present post of Chief Auditor should be downgraded. The Honourable Member is correctly informed as to the strength of his establishment.

(c) In view of the replies to (a) and (b), this does not arise.

POST OF THE DIRECTOR, RAILWAY CLEARING ACCOUNTS OFFICE.

†1342. *Dr. P. N. Banerjee: (a) Will the Honourable the Railway Member please state the reasons why the post of Director, Railway Clearing Accounts Office, has been reduced to that of a Deputy Chief Accounts Officer?

(b) Is it a fact that such reduction was not considered necessary during the last nine years?

(c) Are Government prepared to consider the desirability of re-converting the Directors post to that of a Chief Accounts Officer, or of reducing the latter post to a post equivalent to that of the Director?

The Honourable Sir Thomas Stewart: (a) and (b). Administrative requirements in regard to this post have considerably changed since the institution of the Railway Clearing Accounts Office and the downgrading in question has now been found to be a practicable measure of economy, without loss of efficiency.

(c) Government do not recognise any necessity for equating the status of the two posts referred to.

DUTIES OF SUB-HEAD AND CLERKS RETAINED IN THE ESTABLISHMENT SECTION OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

†1343. *Dr. P. N. Banerjee: (a) Will the Honourable the Railway Member please state whether it is a fact that one Subhead and a few clerks were retained in the Establishment Section of the Railway Clearing Accounts Office at the time of the breaking up of the Efficiency Section in February, 1938?

†Answer to this question laid on the table, the questioner being absent.

(b) Will Government please state what duties were allotted to them, and whether they were provided with sufficient work?

(c) Is it also a fact that the Subhead has particularly been required by the Deputy Director to go through most of the files submitted to him by the various section officers, before orders, etc., are passed on them?

(d) If the reply to parts (a) to (c) be in the affirmative, will Government please state why the Director could not adopt the same procedure, thereby dispensing with the post of the Deputy Director, Railway Clearing Accounts Office?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) They were retained partly for the inspection of certain local offices, viz., those of the Chief Auditor, Railway Clearing Accounts Office, the General Secretary, Indian Railway Conference Association and the Central Publicity Office, and partly for dealing with general questions of procedure or specially important cases requiring co-ordination of the work of several sections. The staff have sufficient work.

(c) No. Cases dealing with general questions of procedure or specially important cases requiring co-ordination of the work of several sections are sometimes sent to this staff for examination.

(d) The question does not arise in view of reply to (c) above.

ASSISTANT SURGEONS ON THE NORTH WESTERN RAILWAY.

†1344. ***Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Railway Member state the number of Assistant Surgeons employed on the North Western Railway?

(b) Is it a fact that a certain number of the posts has been reserved for military Assistant Surgeons of the Indian Medical Department? If so, how many, and what is the reason for such a reservation?

(c) How many posts of Assistant Medical Officers are there on that Railway? Are they all reserved for the military Assistant Surgeons?

(d) Is it a fact that all the posts of Assistant Medical Officers are held by military Assistant Surgeons? If so, why? What are their qualifications? Do they hold any foreign degrees?

(e) Is it a fact that the Indian Medical Department, Assistant Surgeon Branch, is not open to Indians, but only to Anglo-Indians?

(f) Are the Railway Department bound to have a certain number of military Assistant Surgeons? If so, why, and how is that number fixed? How is their seniority fixed in the Railway Department *vis-a-vis* the Indian Assistant Surgeons?

(g) Are the Railway Department bound to have military Assistant Surgeons of particular seniority to the detriment of Indians?

(h) Is it a fact that some vacancies of Assistant Medical Officers are going to occur shortly on the North Western Railway?

(i) Are Government prepared to consider the question of filling up those posts by Indians? If not, why not?

†Answer to this question laid on the table, the questioner being absent

(j) Are Government prepared to assure the House that in future such military Assistant Surgeons as are likely to prejudicially affect the prospects and seniority of Indian Assistant Surgeons on the Railways, are not accepted by the Railway Department?

The Honourable Sir Thomas Stewart: (a) 22.

(b) The reply to the first part is in the affirmative. As regards the other parts, I would refer the Honourable Member to the reply given in the Council of State to the Honourable Mr. Mahmood Suhrawardy's question No. 173 on the 15th April, 1936.

(c) Four. The reply to the second part is in the negative.

(d) Yes. They were selected for promotion to those posts. I am laying on the table a statement detailing the qualifications of these officers.

(e) This part of the question should have been addressed to my Honourable friend who represents the Defence Department in this House.

(f) The Railway Department have agreed to take a certain number, for the reasons explained in the answer given in the Council of State to which I have just referred in my reply to part (b). As regards the last part, I have called for certain information and will lay a further reply on the table when it is received.

(g) No.

(h) Yes, one in August, 1939.

(i) Claims of all Assistant Surgeons eligible for promotion, irrespective of their nationality, will be considered.

(j) I am afraid it is not practicable to give the assurance asked for.

Name.	Statement.	Qualifications.
Dr. J. J. F. Dunn		Members of the Royal College of Surgeons (England). Licentiate of the Royal College of Physicians (London).
Dr. L. K. Allen		Indian Medical Department.
Dr. F. Carroll		Member of the Royal College of Surgeons (England). Licentiate of the Royal College of Physicians (London), and Licentiate in medicine and surgery of the Society of Apothecaries (London).
Dr. A. N. DeMonte		Licentiate in medicine and surgery of the Society of Apothecaries (London).

SUPPLY OF WATER TO PASSENGERS ON RAILWAY STATIONS.

†1345. ***Prof. N. G. Ranga:** Will the Honourable the Railway Member be pleased to state:

(a) whether the Railway authorities keep lists of stations at which water is supplied, or not supplied, to passengers;

(b) whether there is any definite programme for each railway for providing such water supply at all the stations during any particular period of time;

(c) whether private agencies are encouraged or allowed to supply water at their own expense;

†Answer to this question laid on the table, the questioner being absent

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- (d) if so, why it is that on 1st April, 1938, the Agent of the North Western Railway and the Chairman of that Railway Advisory Committee were opposed to it;
- (e) whether Government are prepared to consider the advisability of stipulating the desired conditions subject to which private agencies will be allowed to supply water freely to passengers during summer months, so as to obviate the growth of any vested interests; and
- (f) whether proper steps are being taken to see that the water supplied is clean and if so, who examines such water?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c), (d) and (e). The Central Advisory Council for Railways discussed the supply of drinking water to passengers at their meeting held on the 4th and 5th July, 1930. One of the conclusions arrived at was that, generally speaking, it was not desirable to permit voluntary organisations to undertake this work, as the supply of water to passengers was a function which should be performed by Railway Administrations.

(f) Yes. The water supplied is that available at stations for the use of the railway staff. The Station Master is responsible for seeing that the arrangements in respect of cleanliness, etc., are adequate.

ALLEGATIONS AGAINST THE HINDU REFRESHMENT ROOM AND SWEETMEAT CONTRACTOR AT DELHI.

†1346. *Mr. K. S Gupta: Will the Honourable Member for Railways please state:

- (a) whether it is a fact that the North Western Railway Administration has decided to withhold recovery of Rs. 7,025 from the Hindu refreshment room and sweetmeat contractor at Delhi;
- (b) whether Government are aware that the service of that contractor is very unsatisfactory;
- (c) what is the nature of complaints against that contractor by the consumers, and whether any report against him was ever made by the Medical Officer during the past three years;
- (d) whether the administration paid any consideration to the assurances given by the Honourable Members in their speeches on the Resolution in 1934 of Dr. Sir Ziauddin Ahmad and on the cut motion of Sir Abdul Halim Ghuznavi in 1938, viz., giving of contracts to those individuals who reside locally and supervise personally the service by residing in town;
- (e) whether the present contractor resides at Calcutta thereby not in a position to supervise it personally which is against the policy; and
- (f) the reasons for retaining the contract of that contractor for 1939-40?

†Answer to this question laid on the table, the questioner being absent

The Honourable Sir Thomas Stewart: (a) No. The recovery has been withheld provisionally pending the decision on the general question of levying license fees from all refreshment room and vending contractors.

(b) and (f). The Administration consider his work satisfactory.

(c) During the last 12 months, there have been four complaints against the contractor for excess charges. Two of these could not be substantiated. In the third, the charges were found to be correct, and in the fourth, the article asked for was not one of those included in the tariff rates. The Medical Officer has reported against the contractor twice for not providing proper gauze wire to keep off flies and on no other account.

(d) The Administration paid consideration to all relevant factors.

(e) The contractor resides at Calcutta and has appointed an efficient manager who resides at Delhi.

NEGOTIATIONS REGARDING INDIANS IN AFGHANISTAN.

1347. *Mr. T. S. Avinashilingam Chettiar: Will the Secretary for External Affairs state:

- (a) the latest position with regard to negotiations with the Afghan Government regarding the Indians in Afghanistan; and
- (b) whether any negotiations have again been started in pursuance of the ones that took place about a couple of months back?

Sir Aubrey Metcalfe: (a) and (b). The Government of India are corresponding with the Afghan Government through His Majesty's Minister on the subject of Indians in Afghanistan and they are endeavouring to obtain an improvement of conditions with regard to trade and other matters.

Mr. T. S. Avinashilingam Chettiar: May I know whether the previous negotiations with the Afghan Government were conducted directly by the Government of India?

Sir Aubrey Metcalfe: No, the correspondence has all been through His Majesty's Government's Minister. As the Honourable Member is aware there was a visit paid by the Honourable Minister with whom conversations were held in Delhi.

Seth Govind Das: For how long this correspondence has been going on?

Sir Aubrey Metcalfe: The Honourable Member can make a calculation himself, about two to three months.

Seth Govind Das: Nothing has come out?

Sir Aubrey Metcalfe: Not as yet.

REPORT OF THE COMMITTEE ON XB ENGINES.

1348. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) whether the committee on the XB Engines have submitted their report;
- (b) whether the report will be brought before the Assembly for discussion; and
- (c) if so, when?

The Honourable Sir Thomas Stewart: (a) Not yet.

(b) and (c). The Honourable Member is referred to the reply given on 29th November, 1938, to part (d) of his starred question No. 1550.

Mr. T. S. Avinashilingam Chettiar: What is the reason for this long time taken by the Committee? It is four to five months since the Committee was appointed?

The Honourable Sir Thomas Stewart: I am not conducting the enquiry.

GUARDS ON THE NORTH WESTERN RAILWAY.

1349. *Sardar Sant Singh: (a) With reference to the answer to question No. 1576, dated the 29th November, 1938, placed on the table of the House on the 14th February, 1939, will the Honourable the Communications Member please state whether the strength of guards in Grades II, III and IV on the North Western Railway was as under?

	Grade II.	Grade III.	Grade IV.
1926-27	612	388	250
1927-28	613	392	253
1930-31	784	361	193
1931-32	645	335	173

(b) Is it a fact that by Agent's letter No. 522-E./199, dated the 12th August, 1936, Grade IV was abolished and the promise to make corresponding increase in Grade III given to the guards?

(c) If so, what is the change in requirements of work which necessitated the cutting down of the strength of Grade III of 392 plus 253 of Grade IV in the year 1927-28 to 219 in Grade III only on 8th November, 1938, as stated in the answer to part (d) of the question?

(d) Is it a fact that no promotion from Grade II to Grade III has taken place since 1928-29? If not, what is the percentage of promotions for each year from 1928-29 to 1938-39 from Grade II to Grade III?

(e) With reference to the answer to part (a) of the said question, will the Honourable Member please state the number of guards drawing Grades I, II and III salaries in 1938-39 as compared with the year 1927-28?

The Honourable Sir Thomas Stewart: (a) The figures are not quite correct. I am laying on the table a statement showing the correct figures of the number of sanctioned posts.

(b) Yes.

(c) I would refer the Honourable Member to the reply given to parts (b) and (c) of Mr. Lalchand Navalrai's starred question No. 303 on the 18th February, 1935.

(d) The reply to the first part is in the affirmative: the second part does not, therefore, arise.

(e) I am laying on the table a statement giving the number of guards actually employed.

Statement I.

Year.	Grade II.	Grade III.	Grade IV.
1926-27	602	388	250
1927-28	602	393	252
1930-31	786	349	177
1931-32	645	335	173

Statement II.

Year.	Grade I.	Grade II.	Grade III.
1927-28	*58	599	392
1938-39	53	836	176

* This does not include the number of guards, grade I, employed on the Quetta and Delhi Divisions, figures in respect of which are not available.

Sardar Sant Singh: With reference to part (d), may I know whether the Honourable Member does not regard this blocking of promotion from 1928 till now requiring further consideration on the part of the department?

The Honourable Sir Thomas Stewart: The Honourable Member is asking for an expression of my personal opinion.

GUARDS ON THE NORTH WESTERN RAILWAY.

1350. *Sardar Sant Singh: Will the Honourable the Communications Member please state the reasons for not observing the rule of promotion by seniority in the guards' cadre of service on the North Western Railway, while the rule is observed in relation to other cadres on the railway?

The Honourable Sir Thomas Stewart: Seniority is not the only criterion for promotion either among guards or other categories of staff.

Mr. Lalchand Navalrai: How do they get promotion? By merit or examination or selection, or how?

The Honourable Sir Thomas Stewart: In ordinary circumstances, seniority combined with merit.

Mr. Lalchand Navalrai: How is the merit to be found out by officers? By some examination?

The Honourable Sir Thomas Stewart: There is a record of service kept for each officer in employment.

EMPLOYMENT OF MILITARY PENSIONERS ON THE NORTH WESTERN RAILWAY.

†1351. ***Mr. R. N. Basu:** Will the Honourable Member for Railways please state:

- (a) the date of birth recorded in the service rolls of military pensioners appointed in the non-gazetted subordinate superior services on the North Western Railway;
- (i) on recruitment in the Defence Services of India; and
- (ii) on appointment in that Railway;
- (b) the reason for retaining them in service after the age of 55 years;
- (c) the posts they hold;
- (d) their educational qualifications and the qualifications prescribed for those posts;
- (e) whether they are drawing pensions in addition to the scales of pay sanctioned for those posts; if so, whether the emoluments (total) have not exceeded the sanctioned pay of the post; and
- (f) whether Government propose to remove them from service and to replace them by persons younger and with required qualifications from the unemployed; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (c) to (e). I am laying on the table a statement giving such of the particulars asked for as are readily available.

(b) None of them has yet attained the age of 55 years.

(f) Does not arise, in view of my reply to part (b).

†Answer to this question laid on the table, the questioner being absent.

STARRED QUESTIONS AND ANSWERS.

Names and particulars of Military Pensioners (non-gazetted subordinate superior service) employed on the North Western Railway.

Serial No.	Name.	Date of birth as recorded in the		Designation.	Educational qualifications.	Qualifications required for these posts.	Whether drawing pensions in addition to the scales of pay sanctioned for these posts.
		Military Department.	Railway Department.				
1	Subedar Shiv Pershad Thapa.	27-3-86	21-5-85	Watch and Ward Inspector.	Studied up to 8th class in the school and passed higher standard in English in the Army.	Matriculation standard or its equivalent in the case of non-military men appointed direct as Head Watchmen. In the case of Ex-military men no educational qualifications have been laid down, but ex-military Indian Officers who are suitably educated are appointed to these posts. (These qualifications were prescribed in 1933.)	No.
2	Raja Ghulam Sarwar Khan.	1-7-92	1-7-92	Do.	Non-matric		Yes, Rs. 30 per mensem.
3	Mohan Lal	Not available.	13-3-88	Do.	Not available		Yes, Rs. 5 per mensem.
4	Jemadar Ghulam Haidar.	5-9-94	1-7-1900	Head Watchman, Offg. S. I., Watch and Ward.	Passed 3rd Middle Vernacular Examination and Indian Army English Examination.		Yes, Rs. 40 per mensem.
5	Jemadar Bhagat Singh.	Not available.	16-4-84	Head S. T. E. (Appointed as Watch and Ward Inspector in 1923).	Not available		Yes, Rs. 35 per mensem.
6	Mr. C. Ownes	28-9-92	28-9-97	Assistant Station-master.	Passed Standard VII and is in possession of Army 1st class certificate.	Matric	No.
7	Mr. Thakur Das	1-7-84	1-7-84	Chief Parcel Clerk.	No available.	Matric	Yes.
8	Mr. W. C. Hallis	Aug. 1885	5-10-85	Inspector, Watch and Ward.	6th Standard English School.	Military service and ability to read, write and speak English.	Yes, disability pension of 20 shillings per week.
9	Mr. E. A. Dean	Not known	18-10-92	Do.	Studied up to Matriculation.	Ditto	Yes, disability pension of Rs. 12 per mensem.
10	Mr. C. Cross	1889	24-5-89	Assistant Inspector, Watch and Ward.	2nd class Army educational certificate.	Ditto	No.
11	Mr. Mohd. Alam	April 1899	1-4-99	Do.	Indian Army Higher Standard examination.	Ditto	Yes, Rs. 12 p. m.
12	Mr. Ghulam Jaffar Shah.	Feb. 1895	Sep. 1895	Do.	Preliminary examination in 1st class.	Ditto	Yes, Rs. 25 p. m.
13	Mr. Ishwar Singh Bhatia.	May 1898	15-6-1898	Do.	Indian Army certificate of education 1st class.	Ditto	Yes, Rs. 55 p. m.

TICKET CHECKING STAFF ON THE NORTH WESTERN RAILWAY.

†1352. *Mr. B. B. Varma: Will the Honourable Member for Railways please state:

- (a) the number, rate of pay, travelling and daily allowances, nature of duties of the:
 - (i) Headquarters Ticket Checking staff; and
 - (ii) Divisional Ticket Checking staff on the North Western Railway;
- (b) the reasons for any differential treatment in any respect amongst those staff;
- (c) the yearly cash earnings from Excess Fare Receipts other than extension of journeys and luggage of those staff together with the yearly expenditure on those staff, respectively, for the preceding three years;
- (d) the number of persons detected by those staff travelling without tickets together with the number of working days of those staff respectively during the preceding three years; and
- (e) the justification for expenses on the Headquarters staff?

The Honourable Sir Thomas Stewart: (a) to (e). I am asking the General Manager of the North Western Railway for such of the particulars required by the Honourable Member as are readily available and a further reply will be placed on the table of the House when they are received.

SPECIAL ARRANGEMENTS MADE BY THE RAILWAYS IN CONNECTION WITH TRIPURI CONGRESS.

1353. *Mr. S. Satyamurti: Will the Honourable Member for Railways be pleased to state:

- (a) the nature and the cost of the special arrangements made by several railways in connection with the Tripuri Congress;
- (b) the entire income, approximately, to the several railways on account of the increased traffic in connection with the Congress; and
- (c) whether any railway or railways refused or failed to make any special arrangements for the Congress; if so, which, and why?

The Honourable Sir Thomas Stewart: (a) I lay on the table a statement showing the nature and cost of the special arrangements made by the Great Indian Peninsula Railway.

(b) I have asked Railways concerned to supply such information as they can do without undue labour and a statement will be placed on the table of the House when complete.

(c) It is presumed the Honourable Member is referring to concessions. Government have no information whether any Railways were asked to give concessions and refused to give them.

† Answer to this question laid on the table, the questioner being absent

Statement showing the nature and cost of the special arrangements made by the Great Indian Peninsula Railway in connection with the Tripuri Congress.

	Approximate cost. Rs.
(1) Waiting accommodation—	
(a) Upper class	185
(b) III class	5,552
(2) Temporary buildings for use of railway as offices and for staff	10,137
(3) Alteration to way and works	27,281
(4) Alterations to water supply	3,923
(5) Loud speaker equipment to control the movement of traffic	900
(6) Hire and haulage of stock	8,000
(7) Extra staff	8,154
Total	62,132

NOTE.—This does not include the cost of working special trains or of double-heading trains, for which arrangements were made in accordance with the requirements of traffic offering.

Seth Govind Das: Is it a fact that the B. N. Railway first promised a concession and in the end refused it?

The Honourable Sir Thomas Stewart: I have just said that Government have no information as to whether any railway was asked for concession and refused it.

Seth Govind Das: Will Government take it from me that the B. N. Railway first granted a concession and in the end they refused it? Will the Honourable Member inquire why they refused the concession which they had promised.

The Honourable Sir Thomas Stewart: No, Sir.

Seth Govind Das: Why, Sir?

The Honourable Sir Thomas Stewart: I see no reason to do so.

Mr. S. Satyamurti: Sir, may I know the reasons why Government will not find out from this particular railway why they departed from the practice which has gone on for some years now and when all railways give reasonable concessions for a big gathering like this, which is mutually advantageous?

The Honourable Sir Thomas Stewart: I am not aware that the Railway made any departure from its previous practice.

Mr. S. Satyamurti: But, in view of the allegation made by the Chairman of the Reception Committee of the last session of the Congress, will my Honourable friend be good enough to cause inquiries to be made and report the results of the inquiry to this House?

The Honourable Sir Thomas Stewart: Presumably the Honourable Member is himself aware why the concession was refused, if indeed it was.

Seth Govind Das: No, Sir; I must say that we are not at all aware why the concession was refused and I want Government to inquire as to why it was refused.

The Honourable Sir Thomas Stewart: I suggest that the Honourable Member himself makes the necessary inquiries.

Seth Govind Das: We did, but we did not get any reply; and I again request Government to make an inquiry from them and let us know the reasons for their refusal.

The Honourable Sir Thomas Stewart: I shall be obliged if the Honourable Member will send me a copy of his correspondence with the Agent.

POWERS GIVEN TO TELEGRAPH MASTERS, ETC., OF WITHHOLDING TELEGRAMS.

1354. *Mr. S. Satyamurti: Will the Honourable Member for Communications be pleased to state:

- (a) whether Government have considered the vote of the House censuring them for the extraordinarily wide and arbitrary powers given to Telegraph Masters and other officers to withhold objectionable or alarming telegrams;
- (b) whether Government propose to take any action by way of rescinding or by radically amending the rules, in accordance with the relevant section of the Indian Telegraph Act; and
- (c) if not, why not?

The Honourable Sir Thomas Stewart: (a) Yes. Government do not consider the powers extraordinarily wide or arbitrary.

(b) and (c). No. Government hold that the rule is necessary in the public interest.

Mr. S. Satyamurti: In view of the vote of this House, may I know if Government will apply their mind particularly to that portion of the rule which vests in the Telegraph Masters absolute discretion to withhold objectionable or alarming telegrams and to refer to the Magistrate only in cases of doubt? Have Government considered the continuance of this power in the Telegraph Masters necessary in the interests of the public and may I know the reasons why Government have rejected the verdict of this House in this behalf?

The Honourable Sir Thomas Stewart: In this regard I conceive myself as carrying out agency functions only when the real point at issue is one of censorship; and I think the Honourable Member should really direct his questions to the Honourable the Home Member.

Mr. S. Satyamurti: I will do that when necessary, but with regard to Telegraph Masters, who are under my Honourable friend's control, I am asking why Government propose to vest in them this absolute discretion of withholding or delaying telegrams which they consider objectionable or alarming, without any reference to any magistrate at all.

The Honourable Sir Thomas Stewart: I cannot accept the Honourable Member's suggestion at all that there is absolute discretion vested in the Telegraph Masters.

Mr. S. Satyamurti: May I know the reasons why the Honourable Member says there is no absolute discretion? As I read the rule the discretion is absolute except in cases of doubt.

Mr. President (The Honourable Sir Abdur Rahim): The House had a discussion about it only the other day. Next question.

FEELING OF INDIANS ABOUT PALESTINE.

1355. *Mr. S. Satyamurti: Will the Secretary for External Affairs be pleased to state:

- (a) whether the Government of India have kept themselves, or are being kept, in touch by His Majesty's Government about the proceedings of the Palestine Conference;
- (b) whether the Government of India are communicating from time to time to His Majesty's Government and the Conference the strong feeling in India that Palestine should be made an independent Arab State;
- (c) whether the Government of India's attention has been drawn to the Resolution of the Indian National Congress at Tripuri on this subject; and
- (d) whether the Government of India have been consulted with regard to His Majesty's Government's final proposals regarding the future of Palestine?

Sir Aubrey Metcalfe: (a) Yes.

(b) The attention of the Honourable Member is drawn to the reply given by me to part (b) of starred question No. 520 on the 20th February, 1939.

(c) Yes.

(d) No.

Mr. S. Satyamurti: With reference to part (b) of the question, may I know when last the Government of India addressed His Majesty's Government in this matter and whether before or after the announcement of the final terms of His Majesty's Government in the Palestine Conference the Government of India were consulted or they themselves addressed His Majesty's Government as to the feelings of Indians on this matter?

Sir Aubrey Metcalfe: If the Honourable Member wants precise dates I must ask him to put down a question on the paper. I do not carry them in my head and I do not know them.

Mr. S. Satyamurti: I am merely asking about a public event, i.e., the date and the time at which His Majesty's Government communicated their final proposals to the Palestine Conference. May I know whether the Government of India were consulted at or about that time or whether they addressed themselves to His Majesty's Government expressing the opinions of the people of this country?

Sir Aubrey Metcalfe: I have stated in reply to part (d) of the question that the Government of India were not consulted.

Mr. S. Satyamurti: In view of the resolution of the Indian National Congress at Tripuri on this subject and the well-known feeling of all sections of the people of this country, will Government now communicate to His Majesty's Government the feeling of this country that Palestine should be made an independent Arab State and that they should not carry out their proposals?

Sir Aubrey Metcalfe: I have no doubt that the resolution to which the Honourable Member refers has already been brought to the notice of His Majesty's Government.

Mr. S. Satyamurti: But has it been done by the Government of India?

Sir Aubrey Metcalfe: I could not say that for certain, but I should think there is very little doubt about it.

†1356*.

LICENCE FEE ON RADIO SETS.

1357. ***Mr. S. Satyamurti:** Will the Honourable Member for Communications be pleased to state:

- the latest figures for this financial year of licences and licence fees from the owners of private radio receiving sets;
- the latest figures of public receiving sets throughout India and the licence fees therefrom;
- whether Government have come to any decision regarding the raising of the licensing fees on public receiving sets;
- if so, what the decision is; and
- if not, when they propose to decide this question?

The Honourable Sir Thomas Stewart: (a) The number of broadcast receiver licenses issued or renewed during the current financial year up to the 28th February, 1939, was 65,247 and the amount of license fees collected in respect of these licenses was Rs. 5,89,462.

(b) So far special sanction has been issued for the installation of 266 public receiving sets, but the number of such sets actually installed and the license fees realised therefrom are not known as separate statistics are not kept. As the license fee per set is Rs. 10, the Honourable Member may assume that the maximum amount realised during the year is Rs. 2,660. These figures do not include the 20 rural community sets so far installed by All-India Radio in Delhi Province.

(c), (d) and (e). Government are considering the matter and a decision is likely to be reached shortly.

Mr. S. Satyamurti: Are Government, in their consideration, bearing in mind the very important consideration that the expansion of private licenses ought not to be hampered by the too wide distribution of community sets which will affect the revenues of the All-India Radio Department?

†This question was withdrawn by the questioner.

The Honourable Sir Thomas Stewart: Yes, Sir, that is a consideration which is present in the mind of the Government of India.

Mr. S. Satyamurti: Are the Provincial Governments being consulted in this behalf?

The Honourable Sir Thomas Stewart: I believe that discussions have been carried on with at least one Provincial Government.

Mr. S. Satyamurti: Before Government finally make up their mind in this matter, will they get into touch with all the Provincial Governments and get their opinions and then decide this question?

The Honourable Sir Thomas Stewart: I do not know that the question has arisen in regard to more than one Provincial Government.

Prof. N. G. Ranga: Will Government also keep in mind the consideration that in view of the fact that only rich people can afford private sets there is a great need for expanding these public receiving sets and therefore the fees charged on public receiving sets should not be increased?

The Honourable Sir Thomas Stewart: I take it that the Honourable Member is putting the "pro" against my Honourable friend's "con". Both the "pro" and the "con" will be taken into consideration.

ALTERATION IN THE RECORDED DATE OF BIRTH OF EMPLOYEES ON THE EAST INDIAN RAILWAY.

1358. ***Sardar Mangal Singh:** Will the Honourable Member for Railways please refer to Minute Sheet No. AE. 816/1, dated the 2nd January, 1936, of the General Manager, East Indian Railway, reading as under:

"Alteration of recorded date of Birth.

In continuation of this Office Minute Sheet No. AE. 816/1, dated 6th August, 1935, I am directed to inform you that in future each application for an alteration of an employee's age will be considered on its merits, admitting cases where (a) a clerical error has undoubtedly occurred in preparing the original records, (b) sufficient proof is produced to establish that a wrong age was given originally through a genuine error, and (c) the original age recorded was obviously incorrect and was probably a careless estimate usually in the case of illiterate staff.

Cases coming under any of the above heads may be sent to the Agent (now General Manager) for a decision",

and state:

- the nature of proofs considered to be sufficient to establish that a wrong age was given; and
- the causes of rejecting the applications of Indian staff since 1935, which are supported by certified copies from the register of births maintained under the Registration of Births Act, from school and university certificates and by reliable evidences from persons of respectability?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I gave to part (c) of Mr. Muhammad Azhar Ali's unstarred question No. 123 on 28th March, 1938.

(b) Government have no information and do not consider that the labour involved in compiling the particulars required can be justified.

EMBEZZLEMENT IN THE CHUHARMUNDA POST OFFICE IN SIALKOT DISTRICT.

1359. *Bhai Parma Nand: (a) Will the Honourable Member for Communications be pleased to state if it is a fact that there was a case of embezzlement in the Post Office, Chuharmunda, District Sialkot (Punjab), in which the accused was tried and convicted for eighteen years?

(b) Is it a fact that the depositors are not as yet being allowed to withdraw money from their accounts, and are Government aware that this is causing a great inconvenience to the public?

The Honourable Sir Thomas Stewart: (a) Yes, the aggregate of all the sentences being 17 years 6 months.

(b) Yes. The delay in making payments to the depositors is due to the fact that all the records filed in the trying court have not yet been received back. I understand that the Postmaster-General, Punjab and North-West Frontier Circle, Lahore, is taking special action to expedite this matter.

Mr. Lalchand Navalrai: May I know if there is any rule under which withdrawals from the savings bank can be prohibited?

The Honourable Sir Thomas Stewart: I know of no such rule, but the Honourable Member must understand that, when we have no records of what the deposits have been, we cannot possibly repay the deposits.

Mr. Lalchand Navalrai: Can it not be found out who they are?

The Honourable Sir Thomas Stewart: Certainly it can when we get the records back from the court.

ACTION ON THE RECOMMENDATIONS OF THE WEDGWOOD COMMITTEE.

1360. *Bhai Parma Nand: (a) Will the Honourable Member for Railways please state whether it is a fact that the majority of the recommendations of the Wedgwood Committee have been accepted by the Railway Board and action in respect thereof is being taken by the various Railway Administrations under their control?

(b) If the reply to part (a) above be in the affirmative, will Government be pleased to state the number of officers and subordinates so far appointed over the different railways, together with the scales of pay from 1st April, 1937, to 31st December, 1938?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the "Statement showing the action taken on recommendations in the Indian Railway Enquiry Committee's Report (1937)" issued in November, 1938. A copy of this statement is in the Library of the House.

(b) I am laying on the table a statement giving the particulars in respect of gazetted posts so far sanctioned. Government have no information as regards subordinate posts, the creation of which is within the competence of General Managers.

Statement giving particulars in respect of gazetted posts.

Railway.	Posts sanctioned.	Scale of pay.	Period for which sanctioned.
		RS.	
Eastern Bengal	Two senior scale posts— 1 in Transportation (Traffic) and Commercial Departments. 1 in Transportation (Power) and Mechanical Engineering Department.	750—950	* Upto 31st March, 1938.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Permanent.
East Indian	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	From 30-8-1937 to 30-9-1938.
Do.	Senior scale post, Transportation (Power) and Mechanical Engineering Department.	750—950	* Two years.
Do.	Deputy Chief Operating Superintendent, Transportation (Traffic) and Commercial Departments.	1,300	One year from 3rd January, 1939.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	One year from 3rd January, 1939.
Great Indian Peninsula.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Permanent.
Assam Bengal	Deputy Agent, Organisation	1,300	* One year.
Do.	Reorganisation of the Traffic Department involving a net increase of Rs. 735 per mensem	...	* Two years.
Bombay, Baroda & Central India.	Deputy General Manager, Organisation	1,300	One year from 1st May, 1937.
Do.	Publicity and Advertising Superintendent, Transportation (Traffic) and Commercial Departments.	750—940	* Permanent revival of a post which was held in abeyance in 1932.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Six months.
Madras and Southern Mahratta	Senior scale post, Transportation (Power) and Mechanical Engineering Department.	750—950	* One year.
Railway Board	Officer on Special Duty	2,500	Two months (from, 23rd October, 1937, to 24th December, 1937).
Do.	Officer on Special Duty	2,500—2,750	Two years from 8th November, 1937.

* Information regarding the dates from which these posts were actually filled is not readily available.

SHOUTING OF WARES BY VENDORS ON THE NORTH WESTERN RAILWAY.

1361. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): Will the Honourable Member for Railways please state:

- whether it is a fact that on the North Western Railway vendors are prohibited against calling out their wares at any time of the day and night;
- what arrangements the administration have made that the passengers on the middle and "off-side" berths of a train could sight the wares of the vendors;
- whether that prohibition is enforced on complaints from the travelling public; and
- the reasons for the continuous prohibition imposed and the justification therefor?

The Honourable Sir Thomas Stewart: (a) Yes: on the Delhi and Lahore Divisions, as an experimental measure.

(b) None, as passengers must ultimately move to the near side for the purposes of effecting their purchases and making payments therefor.

(c) and (d). Yes. The Administration also consider that their action in this respect is in the best interests of the travelling public.

Mr. Lalchand Navalrai: Does the Honourable Member know that they come and knock at the doors of compartments and wake up people from their sleep?

The Honourable Sir Thomas Stewart: I have experienced the same discomfort as the Honourable Member.

Mr. Lalchand Navalrai: Will the Honourable Member issue a circular to that effect that they should not at least knock?

The Honourable Sir Thomas Stewart: I do not think that the practice amounts to a public nuisance.

SHOUTING OF WARES BY VENDORS ON THE NORTH WESTERN RAILWAY.

†1362. ***Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please lay on the table circulars No. 23 AC/O, dated the 9th and 28th January, 1939, issued by the Divisional Commercial Officer, North Western Railway, Lahore Division, regarding shouting of wares by the vending contractors serving the travelling public, and state the complaints received from the public?

The Honourable Sir Thomas Stewart: Copies of the circulars are laid on the table of the House and I would refer the Honourable Member to the reply just given to Mr. Sham Lal's starred question No. 1361.

NORTH WESTERN RAILWAY.

No. 23-Ac./O.

Office of the Divisional Superintendent,
Lahore, dated the 9th January, 1939.

To

All Station Masters, Lahore Division,
S. S. & Hony. A. T. O., Lahore.
C./All T. Is. and C. Ss., Lahore Division.

Shouting of wares by Vending Contractors serving the travelling public

Despite issue of repeated instructions, it is noticed that vendors are still shouting their wares and no action appears to have been taken by the staff to put a stop to this nuisance.

2. Station masters should have all the vendors before them and warn them once for all that the calling out of wares at any time of the day or night is strictly prohibited. Any salesman found doing so will result in the termination of the contract of the vendor to whom he belongs.

Please obtain acknowledgments of all concerned and record the same with you.

†Answer to this question laid on the table, the questioner being absent

NORTH WESTERN RAILWAY.

Cir. No. 11-Coml. No. 23-A. C./O.

Office of the Divisional Superintendent,
Lahore, dated the 28th January, 1939.

To

All Station Masters, Lahore Division,
S. S. & Hony. A. T. O., Lahore.
C./All T. Is. and C. Ss., Lahore Division.

Shouting of wares by the Vending Contractors serving the travelling public.

With reference to my circular No. 23-A. C./O., dated 9th January, 1939, please note that the prohibition of vendors calling out their wares at any time of the day is held in abeyance till further orders. The calling of wares between 22 and 5 hours at night, however, is strictly prohibited and station masters must report any cases of salesmen contravening these instructions.

UNSTARRED QUESTION AND ANSWER.

TRANSFER OF THE STATISTICAL AND DISBURSEMENT SECTIONS OF THE CONTROLLER OF RAILWAY ACCOUNTS OFFICE.

57. Sardar Sant Singh: (a) Will the Honourable Member for Railways please state if it is a fact that the Statistical and Disbursement Sections of the Controller of Railway Accounts Office will be transferred to the Railway Board and the Divisional Accounts Office, North Western Railway, Delhi, respectively, from April, 1939?

(b) Is it a fact that one post of an Assistant Accounts Officer will be abolished from that office?

(c) Is it a fact that one gazetted post of a Superintendent will be newly created for the Statistical Branch of the Railway Board?

(d) If the replies to parts (a), (b) and (c) above be in the affirmative, will Government please state what saving has been effected by the transfer of the two Sections from that office, and whether the same saving cannot be realised by keeping the two Sections in that office? If not, why not?

(e) Will Government please state if it is a fact that an experiment is at present being tried on the North Western and Great Indian Peninsula Railways in regard to placing the accounts work under the General Managers and the amalgamation of the office of the Controller of Railway Accounts with the Railway Board in October or November next?

(f) If it is not the intention of the Government to amalgamate that office with the Railway Board in October or November next, will Government please state the reasons for the transfer of the two Sections at this juncture?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Yes.

(c) No.

(d) Does not arise.

(e) The reply to the first part of the question is in the affirmative. As regards the amalgamation of the office of the Controller of Railway Accounts with that of the Railway Board, Government have reached no conclusion yet.

(f) The transfer of work has been made in the interests of economy and, so far as concerns the statistical work, of increased efficiency and without reference to the possible amalgamation of the office of the Controller of Railway Accounts with that of the Railway Board.

ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Friday, the 24th March, 1939, the time fixed for receiving nominations for the Central Advisory Council for Railways ten nominations were received. Subsequently the candidature of one Member has been withdrawn by the proposer and three Members have withdrawn their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following Members to be duly elected, namely:

- (1) Mr. Lalchand Navalrai,
- (2) Mr. Kuladhar Chaliha,
- (3) Pandit Shambhu Dayal Misra,
- (4) Lieutenant-Colonel Sir Henry Gidney,
- (5) Maulvi Syed Murtuza Sahib Bahadur, and
- (6) Sir Abdul Halim Ghuznavi.

ELECTION OF A MEMBER TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that up to 12 Noon on Friday, the 24th March, 1939, the time fixed for receiving nominations for the Standing Committee on Pilgrimage to the Hedjaz two nominations were received. Subsequently the candidature of one Member has been withdrawn by the proposer. As there is only one vacancy, I declare Qazi Muhammad Ahmad Kazmi to be duly elected.

MOTION RE THE INDO-BRITISH TRADE AGREEMENT—*conold.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the motion moved by Sir Muhammad Zafrullah Khan and the amendments moved thereon.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I was speaking of cotton yesterday when the House rose for the day. I will be very brief in my comment on this item which has been the chief target of opposition.

Sir Bryce Burt explained to the House yesterday the position of cotton growing all over the world. He said that America alone produced probably half the quantity required for world consumption and India had two new competitors, Russia and Brazil, and besides the latest advance made in the use of artificial fibres as a substitute for cotton in Germany and Italy will very adversely affect the whole agricultural interest in cotton. This is certainly a great justification for having secured from United Kingdom even such a quota on cotton which, however, is advantageous although it falls below our estimate. Cotton agriculture must be saved and the textile industry of India should be prepared to make

even sacrifices in the interests of cotton growers as this Indian industry has been established by sacrifices of the agriculturists and the consumers. Besides, as Sir Muhammad Zafrullah pointed out, there is no question of any great sacrifice at all, as Indian textile mills have established their position, and if they can compete their production on the world parity prices, they can expand their export to Colonies and Dominions at some advantage compared with other countries. They have been exporting manufactured clothes to the value of over four crores to the United Kingdom and this is no small matter of satisfaction considering the progress in such a short time. Some Members made a passing reference to Japan who, under the treaty, consumed over a million bales of Indian cotton. Do Honourable Members realise that Japan did so with all possible reluctance and after protesting as much as she could, and that Japan does not buy our products generally of any substantial value? Besides, our general exports to Japan of other commodities are practically nominal and the Indian textile industry can hardly expect any future when they will be able to export their products to Japan. It is idle to bring in Japan here and the comparison cannot be made. Mr. Akhil Chandra Datta yesterday said "that it was a question of the protection of Lancashire as against the protection of Indian textile industry." I think it is political bias that gave vent to these feelings but he cannot substantiate it. The only question is that England is protecting Lancashire at her own sacrifices because they can probably buy cheaper cotton elsewhere, and our Indian textile industry, in spite of protection at the consumer's cost, has been callous in numerous ways. What are these Indian textile industries worth to the general public except that the consumers make a contribution of a few crores of rupees yearly to benefit a few individuals or corporations in the shape of allowing them to maintain high prices for their cloth and so do cotton growers who fall victims to their dictation of prices reached at by a "combination"? We may have the satisfaction of calling this a national industry, much in the same way as we call railways as our national asset worth 750 crores, or our Congress Provincial Governments under Provincial Autonomy as our own Governments: but to our bitter experience we Muslims have only to sing Shelley's song "But to me the cup has been dealt in another measure."

These cotton mills in India deserve no more support as they are monopolies of a few individuals and the Muslims' interest has been trampled down, even in the matter of employment as I explained at length during the Budget debates. The Muslims have been refused any share worth the name but the industry is thriving at the cost of India of which one-third of the population are Muslims. We have no sympathy for them and, I think, the cottage industry and the handloom industry is the only thing to which we may concentrate our support. The mill industry at Ahmedabad and elsewhere is monopolised by few individuals and includes foreigners, I mean Europeans who deserve no better treatment than the Lancashire group. As such I feel that the arrangement in the matter of cotton yarn import is not at all such as we should take any serious objection. I do not want to suggest that Lancashire mills deserve any better treatment than the Indian mills but, at least, Lancashire does not cost the consumers millions of rupees to protect them in that particular way, as it does to feed a few capitalists who are monopolising the textile industry of this country. I would like to support cottage and "Handloom" industry and for this purpose we have to take no

[Mr. Muhammad Nauman.]

notice of Indian mills which are the monopolies of a few. If it had been otherwise possible I would probably have stopped all imports and even ousted the mills as the general population of masses have no control over them and get no substantial benefit out of them. This agreement at least does not cost the consumer any amount and gives cotton growers a substantial support by keeping competition alive and that is why the growers will be in a better position to control prices. An offtake of a million bales would certainly have been a more satisfactory feature, but then this agreement is only for three years and we may try for better relations in future.

To conclude my speech, I want to know why it was not possible for the Government of India to impress on His Majesty's Government that other bilateral agreements should also be initiated as was demanded by this House some three years ago. Sufficient amount of money has been spent and sufficient energy and time put to it—all at the cost of the Indian taxpayer; and still the point of the Resolution which my Leader, Mr. Jinnah, moved in 1936 that treaties with other countries should also be negotiated upon to see how we can compare and compete with other countries, has not been done. On the face of this, the present Indo-British Trade Agreement does not seem to be at all such as could be termed "disadvantageous advantageous", rather I must say it is a great improvement on the Ottawa agreement but the Honourable the Commerce Member in his speech said that the agreement does not involve our capacity of bargaining power. He has not put it to test, and so we do not know whether India still maintains a bargaining capacity with other countries or it is only a matter of theory and if at all it can be adopted in practical business. The Honourable Sir Muhammad Zafrulla Khan further said that in the United Kingdom India will enjoy preference on 82 per cent. of her export trade whereas the United Kingdom will have no preference on her 88 per cent. of India's total import, and he stressed "leaving India free to use this large percentage of her imports as a bargaining weapon to make her own arrangements with other countries". Should not the Government have at all placed before this House a concrete proposition by negotiating matters with other Governments, so that the theory which has been propounded should have some concrete effect and take a concrete shape? The question of "bargaining capacity" is, as yet only a theory. Whether we are at all left in a position to negotiate with other countries is a matter which has yet to be decided. If we have fiscal autonomy, the best thing would have been for us to enter into bilateral arrangements with other Governments and come to definite agreement with them at one and the same time and with major parts of the world as well.

As suggestions are made that for reason of Ottawa and this agreement we are losing our trade with other parts of the world like Germany, Italy and other countries, some such negotiations of agreements with those countries would have convinced everybody that this agreement is absolutely in our favour and does not jeopardise our trade elsewhere. Sir, as I have said, this agreement on the face of it looks quite reasonable, but as it involves the question of collateral arrangements with other countries I am not in a position to say what implications it will have or what difficulties it will land us in when we become bound by this treaty with the United Kingdom.

Sir, a lot was said on the Ottawa Agreement, and Indian merchants were of opinion that Ottawa Agreement fettered their hands to a very large extent, and that the free trade of India was hampered to a very great extent. The position would have been different if some negotiations had been made with the Empire Dominions and even other free countries. Now, Sir, if the Government had at all made some sort of investigation for such treaties—the Government was expected to place all its cards on the table. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. Muhammad Nauman: With these few remarks, I resume my seat.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Mr. President, well-deserved tributes were paid in the course of the debate yesterday to my friend, Sir Muhammad Zafrulla Khan, and I desire to endorse them. I do so the more whole-heartedly as I find myself unable to be in complete agreement with him. My Honourable friend has laboured hard in the interests of India, and I think we can say that India could not have had an abler or more earnest advocate of her rights and interests.

Sir, in view particularly of what I am going to say, I would like to observe that I am as strong as ever in favour of an understanding with the United Kingdom. The enormous value of the trade of each to the other cannot be exaggerated, and I think it can also be said that an understanding which is to the mutual advantage of the two countries would have a great political value as well. With this observation, Sir, I would proceed to a consideration of the agreement with every desire to assess to the fullest the benefits it seeks to confer.

I am sorry to have to say, however, that a dispassionate consideration of the agreement has been rendered somewhat difficult by the procedure which the Government of India chose to adopt in dealing with this issue. It was said in the course of the debate yesterday that the Government deliberately chose as their advisers some of the most eminent leaders of commerce and industry in this country. They knew that these leaders were determined opponents of the Ottawa Pact, and they should have realised the full implications of their choice, and they should also have appreciated that when they selected such eminent leaders they more or less made it difficult for themselves at the final stage to depart from the advice tendered by these gentlemen. Therefore, Sir, it becomes a little difficult for us to discard the advice which has been tendered by men chosen by the Government themselves. I do not suggest, Sir, that non-official advisers can ever arrogate to themselves the authority to determine issues. That determination must rest with the Government, but I do repeat that it becomes very difficult when non-official advisers, chosen by the Government, have put forward a strong case for that case to be neglected by other sections.

Now, Sir, looking at the picture of the trade agreement as it affects the import and export trade, what is the position? The position is that India retains in the United Kingdom market all the preferences which she is enjoying and, in some cases, these preferences have been strengthened. The result is that India will enjoy in the United Kingdom market preferences in respect of as much as 82 per cent. in value of the articles she

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exports to Great Britain. On the other side the advantages enjoyed by the United Kingdom in this market have been curtailed, and from a figure of over 18 crores of rupees, the values have been brought down to less than eight crores. I am free to admit, and I admit it quite willingly, that, so far as this aspect of the case is concerned, the agreement is of advantage to India. I am not prepared to say that the agreement is not of advantage to the United Kingdom as well. And here I say, Sir, that it seems to me to be a very great pity that the non-official advisers should have insisted upon retaining all the preferences, if their contention were correct that a very great many of them have merely an insurance value and that quite a few are preferences which are enjoyed in common with other parts of the Empire countries, and it seems to me also a matter of pity, applying my own mind to these things, that the preferences enjoyed by the United Kingdom in this market should have been sought to be curtailed so drastically. It does not help India very much if Great Britain's place in several commodities is taken up by the foreign exporter. And in this connection let us not forget that the situation, so far as our trade with foreign countries is concerned, has been rendered difficult by the exchange restrictions which prevail in most countries. However, Sir, I would say that the agreement as a whole, so far as this aspect is concerned, is favourable to India and not unfavourable to Great Britain. Unfortunately, the Board of Trade took up the position, and they were enabled to do so by the tactics adopted by us, that some *quid pro quo* for the very substantial advantages which Great Britain was supposed to be conferring on India, should be obtained for British interests, and that is where Lancashire came in. The Board of Trade said, "we are retaining all your preferences, you are curtailing most of ours, therefore, give us a *quid pro quo*", and that brought the fundamental part of the agreement before us.

What is that agreement? The agreement is this, that in place of the existing duty of 20 per cent. on most goods and 25 per cent. on printed goods, the basic duty on Lancashire imports should be 15 per cent. and 17½ per cent. If, in any year, Lancashire fails to send to India, say, 350 million yards, then the basic duty is to be reduced by 2½ per cent., to 12½ per cent. On the other side, Lancashire assures India of an offtake of 500 to 600,000 cotton bales. In this connection I want it to be clearly appreciated that it is not the guarantee of a particular quantity of cotton that Lancashire is offering us; she gives a sort of assurance that she would be consuming the quantities indicated in the agreement, and that if she does not, certain penalties will follow. I shall presently show what might easily happen under a condition of this character which does not amount to a definite guarantee. Now, take the facts as they are. Lancashire imports have gone down in this country continually for a variety of reasons until they touched, in the last fiscal year for which we have figures, the low water mark of 266 million yards. From certain figures given by my Honourable friend, the Commerce Member yesterday, it would appear that this year's imports may not exceed even 200 million yards. Now, take the probabilities of the case. In the fiscal year 1939-40 it is quite conceivable that with a basic duty of 15 per cent. Lancashire may not be able to send into our markets more than 350 million yards. I am making an allowance of as much as 150 million yards in one year. What then happens? In the year following, the duties are to be reduced to 12½ per cent. On the other side, what is the position with regard

to cotton? The position as I see it is that, provided Lancashire is willing to pay the penalties, she need not consume more than 400,000 bales in the first two years, and more than 450,000 bales in the final year of the agreement. This, Sir, will be the position which will emerge. . . .

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): What is the penalty?

Sir H. P. Mody: The penalty is that for every 50,000 bales or part thereof, short of the stipulated quantities in the agreement, Lancashire's sendings are to be rated up by 25 million yards.

Mr. M. A. Jinnah: Who will benefit by it?

Sir H. P. Mody: That I shall presently show. I desire it to be clearly understood that I am not over-stating the case, but I am, from such experience as I have, putting before the House what I regard as the probabilities of the matter. What might happen then would be this. That Lancashire could send in the piecegoods in year 1939-40 as much as 450 million yards at a basic duty of 15 per cent., and in return for that she need not buy more than 400,000 bales. I have calculated this out and I shall be glad if my Honourable friend will take a note of this and contradict me if he can. If, however, as I am almost certain, her sendings to this country are below 350 millions, then the next year's duty would be 12½ per cent., and the position would be that she can send up to 350 million yards at 12½ per cent. duty and even then she need not take more than 400,000 bales. And in the final year the position will be that Lancashire can continue to send up to 350 million yards at 12½ per cent. if she takes just 450,000 bales of cotton. Apart from this, there is a consideration vital to those who are interested in the cultivation of cotton. What Lancashire has agreed to take is the sort of cotton for which there is a considerable market in this and other countries. My Honourable friend, the Commerce Member, gave yesterday a figure which seemed to suggest that well over 60 per cent. of Lancashire's takings of Indian cotton were of the type for which we were wanting a market. I am afraid that the basic staple is not 7/8 inch, but the short and fair staple which is below 7/8 inch. And I want to point out, in this connection, that while we were up in Simla—and we were also dragged into this business as advisers to the non-official advisers—while we were up at Simla all the representatives of the cotton interests put forward a demand that a substantial quantity of what Lancashire would take should be of the short and fair staple variety. While I quite recognise the difficulties of Lancashire,—I appreciate to the full the efforts which they have made in the last few years to implement their undertaking given at Ottawa and the undertaking they gave in the Pact to which I was a party that they would try to take as much of Indian cotton as possible—the position remains that from the point of view of India, if the cotton cultivator is to be substantially benefited, it would only be if what is called the surplus for which Japan happens to be the only principal consumer, is taken in substantial quantities by Lancashire. I just wish to add that from the figures given by the Honourable the Commerce Member himself, it appears that taking the average of a period of six years—we are not taking the peak years in respect of Lancashire—taking the average of as long a period as five or six years Lancashire's takings of Indian cotton have been over

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I cannot possibly accept an agreement which involves so much sacrifice to a national industry, and which is not compensated by equal advantages to other interests which are equally important, namely, the cotton interests who depend so much upon foreign markets for the consumption of their produce.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Am I to understand that the millowners are getting not more than one per cent. on the total amount sunk? Is that a true statement of fact?

Sir H. P. Mody: It is an absolutely true statement of facts. I shall give a table to my friend and I shall pay the fees of any chartered accountant whom he may employ to look into the figures. The dividends paid during the last ten years on the capital sunk in the industry have not amounted to one per cent.

Sir Syed Raza Ali: I wish I were a millowner in spite of this.

Sir H. P. Mody: You would be very sorry for yourself.

Mr. N. R. Pillai (Government of India: Nominated Official): Sir, the cotton article of the trade agreement has, if I may say so, held the centre of the stage for so long that we seem to be in danger of losing sight of the fact that there are other aspects of the agreement of equal importance and advantage to India and equally deserving of close and careful examination. I should, therefore, like to invite the attention of Honourable Members to some of these aspects and in the first place I propose to deal very briefly with the colonial side of the agreement.

The trade between India and the Colonies covered by the preferential arrangement is relatively small, the value of the import trade in 1937-38, being two crores and four lakhs and the export trade two crores and 37 lakhs. These figures, however, do not convey an adequate idea of the volume of our export trade entitled to concessional treatment in the Colonies, for in the case of a large number of Colonies, although there is no actual preference on cotton piecegoods, yet the imposition of restrictive quotas accompanied by the opportunity given to India to compete on equal terms with Lancashire has had a highly stimulating effect on her exports of cotton piecegoods, though these piecegoods do not come technically within the preferential field. The improvement in our exports of cotton piecegoods has been in fact one of the most gratifying features of the commercial exchanges between India and the Colonies, during recent years, and fully justifies the claim made by the Indian delegation to Ottawa that the existing preferential arrangement provides India with an increasing outlet in the Colonies for her manufactured goods. India's exports of piecegoods rose progressively from 27 million yards in 1933-34, to 37 millions in 1934-35, 48 millions in 1935-36, 57 millions in 1936-37, and 91 millions in 1937-38. Another instance of a trade which owes its development to the existence of a preference is that of the export trade in rubber shoes to the British West Indies. In 1933-34, the exports of such shoes were valued at no more than 1,000; they rose to Rs. 55,000 in the following year and then successively to a lakh of rupees, two and a half lakhs of rupees and, finally, in 1937-38, to four and a quarter lakhs of rupees.

The preferential arrangement between India and the Colonies has, it is clear, operated to the benefit of India and it has, accordingly, been continued, with minor modifications, under the present agreement. Opportunity has, however, been taken to cut out dead wood, preferences of little or no value which both sides were willing to give up. At the same time new preferences have been given on three articles to the Colonies, these articles being tapioca flour, ground spices and, last but not least, artificial teeth, a commodity in which the little island of Cyprus, a little too optimistically, perhaps, expects to do a roaring trade with this country. The present value of the trade in these goods is of the order of Rs. 50,000, and against these we have secured a new preference in Malaya on unmanufactured tobacco. The value of exports of this commodity from India to Malaya is somewhere round Rs. 3 lakhs, and, I am sure, Honourable Members will agree with me that we have every reason to be satisfied with this transaction.

Now, Sir, I should like to touch upon another aspect of the agreement, viz., the quantum of general preferences granted to the United Kingdom. In their first report the unofficial advisers have most lucidly explained certain considerations which, in their opinion, should guide the conclusion of a trade agreement with the United Kingdom. With the arguments which they have advanced in support of these considerations one may not find oneself in complete agreement, but the propositions themselves, or at any rate most of them, are of great value and interest, and the extent to which these have influenced the consideration of the question of the volume of general preferences to be granted to the United Kingdom is shown by the fact that Schedule IV to the agreement, which sets out these preferences, contains only twenty tariff items covering a trade worth Rs. 7,68,000, this being the average for the three years in 1937-38, against 106 tariff items covering a trade worth Rs. 18½ crores in 1935-36. The reduction of the preferential field to roughly two-fifths of its original size has involved the withdrawal of many valuable preferences which the United Kingdom has hitherto enjoyed. The preferences so withdrawn include those on hardware, aluminium, brass, bronze, zinc, and other non-ferrous metals except copper, rubber manufactures, provisions, paper, stationery and a host of miscellaneous items. What was left after this drastic reduction was subjected to a further process of trimming and pruning, and substantial reductions were made in the majority of the tariff heads admitted to preference; for instance, a number of chemicals included in the chemicals group have been transferred to a non-preferential head and this has had the effect of reducing the volume of trade under the chemicals item by a little over one-third. To take another instance, the iron and steel group has been reduced to a pale and insubstantial shadow of its former self. Under "Instruments", another item which has been similarly dealt with, preferences have been withdrawn from such articles as batteries, accumulators, electric bulbs and electro-medical apparatus.

Despite these very large reductions, the complaint has been made that the preferences that remain still represent too heavy a price to pay for the concessions that we have obtained in the United Kingdom. Now, I am sure, such a distinguished economist as my friend, Mr. Manu Subedar, will agree with me when I say that it is humanly impossible to frame rigid objective standards by which the benefits given and received by parties to a trade agreement can be measured. The considerations which arise are complex and cannot be reduced to precise mathematical forms, and the element of conjecture can never be wholly eliminated. Nevertheless, it is

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clear that some test must be applied, and I propose to employ the test which the unofficial advisers themselves appear to have had in mind, namely, to see whether the effective concessions affect an equal absolute volume of trade on both sides. In making this comparison, let me take up first the concessions granted to India. In paragraph 19 of the unofficial advisers' report of the 3rd October, 1937, to which a reference has been made on more than one occasion here, a list is given of preferences which, in their opinion, are of actual value to India. I accept that as a basis for the purposes of my argument, but would omit tobacco (manufactured), coffee, and vegetable oils, as being of a lower order of value and wheat as being no longer entitled to preference. Making these omissions and taking the average of the value of imports during the last three years, we arrive at a figure of eight crores. To this must be added an assumed figure of value for all remaining items. On this point this is what the unofficial advisers say:

"The rest of the trade gives India no more than an insurance value. We do not wish to say that in terms of value it is to be ignored but in assessing gains, in our opinion, its value should not be estimated higher than the value of effective preference on trade worth, say, five crores."

I do not for a moment agree that all the remaining items possess only an insurance value and, in particular, I dissent very strongly from the view they have expressed that the trade in coir mats and matches is small, and the preference of little value. The value of the trade is 85 lakhs, being more than, say, the trade in coffee or vegetable oils. But I do not wish to include that item because, as I have said, I want to take the unofficial advisers' list as the basis of my argument. This gives us a total of 18 crores, eight crores covering preferences of actual value and five crores being the assessed value of preferences which are considered to be only of insurance value. An adjustment must now be made for the cost of raw cotton to be purchased by the United Kingdom under the cotton arrangement. I put this at a figure of six crores, representing an annual average intake of 5½ lakhs of bales. The declared value was Rs. 180 per bale in 1937-38 and it is on that basis that I have calculated this. That brings the total to 19 crores.

Against this must be set, in the first place, the value of the imports of iron and steel entitled to differential duties, which may be put at a crore and a half, and, secondly, the value of cotton piecegoods imported into India during the period of the agreement for which, I think, a figure of nine crores may be taken, representing an offtake of 425 million yards annually during the period of the agreement. If we deduct the sum of these two figures, that is, 10½ crores, we arrive at the position that the grant of preferences over a volume of trade covering 8½ crores would not be unreasonable. But it may be objected that this calculation does not take into account the fact that some of the articles on the list are raw materials, a preference on which is intrinsically of less value than on manufactured goods. To allow for this I would reduce the final figure by a crore and a half, thus arriving at about seven crores, and that is exactly the figure provided in the agreement. Honourable Members will find that the average imports of the articles entitled to preference amount to 7.68 lakhs. That, however, includes trade with Burma which, if excluded, as it must be since export figures relate to India only, will reduce the figure to round about seven crores. It seems to me that the failure of persons who have taken a different view to disclose the calculations whereby they have arrived at the

mystic figure of three crores of which we have heard so much is probably not wholly unconnected with the impossibility of obtaining that result by any known mathematical process.

One of the more important criticisms directed against Ottawa was that it so severely restricted India's bargaining power that India was unable to enter into trade agreements with other countries. That charge, wholly unfounded in my opinion, has even less force in relation to the present agreement. Imports of all articles on the preferential list represent about 11 or 12 per cent. of the total, so that nearly 90 per cent. of the import trade of India still remains within, what I may call, the negotiable area for purposes of future negotiations. Blissfully oblivious of this fact, certain commentators have expressed the view that the inclusion of a number of important items in the preferential schedule may preclude India from entering into any trade agreement with continental countries as there will be nothing left to offer them in exchange for our exports. On the face of it, there must be something wrong with this statement, for whatever the degree of ingenuity displayed in the selection of articles, it is impossible to crowd all the important items of import into a portion of the trade which represents only 12 per cent. of the total. Let us, however, see by specific reference to the circumstances of our trade with a few continental countries, whether there is, after all, anything in this criticism. Take Germany first. Our main imports from that country are machinery, dyes, chemicals, hardware, instruments, iron and steel and paper. Of these seven items, only two have a prominent place in the preferential schedule, namely, chemicals and instruments, but more than one-third of the chemicals group and fully one-half of the instruments group are still within the negotiable field. Let us turn to France. The most important article of import from this country is wines and spirits. There are, I believe, very good reasons why we cannot contemplate the popularization of these classes of goods in India, but these reasons have nothing whatever to do with the present agreement.

One last example. Let me turn to Italy. The important articles imported are wool manufactures, fruits and vegetables and artificial silk yarn. There is nothing in the agreement to prevent our giving a concession on wool manufactures or on artificial silk yarn. The position, I admit, is different in the case of fruits and vegetables, where the Colonies have a preference of ten per cent. The main item of imports from Italy under this head is potatoes. But, as my Honourable friend, Mr. Chettiar, will bear me out, the demand from the South Indian, particularly, the Nilgri cultivators, is not for easing the burden on Italian potatoes but for raising the duty to a prohibitive level. So, if we cannot do anything for Italy in respect of potatoes the blame cannot be attributed to this agreement. Can any statement, then, I ask, and I leave the House to judge, be so likely to mislead, or so devoid of the smallest vestige of justification as that India will be precluded by this agreement from concluding advantageous trade agreements with Continental countries?

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Sir, I come from the agricultural province of Madras which is greatly interested in many of the articles which form the subject of this agreement. Groundnuts, tobacco, coffee, skins and hides and carpets are among the most important items of the export trade of my Province and my instinctive leaning was, therefore, to consider the agreement sympathetically. The Honourable Member, Mr. Dow, who by the way considers

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himself to be an eagle surveying the world with lofty disdain from the heights of Parnassus, may imagine himself to be the sole trustee of the economic interests of this country. He chose to address the House in a fashion which ought to have disappeared long ago, and, I am sure, he would greatly benefit by a short period of probation under one of our Congress Ministries. In any case, it is we, and not the Honourable Member, Mr. Dow, who have to answer before the people and if he suggests that our electors are not competent to judge their own interests, it is only a commentary on the wonderful education which the trusteeship of his class has given to them.

Perhaps the most remarkable feature of this agreement is that there is not a single preference which is given to India alone and which is not shared by all the Dominions and the Colonies. Obviously, Great Britain cannot afford to discriminate in favour of one part of her Empire as against another. Otherwise, there is no reason why, at least in a few articles, she should not give any preference to India exclusively. I am, therefore, greatly surprised that it should have been seriously argued that if this agreement was not ratified, the United Kingdom will or may discriminate against India in favour of another part of the Empire. I wonder if those who have suggested this are aware that, under the Government of India Act, any discrimination by India against the United Kingdom has been sought to be prevented by statutory provisions. The Governor General has been vested with a special responsibility to prevent any discrimination and special sections have been inserted not only to prevent discrimination but also to ensure special treatment in the matter of shipping, banking and other trade facilities. Defending these provisions, Sir Samuel Hoare argued that they were based "on the principles of non-discrimination and reciprocity." Sir, those who want reference may look up Parliamentary Debates Volume 298, col. 1835. If it is really contended on behalf of the Government of India that the non-ratification of this agreement will lead to a policy of discrimination by Britain against India, I respectfully invite this House to reject this agreement with a view solely to test this contention. A single act of such discrimination will strike a greater blow at the unwanted constitution than anything we can possibly do. I suggest that this bogey of discrimination against India be abandoned once for all in considering these or allied questions. So long as India is forcibly prevented from discriminating against Britain, the latter cannot discriminate against India.

Let us for a moment assume that England can and will discriminate against India. Who will be the sufferers of such discrimination? Will they not be the British shipping, banking, importing and exporting houses? Any discrimination against India in tea or jute will immediately result in the fall of the prices of shares of British companies and the earnings of non-official Britishers in India. It has been pointed out that while the balance of Indo-British trade was heavily in favour of Britain in the past, it has recently turned in favour of India. This shows only that the vast trade which India had with other countries and which enabled her not only to pay for the excess of imports from Britain but also for India's political and commercial tribute amounting to annually 40 crores, has been lost. The world is irresistibly moving towards a bilateral trade system in which the mutual trade between any two countries tends to be equal. Under this system the only way by which Britain can collect her dues is to increase her excess of imports from India over her exports to India to the order of

40 crores. Unless she does so, she will have to see British investments in India depreciate, for no nation can collect her dues from another nation except through the purchase of the goods of the latter. The British and American politicians have learnt this elementary truth by their bitter experience from German reparations. Any British discrimination against India will inevitably lead to the reduction and cancellation of India's debts to Britain. No, Sir, Britain cannot afford to tamper with the solvency of her most important debtor.

Now, Sir, if it is understood that there is no question of discrimination on either side, on our side by statutory imposition and on the side of Britain by her own interests, then the value of the agreement, both as insurance value and preference value, is to be judged with reference to the articles which are given an advantage in relation to foreign competitors. It cannot be denied that every British article which is given preference in the Indian market has to face keen competition with foreign countries without the preferences. British imports into India of British motor cars, British chemicals, British electrical goods, not to speak of British steel and cloth amounting from 13 to 15 crores—these are conveniently omitted, without any reason, from the calculation of British goods enjoying preference—will decline precipitately. Let me now examine carefully the preferences given to Indian articles which compete with foreign goods in the British market; such articles are linseed, tobacco, carpets and rugs, chrome leather and oil seed cakes. I request you to turn to page 24 of the memorandum which has been supplied to us. About linseed I have made certain calculations and the result is as follows. From the values given on page 24, we find that in 1935, 1936, 1937, the value of Indian linseed exported to Britain was £12, £13, and £14 per ton. On the other hand the value of linseed imported from Argentina was £9, £10 and £11, respectively, per ton. Sir, it was only ten per cent. preference and, therefore, even adding the preference, Argentine linseed cost in Britain 10, 11 and 12 pounds; that is to say, Indian linseed had to be got from India at a margin of over two pounds per ton even allowing for the preference. This shows that the trade was dictated by market conditions and not by the preference. The preference did not tell at all in the case of linseed. Britain has paid two pounds more per ton for the purchase of Indian linseed, including the duty on Argentine linseed. Therefore, in the case of linseed the preference did not act, at least it did not act directly.

Then, Sir, take tobacco which I admit is an important article and of which much has been made. In the case of tobacco a very curious thing has happened. On page 28 the figures for quantities and values have been given. I have tried to calculate the rates at which Indian and foreign tobacco have been imported by Britain. The Indian tobacco cost in the years 1935, 1936 and 1937, 8.7 pence per pound, 7.6 pence per pound and 9.5 pence per pound. The duty is 7s. 5½d. to 8s. 3½d. per pound. On a cost price varying from seven to nine pence per pound they were charging a duty of 7s. 5½d. per pound; and then they were getting Empire tobacco at 10.4d. per pound and 10.8 and 10.4 for the three years respectively. As against this they were buying foreign tobacco at 23.5 pence per pound, 20 pence per pound and 20 pence per pound; and if you read the figures, imports to Britain from all these three sources are increasing. What do you derive from all this? Prices have not mattered at all and, therefore, I do not know how they find out the effect of the preferences. In fact, what I find from these and other figures is that the world market for tobacco is going up by leaps and bounds and production in all

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countries put together is not keeping pace with the market; and, consequently, the market for tobacco is conditioned by the quantity available and by the qualities of these quantities available. Preference has not affected it, at least not for the present. It means that the duty on tobacco has an insurance value and has no immediate preferential value. Otherwise, why should Great Britain buy at 22 pence what she can buy in India at seven and eight pence? The qualities, of course, differ and, therefore, unless we can substitute these qualities this preference does not operate. And then as against Indian seven pence and eight pence tobacco England was buying ten pence Empire tobacco; and both the quantities are increasing, i.e., both from India at eight pence and from Empire countries at ten pence. Will the Honourable Member explain how this happened if India had more tobacco to export and what effect the preference of 2s. 1½d. has on the expansion of the export of our tobacco? Here again it is a question purely of market conditions.

Then, again, take carpets and rugs. The figures are given on page 30. From these figures I have calculated the cost per square yard. I give the figures for the same years, 1935-36, 1936-37 and 1937-38. The Indian carpet cost 6.3d. per sq. yard in 1936, 6.9d. in the next year and 8.1 in the last year; and Belgian carpets cost 3s., 3.38 and 3.5 per square yard. Belgian carpets are mill made and the duty is 20 per cent. *ad valorem*. And if you add this 20 per cent. the cost of Belgian carpets is very much below the Indian carpets; and there is no question that the preference does not act between Belgian carpets and Indian carpets. On the other hand, the average cost of carpets from Turkey, Iran and Persia is 17s. per square yard and 15s. per square yard and 19s. per square yard. If you add up the 4½s. to 6.3, 6.9 and 8.1 you will get from 11 to 13s. per square yard including the duty in the case of Indian carpets. But they have to pay 17s. on the carpets from Turkey and, therefore, even here I say that the difference between the prices is far higher than the margin of preference allowed and the preference does not act at all between carpets from Iran and from Turkey. This is a question purely of taste and, therefore, in the case of carpets and rugs between Belgian and Indian carpets it does not work, because Belgian carpets are too low in price and the preference of 20 per cent. *ad valorem* does not in any way help India and it does not apply between carpets from India and from Iran because the Iran carpets are so costly that even without this price preference there is no question of competition. They are taken more from choice and taste than on account of any preference.

Sir, my Honourable friend, Mr. Dow, made much of chrome leather. But what are the facts? I have calculated that in the years 1935, 1936, 1937 and 1938 the prices on Indian calf leather are 8, 6.7, 7.5, and 8.6 pence per square foot; and the average prices of all the other leather, including Indian, is 10, 10.11 and 12 pence. Similar figures are there for the other chrome leather. That means to say that Indian chrome leather is bought by Britain at prices substantially cheaper than the prices which she pays for other chrome leather. When we are able to sell this chrome leather cheaper what is the joke in making so much of this preference? Whether the preference will apply when the chrome leather prices go up is in the womb of the future. Probably it may apply, but at any rate as a matter for present bargain this chrome leather argument has no substance.

Mr. H. Dow (Secretary, Commerce Department): Does not the Honourable Member see that that merely increases the value of the preference?

Mr. K. Santhanam: No, Sir. It may be useful when the Indian prices go up but at present I am contending that they are not operative. The preference becomes operative only when the prices are comparable within the margin of preference, if it goes too much above or too much below the preference it does not operate. That is a fair arithmetical proposition which I do not think my Honourable friend, Mr. Dow, can afford to question. And, therefore, I contend that it will not be of value. It may be of value later but today the preference on chrome leather is not operative. That is the only contention which I am trying to make.

Sir, I have tried to analyse the four or five trump cards of the Government and I have found that in each case though the preference may have some problematic value in the future they are not operative in the present and were not operative in the immediate past and so you may judge how far we can in exchange offer certain preferences on British articles. Will the Honourable the Commerce Member contend that our preferences to British motors or British chemicals are of the same nature? Will he contend that if the preference were removed British cars will sell as freely as American cars? In the case of preferences for British goods they are exclusive and certain; in the case of preferences for Indian articles they are not exclusive, they are not certain, they are not operative, though they may be of some benefit in the future.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. K. Santhanam: Sir, I have finished. I hope I have proved that so far as the principal trump cards of Government are concerned, they are of no value and, therefore, do not justify India to go out of the way and restrict her own industries in order to protect competitive industries from abroad.

Mr. F. E. James (Madras: European): Sir, we had a speech this morning from an entirely new Sir Homi Mody, a person who had no spirit left in him—perhaps it is on account of the approach of prohibition in Bombay! I have never heard him so quite, so devoid of jokes and quips and cracks. I wondered why, and then I turned up the debates of last year and found that the concluding words of his own speech then must have been haunting him this morning. Let me read what he said.

"Sir, the whole world is filled with the noise of the tocsins which are calling the people to arms and Great Britain is the only sure guarantee of peace and stability. It is unthinkable that in these circumstances (that was a continuation of the Ottawa Agreement) India should throw away an economic alliance whose value has been demonstrated from so many points of view."

No wonder my Honourable friend was uncomfortable—nothing in his speech about whisky or flies or even girls! I hope he will recover.

I want to deal with one or two points he made. He first of all presented the astonishing view, coming from a businessman, that because the Government had not accepted or had not been able to obtain all the demands of all the non-official advisers, therefore, the agreement was not satisfactory. Does he has been a businessman for many years: he has been an adviser. Does he not know that an adviser always puts his claims as high as possible? Why, therefore, because the agreement does not satisfy all the claims of the non-official advisers, should the agreement be called a bad one? Secondly,

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my Honourable friend subjected the textile agreement to an examination and proceeded to indicate the possibility, which, I suggest, is not only remote but quite absurd, that the import of textiles from Lancashire would remain during the three years at a fixed figure of 350 million yards which would in the three years be subjected to reduced import duties, and that the offtake of cotton into the United Kingdom from India would remain substantially the same. Does he not realise that the basis of any trade agreement is the mutual expansion of exports and that Lancashire will endeavour to increase her imports into this country and if she succeeds she is under guarantee to take a larger portion of Indian cotton?

Mr. M. A. Jinnah: There is no guarantee.

Mr. F. E. James: I shall come to Mr. Jinnah later.

Mr. M. A. Jinnah: I am only correcting you.

Mr. F. E. James: I shall come to that point later.

Mr. M. A. Jinnah: Why not now?

Mr. F. E. James: Then, my Honourable friend spoke of the profits of the mill industry. As a matter of fact, for one who has been getting one per cent. on his capital for some years, he has been doing remarkably well. But here is a communication from a cotton grower in the Punjab:

"In comparing the position of the agriculturist as compared with the mill industry for the last two years one can say definitely that while the cotton grower is getting at least Rs. 50 a candy less than he was getting two years ago, the price of cloth has not decreased by more than six per cent. during this period. This means that in spite of some rise in the cost of production owing to increase of labour costs the margin of profit for Indian mills for the past two years has been greater than has been the case for the past 17 years."

It is perfectly true as my Honourable friend suggested that the Indian mills are the best customers of the grower; but it is also true that the grower is the best customer of the Indian mills and the total consumption of the Indian mills has not so far exceeded about half the Indian crop, so that the grower must find some outlet for 50 per cent. of his production. On the other hand he has to pay Rs. 3 for a piece of cloth which, without the 30 per cent. protection against Japan, would only cost him Rs. 2. The price of cloth in India is regulated by the price of the imported article, so that the Indian mills have had protection in the past and still have protection today. Then, my Honourable friend, Sir Homi Mody, said towards the end of his speech that instead of this agreement he would prefer an inquiry by a tariff board. Very well. Supposing he got an inquiry by a tariff board. Drop the agreement and have a tariff inquiry. On the basis of the import figures today the result of a tariff board inquiry would probably be a reduction in the duty to 15 per cent., but that would bring no benefit to the cotton grower. What the tariff board would recommend would be the protection of the mill industry. Where then is the guarantee of any definite assistance as far as the cotton grower is concerned?

Now, I will turn to my Honourable friend, Mr. Satyamurti, who spoke yesterday and who indicated that we might let the agreement drop and see what happens for two or three years. Allow the ordinary economic forces in the world to operate. Do not have an agreement with the United

Kingdom: as a matter of fact have a trade agreement with Germany. Surely, he must realise that you do not have trade agreements with Germany. Germany only goes in for barter agreements and Germany goes in for agreements only on the basis of her own figures. I understand that the Indian figures indicate that there is a slight balance of trade in favour of Germany. On the other hand I am told that German authorities suggest that they cannot place any reliance on Indian figures and any agreement that may be negotiated must be on the basis of her own figures, and those show, of course, the reverse. Does not my Honourable friend, Mr. Satyamurti, in his desire to deal with any other country but the United Kingdom, realise that if Germany did come to any agreement with this country, it would be an economic agreement for the purpose of still further asserting her political power not only in Europe but also in Asia? In other words, my Honourable friend, Mr. Satyamurti—and I hope his Madras constituents will realise this fact—is prepared to throw away valuable preferences for groundnuts, unmanufactured tobacco, chrome leather, coir yarn and matting, coffee and tea, raw goat skins, hides and skins, for some imaginary benefit which he is going to gain from an agreement with Germany which will never be reached. I suggest that that is the height of political folly. . . .

Sir H. P. Mody: Looks like a United Kingdom-Madras Agreement!

Mr. F. E. James: I will deal for a moment with the arguments advanced by my Honourable friend, Mr. Joshi, namely, that the subordination from the political point of view of the Indian Government to the British Government makes it impossible for any fair agreement to be reached between the two countries. I suggest that in the matter of fiscal arrangements the subordination of India to Great Britain is hardly noticeable; and I very much doubt whether even under Purna Swaraj, when my Honourable friend, Mr. Joshi, will not be nominated to the Federal Legislature, he will get better terms than have been obtained by the Government today.

Now, Sir, let us look at the agreement. There are two or three fundamental factors that must be admitted by every one whether he is in favour of the agreement or against it. First of all, any agreement involves concessions on both sides. Secondly, the purpose of any agreement between two countries in respect of trade is presumably to expand their exports. Now, as far as England and India are concerned, it must be remembered that Lancashire is as much a part of England as Bombay, Ahmedabad and even Madras are part of this country. There has been a tendency for the textile situation to dominate the whole scene, but I make bold to say that an agreement without reference to Lancashire would be as useless to England as an agreement without reference to the cotton districts of the Punjab and the Central Provinces would be valueless to this country. Let us take some outstanding factors in connection with the textile agreement.

First of all, there is the very important point made by Sir Bryce Burt yesterday that there is an enormous increase of potential and actual cotton production throughout the world. Secondly, for the first time there has been a guaranteed offtake of cotton from this country by the United Kingdom; and, thirdly, for the first time in the history of the textile industry of this country imports of piecegoods from the United Kingdom are practically limited to a maximum quota of five

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hundred million yards. Three or four years ago such a figure would have been regarded as absurd. I would like to ask my friend, Sir Homi Mody, whether it is not a fact,—and I am informed on the highest authority,—that a few years ago, at the time of the negotiations concerning the first Indo-Japanese agreement, when there were tripartite negotiations between Japan, Lancashire and the advisers of the Government of India, that the textile industry in this country were prepared to consider a quota for Lancashire, not of five hundred million yards, but of eight hundred million yards.

Sir H. P. Mody: It is not in the public interest to disclose the information!

Mr. F. E. James: As a matter of fact, Sir, in spite of that, I consulted the astrologers, and my information is absolutely accurate, and he has not denied it.

Again, when the textile mission, later on, visited this country the question of a quota was seriously discussed as between the textile industry and the representatives of Lancashire, and figures were actually mentioned. Of course, in those days there was no question of any guarantee being attached in regard to the offtake of Indian cotton. Still, the textile industry in this country were quite satisfied with the assurance which Lancashire was prepared to give. Now, we have at last got something further, namely, a quota on both sides which are related one to the other, and I would remind the House that the quota agreed to as far as Lancashire is concerned, even at its maximum, is less than ten per cent. of the total mill production in this country and is variable according to the offtake of cotton. Yet we are asked to believe, in the words of Mr. Akhil Chandra Datta, that Lancashire is out to destroy the mill industry in this country. Such exaggerations completely defeat themselves. As far as the cotton quotas are concerned or the amounts which the United Kingdom guarantees to take under certain circumstances, it must be remembered that in addition to this guarantee allied to those circumstances, there is still the assurance that Lancashire will do all that she can by way of research, marketing and propaganda to increase further, over and above the figures mentioned in the agreement, the offtake of cotton. I would remind the House once more that in a world in which there is rapidly increasing production of cotton and in which there is a desperate attempt on the part of many countries to find substitutes, an agreement like that must be of outstanding value. Let me also remind the House that in comparing the figures with regard to the import or export trade, it is never wise to take the figures for one single year. The fact remains that on an average, for a number of years since the Ottawa agreement, the annual offtake of Indian cotton by the United Kingdom has been 415,000 bales. The immediate guaranteed increase, therefore, on an average for the three years of the agreement, amounts to nearly 30 per cent. If normal economic factors were allowed to come into play instead of this agreement, the offtake, again basing our conclusion on the average, that is the average state of things before Ottawa, would be in the region of 150 to 200,000 bales.

It has been suggested to me that this agreement is unfavourable having regard to the Indo-Japanese Agreement. Let me remind the House that Japan takes, apart from cotton, no other agricultural products from this

country. Let me also remind the House that Japan enjoys in this market favoured-nation treatment, and a large number of manufactured goods are imported here. Let me also remind the House that Japan today is engaged upon an enterprise, one of the objects of which is this,—that within the new territories of Japan, the new Empire which she is carving out for herself in Manchuria and China, within those territories she is determined to establish complete autarchy, and that she is today growing cotton in Manchuria in order to make herself independent of the Indian market. Therefore, anyone who suggests that an agreement of this kind is not worth some sacrifice on the part of one industry in the country is, to my mind, blind to the facts of the international situation today.

Then, Sir, there is one other point, and that is, too little attention has been paid to the fact that the markets of the Colonial Empire are now open or have been open in special degree to Indian products. In fact, in the words of one Honourable Member, "India is beating Lancashire at her own game" not in India, but in the Colonial market, India's exports, to the Colonial Empire, including Ceylon, have steadily risen, since the preferences have been given under the Ottawa arrangements, and those preferences are being substantially continued, from 115 lakhs to 245 lakhs in three years,—and, I understand, the figures are still rising,—and let me remind my friend, Sir Homi Mody, that the major portion of that increased trade relates to cotton yarn and piecegoods. Now, Sir, apart from all these points, I suggest that it is universally admitted, apart from the arrangements in regard to textiles, that the agreement is favourable to India's export trade.

I would now make an appeal to my friend, Mr. Jinnah, and I am glad to see that on this matter he is with us in the House perhaps more frequently than has been possible during previous discussions. I have on more than one occasion compared Mr. Jinnah to Greta Garbo. He has, I may speak quite frankly, the allure, the inscrutability and the elusiveness of that great film star. But today I am thinking of him as the old woman who lived in the shoe who had so many fractious children that she did not know what to do. Now, Mr. Jinnah on the last occasion, when we discussed this matter, made one of his usually, fascinating and arresting speeches in the course of which, speaking,—so to speak, to Great Britain, he said: "I want arrangements with Great Britain. They must be such as you and we shall benefit mutually. Let us make the attempt". I suggest to Mr. Jinnah that here at last, stripped of the Ottawa complex, stripped of all the unpleasant features of the Ottawa Agreements, we have a straight agreement which is mutually beneficial one to the other. Why is he not prepared to make the attempt? We have moved an amendment to the original Resolution suggesting that a Committee should be set up which, with time at its disposal and possibly more knowledge than has been circulated in connection with the present agreement, should examine this agreement with reference to its effect upon the agricultural, industrial and the commercial interests of this country. It is not unlike the amendment of my friend, Mr. Akhil Chandra Datta, although that amendment, I understand from Mr. Satyamurti, has certain technical objections which would make it impossible for the Congress to support. But I do hope that my friend, Mr. Jinnah, will see his way to accept our amendment.

Some reference has been made in this House. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. F. E. James: I am just finishing, Sir. Some suggestion has been made in this House that this is the last word as far as Britain is concerned. May I suggest there is no last word in the matter of trade. This agreement is a beginning, and if Honourable Members will look at Article 15, they will see that at any time 'in the event of circumstances arising which, in the judgment of His Majesty's Government in the United Kingdom or of the Government of India, as the case may be, necessitate a variation in the terms of this Agreement, the proposal to vary its terms shall be the subject of consultation between the two Governments'. I beg the House to take a long view and a wide view. Looked at from the point of view of any single interest, it is possible to find holes in the Agreement; but I believe firmly, the balance of this Agreement is overwhelmingly in India's favour, and I appeal to the House to give it a chance.

Sir Syed Raza Ali: I rise to say a few words on the trade agreement which is before us, giving expression to my personal views. My Leader, Mr. Jinnah, who will speak later in the day, will make the attitude of the Party towards this question quite clear. It, however, appears to me that, if on a careful study of this agreement and the connected papers there are any conclusions at which I have arrived in my personal capacity, there is no reason why I should not lay them before this House in the course of the debate. Let me make quite clear, in the beginning, the fact with which I believe the House is well acquainted, that I have no interest in the textile industry of India or the manufacture of carpets and rugs. Equally I have no interest in exporting tea or coffee, nor do I grow jute or cotton, an expansion of which industries seems eminently desirable in the interests of India. Well, I consider that these disqualifications are my best title to examine the merits of the trade agreement. I am concerned only with the interests of the country as a whole, and I am not interested in any particular commodity of export or import.

A claim has been put forward for the agreement on behalf of the European Group—and urged in his speech by my Honourable friend, Mr. Aikman, yesterday and again repeated today by my Honourable friend, Mr. James,—that the present trade agreement is overwhelmingly in India's favour. I for one do not agree with this view. To me it seems—and I think I should say that quite clearly and plainly that if this agreement had been entered into between a self-governing Dominion, for instance, Canada or South Africa on the one hand and the United Kingdom on the other, the terms would, in my judgment, have been distinctly more favourable to the Dominion concerned.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Sir Syed Raza Ali: Sir, I am afraid the chances of a reasonable consideration of the merits of the trade agreement are considerably prejudiced by the existing position in which India finds herself. India and England

are not on equal footing and, therefore, suspicions legitimately arise in the case of any settlement arrived at between these two countries. If India had achieved her political emancipation and an agreement somewhat on the lines on which the present agreement is drawn up came up for consideration before this House I am sure a very different treatment would be meted out to it from that which so far as I can see it has received from this House hitherto.

Well-deserved tributes have been paid to the Commerce Member for piloting these negotiations. I for one can certainly say that there is nothing more any Indian could have done to promote the interests of India in negotiating this settlement which the Commerce Member has not done. I was in Simla at the time when unofficial advisers of Government visited Simla. I know what high opinion they had of the work that was being done by the Commerce Member. In this connection I think it would be only fair to acknowledge the value of the work that has been done by unofficial advisers. These unofficial advisers did their best to explore the position carefully and help the Government in pushing forward India's legitimate claims. At the same time, we should not forget that the main value and usefulness of unofficial advisers was not so much to propound propositions which would be accepted by the Government of India *in toto*; but the fact of their presence considerably added to the bargaining power of the Government of India. In this effort, I hope unofficial advisers have largely succeeded but I certainly think that the test suggested, namely, that all the advice that was given by unofficial advisers should have been accepted by the Government of India is not a true test. It seems to me, having listened to the debate very carefully that the merits of the agreement have been considerably clouded by the fact that the speakers have arrayed themselves into two, if I may say so, opposing and warring camps. One party seems to take the view as if the be-all and end-all of India's economic objective is to promote the interests of the Indian textile industry. The other section, it seems to me, consists of those who are inclined to pay less heed to the claims of the Indian textile industry than in my opinion it deserves. I must say that speaking for myself, if this agreement consisted of the cotton article only and did not apply to the other imports and exports between India and England, I for one would not be able to support it. If the main object of this agreement was to guarantee the intake of Manchester piecegoods to the extent of 350 million yards, 425 million yards and 500 million yards linked with the export of Indian cotton to Manchester by five lakhs 5-50 lakhs and six lakhs and the provisions went no further, I certainly would not be prepared to give my support to this agreement. But let us see what the facts are. The cotton article is only one of the provisions embodied in the agreement. There is a large number of other exported articles in respect of which India certainly stands to gain if this agreement is ratified. The position of those articles should not be disregarded. Though the cotton article is an important part of the agreement it should be taken into consideration along with other portions of the agreement and we should try to see whether the agreement is on the whole advantageous to India in relation to the circumstances to which I referred in my speech earlier.

I would just like in passing to say a word or two about certain observations that were made by my Honourable friend, Sir Homi Mody. Now according to him the cotton industry has not been able to yield a profit

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of more than one per cent. on the total amount sunk in this industry. All I can say about this

An Honourable Member: Considering the managing agency.

Sir Syed Raza Ali: is that figures can be made to serve any purpose. Figures can be exceedingly misleading and if any person is bent upon utilizing them for any particular purpose, he can certainly do it. But apart from that I may say that though I am not a businessman, if Sir Homi Mody or the Bombay cotton millowners had come to me years ago and asked me to find an investment for them in which they could earn more than one per cent., I would have been in a position to advise them accordingly. It is a poor compliment to the business acumen and ability of the Bombay industrialists to confess that they have gained no more than one per cent. If so, how is it that the industry has been going on?

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has two minutes more.

Sir Syed Raza Ali: Sir, the position today is that Congress Governments in various Provinces have brought forward legislation which aims at confiscating landlords' rights. That legislation is sought to be justified on the ground that those Governments should do all they can to promote the greatest good of the greatest number. Now, is it not true that there is only a limited number of people engaged in cotton industry as against the very large number of people that stand to benefit by the export of goods like jute manufactures, linseed, groundnuts, tobacco unmanufactured, woollen carpets, cotton yarns, chrome leather, coir mats and matting, etc.? Sir, on this question we should take the balance of advantages into consideration and decide whether, on the whole, such balance is in our favour.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Sir Syed Raza Ali: I will bring my remarks to a close by saying only this much that this is not an agreement over which we should throw up our hats in joy but certainly it is an infinitely better agreement than the Ottawa Agreement and, on the whole, it does promote the interests of India.

The Honourable Sir Thomas Stewart (Member for Railways and Communications): Sir, my participation in this debate will be confined entirely to the consideration of one question and one question only, and that is the nature and extent of the sacrifice which the textile industry would be called upon to bear, should this agreement be put into operation. It may be asked—"What are the credentials of the Communications Member of the Government of India in talking on a technical subject of this sort?" Well, Sir, I may say that a good deal of the history of the protection of the cotton textile industry in India is my own official history. From the time of the Noyce inquiry in 1926 by far the greatest part of my time has been taken up by consideration of the textile problem in India. At

this stage I should like to meet the type of criticism that my friend, Sir Homi Mody, launched against my Honourable colleague, the Finance Member. He did not seek to destroy Sir James Grigg's arguments by any ratiocinative process; he simply said, "rubbish", "bunkum", "he knows nothing about it". Now, if Sir Homi Mody used that argument against me and said that I was misinformed, I would not dispute it but I would remind him that a great deal of my information came from him and from his friends. There is one characteristic of the textile industry in this country—a characteristic which has manifested itself on this occasion as on every occasion when its interests were affected. It is extremely vocal. It comes before the public with a very capacious beggar's bowl. I am indebted to my Honourable friend, Mr. B. Das, for that phrase. It has also another characteristic. It is singularly ungracious in its appreciation of benefits received. I may illustrate the grudging nature of its thanks by recalling a story that was told on the floor of this House by Sir Homi Mody some years ago. The occasion was the closing stages of the debate on the Cotton Protection Bill, 1934. That Bill, as everyone knows, conferred on the cotton industry very considerable advantages. But Sir Homi Mody, talking for the industry, was most grudging in his acceptance of these benefits. Associating himself with the industry, he compared himself to the wife of a foreign diplomat stationed in Turkey and who on return to her own country was awarded the Order of Chastity of the Fifth Class. Sitting in the Official Box I thought to myself then that there must be something wrong about this. Obviously, Sir Homi Mody had not gone high enough, so far as class was concerned but what astonished me more than anything else was that he could possibly have been admitted to the Order of Chastity. Sir Homi Mody and his friends may think this is a rather severe indictment of the attitude that the industry has adopted but I do say, and I make a definite accusation, that they have always over-stated their case; and I do not think Sir Homi Mody this morning said anything that would destroy the validity of that proposition. As one example, if we refer to the 1936 Tariff Board Report, under item 26 of the summary of the findings of the Board, we find the rather astonishing claim put forward by both Bombay and Ahmedabad that the amount of protection necessary against the United Kingdom is fifty per cent. *ad valorem*.

An Honourable Member: Fifty per cent.?

The Honourable Sir Thomas Stewart: Yes, read it. It is a preposterous claim; I do not think they really meant it but in any case I think Honourable Members should take with caution

An Honourable Member: Fifty per cent.?

The Honourable Sir Thomas Stewart: Yes 52 from Bombay and 48 from Ahmedabad.

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muham-madan Rural): Don't you have a protection of 110 per cent.?

The Honourable Sir Thomas Stewart: I am talking facts. In any case I think that the claims made on behalf of the industry should be treated with caution, if not with suspicion. In attempting to assess the sacrifice

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which is being asked from this industry, I do not propose to follow the traditional method that has been adopted by successive Tariff Boards—mean the method of proceeding to the determination of a fair selling price. To one like myself who has dealt with a very large number of Tariff Board Reports that process assumes a certain amount of unreality and I would rather adopt the inductive method, the historical method, and endeavour to show by a recitation of facts—not by any academic or theoretical processes—what has been the progress of the industry since it was granted protection in 1930.

Sir H. P. Mody: This method was laid down in the Indo-British Trade Agreement.

The Honourable Sir Thomas Stewart: It may be so or it may not. The textile industry was first granted protection in 1930. I am not forgetting, of course, the protection that was given in 1926, but the textile industry (proper) was given protection in 1930 when the level of duty was eleven per cent. At that time, as we all know, the menace of Japanese competition was becoming severe. It was very severe indeed. But what was the pressure from Lancashire? I may be allowed to quote a contemporary opinion and the authority is no less than Mr. Ghansham Das Birla. In the course of the debate on the Indian Textile Protection Bill of 1930 he said:

"I hold no brief for Bombay. I have got no interest in the Bombay mill industry. But knowing as I do something of mill management in Calcutta and in Bombay as well, I have not the slightest hesitation in saying that Bombay management is as competent or incompetent as any other management in the world. If so, according to my friend Diwan Chaman Lal, Bombay has been able to oust Lancashire in the cotton trade during the past few years. (*Remember the duty was 11 per cent.*). Surely, it could not be due to their inefficiency. I should be proud of the fact that at present of the total Indian production of cotton goods, Bombay's share is nearly 50 per cent. and surely it does not reflect on their inefficiency. If in spite of the very hostile policy of the Government towards the indigenous industry, Bombay has been able to capture such a large part of the cotton trade, it is a matter, Sir, of which we should all be proud and I would be very sorry if my friend Diwan Chaman Lal did not feel so."

Now, I do not wish to stress the importance of that statement as I am sure the gentleman in question made it in an unguarded moment but I do believe, and I do claim, that it is evident that in the year 1930, when the revenue duty was eleven per cent., Mr. G. D. Birla was prepared to admit that Bombay could compete on level terms with Lancashire. Mr. Birla was not talking of the Indian textile industry as a whole: he was talking of that particular section that had been severely criticised on various grounds by the Tariff Board of 1926.

Let me start my survey from 1930, the period at which Mr. Birla thought the Bombay industry could compete on level terms with Lancashire. Let us trace the history of duties from then. In 1930 the duty was raised from eleven per cent. *ad valorem* to 15 per cent. In the next year, the industry got an unearned increment. In fact, it got two unearned increments. First of all, in the Finance Bill the duty was raised, by reason of financial stringency, from 15 per cent. to 20 per cent. I am talking entirely of the duties *vis-a-vis* Lancashire. And, then, half way through the year there was the 25 per cent. surcharge and within 18 months of first getting protection, the cotton industry found itself with ten per cent. more protection than it had bargained for in 1930. The duties continued on that level until 1936 when, as the result of the report of the

Murray Tariff Board, the duty on all piecegoods other than prints was reduced to 20 per cent.; prints continued to be assessable at 25. Now, what was the effect of these duties? First of all, let us ask, what happened in regard to imports from the United Kingdom? I am not going back to pre-war times when imports were in the nature of astronomical figures like 3,000 million yards. But immediately before 1930 imports from the United Kingdom were something like 1,250 million yards and in the period between 1930 and today or rather up to 1937-38 they have fallen to 266 million yards and in the present year which is coming to a close they will probably be considerably less, something in the nature of 200 million yards. There has not, I admit, been a steady uniform downfall. There have been fluctuations from year to year, but there is no doubt in the world that there is very definitely a downward trend and that downward trend has been the more marked since the reduction of duties in 1936. The most striking fall has been after the reduction of the duties as a result of the Murray Tariff Board report. But, it may be said that the United Kingdom have been losing to Japan. Now, that is a possibility, but, we know that the Japanese menace was more or less killed in 1934, and if that were a good argument one would expect to see that the Indian industry itself had been affected, not perhaps in the same measure but, certainly, in a parallel measure to the United Kingdom industry had it been a case of Japanese competition. But what actually has happened in India? In 1934 there were in India and Burma 348 textile mills. In 1937 there were in India alone 370 mills plus 46 in the course of construction. Spindles had increased by eight per cent. and looms by ten per cent., but that means nothing at all. The important fact is this that whereas in 1930 the production of the Indian mills was 2,500 million yards, in 1937-38 the figure has risen to 4,085 million yards. More than that. If we look at the figures of exports from India, what do we find? In India they have been working behind a tariff wall. If they go outside, they do not get that shelter. But what has happened between 1930 and 1937? The exports of Indian piecegoods meeting Lancashire textile on level terms have increased by 150 per cent! What deductions can one draw from these facts? One deduction is, I think, that Lancashire piecegoods have more or less been taxed out of existence in India. The second is, that India is on the point of competing on level terms with Lancashire in whatever market it be. The third deduction is—and it was really admitted by Sir Homi Mody this morning—that no matter what reduction you may give to Lancashire in duty, the prospects of working up—not to the maximum figure, nor even to the medium figure,—but to the basic figure, are distinctly remote.

Sir H. P. Mody: I did not say that.

Sir H. P. Mody: I did not say that.

The Honourable Sir Thomas Stewart: Sir Homi Mody says he did not say that, but this morning he carefully refrained from making any suggestion that these figures would be reached. Of course, 3 P.M. I expected to be faced with the argument that the consolidated balance-sheet of the Indian mills shows that our protection is wholly inadequate. That was an argument that was put up to the 1926 Tariff Board and also to the 1932 Board. There is a saying, Sir, that he who would sup with the devil needs a long spoon and I feel that both the 1926 Tariff Board and the Tariff Board of 1932 were not supplied with a long enough implement.

[Sir Thomas Stewart.]

But in 1936 the case was different. We had in charge of the Tariff Board some one who had great commercial experience; and what did he say about the consolidated balance-sheets:

"The foregoing results indicate the difficulties in the way of the Board reaching a fair estimation of the profit earning capacity not merely of mills in large centres like Bombay and Ahmedabad but of mills in other parts of India. While the published results of cotton mill companies whose figures appear in the columns of the financial press support the contention that many concerns are paying little or no dividends on ordinary capital, the proportion that paid up capital bears to the amount invested in the industry in the shape of fixed capital expenditure and working capital in many cases is relatively so small that the Board does not feel justified in accepting the rates or indeed the actual payment or non-payment of dividends on ordinary capital as a guide to the efficiency or otherwise of the existing duties on imported goods."

To a layman like myself there is something mysterious about this industry that is always accumulating losses on paper and yet goes on frantically increasing its production. I do not want to revive the old story as to who is "getting away with the hoodie", but somebody is. I feel from the figures I have quoted which show that within a very comparatively short space of time this indigenous industry has made so rapid progress,—the only conclusion that I can draw is that protection which has been afforded has been, I am inclined to say, absurdly high. Of course I may be reminded that I have not taken into account the existence of the cotton duty. I reply to that charge with a counter-charge. It has been assumed by the opponents of the cotton duty that this duty must inevitably be borne by the millowner in India. Now, Sir, so far as I am aware, there is, at the present moment, an excess of supply over demand as regards cotton in world markets and if that is so, surely the incidence of the tax will fall on the grower. Surely there is competition between America, Egypt and Uganda for the sale of long staple cotton to India. I hope, I am not too suspicious, but I have wondered in my own mind whether some of this agitation against cotton duty may not be due to the fact that Dr. Jekyll in Uganda is selling to Mr. Hyde in Ahmedabad, debiting of course the commission to Messrs. Jekyll and Hyde, Limited, a public company. In conclusion, I would only say this though there is a very great deal more that might be said. I just want to recall to the House the legend of English history that when Mary Tudor, Queen of England, lost her last possession in France, she said "when I die you will find engraved on my heart the word 'Calais'". What would be the corresponding inscription on the heart of my Honourable friend, Prof. Ranga? It would not be Burnley in Lancashire, for that is not the place that is worrying him and his friends, the spinners of the cottage industry. On Prof. Ranga's heart you will find the inscription "Madura". When we turn to my Honourable friend, Sir H. P. Mody, what do you think will be the inscription on his heart? Not Lancashire or Manchester or Blackburn, not even Osaka; it will be "Ahmedabad".

Sir Gowasji Jehangir (Bombay City: Non-Muhammadan Urban): Sir, I rise to speak because I do not desire to give a silent vote on a question which is of vital importance to the City I represent, and the Province I come from. Now, Sir, since the time at my disposal is very limited, I propose to plunge into the question straightaway. What is the main feature of this agreement? I think it will be admitted that the main

feature of this agreement is the encouragement of the import of manufactured goods which are already being manufactured in this country. That is the main feature of the Agreement. Now, Sir, there are many Trade Agreements in the world which are established facts. I would like some Honourable Members to point out to me a Trade Agreement made by a country to encourage the import of manufactured goods into its own country, when that country itself was to meet severe competition from other countries in that very manufactured article. I would like my Honourable friend, Sir Thomas Stewart, as the Member of the Government on behalf of England, and my Honourable friend, Mr. James, as his adviser to put themselves in the place of India, and negotiate a Trade Agreement with another country, telling them "bring your manufactured goods into our country, which we are ourselves manufacturing. We are here to welcome the entry of such goods". Will that be the attitude of Sir Thomas Stewart or Mr. James? This is a wrong principle. I am all in favour of a Trade Agreement, and specially in favour of a Trade Agreement with the United Kingdom. But we must judge this Trade Agreement to a certain extent on its merits, and we cannot for a moment admit that our Government should advocate this principle that I have enunciated.

The next point is, if these manufactured goods are coming into our country, whose goods are they going to displace? I contend that they are going to displace the goods manufactured in this country. I contend that due to the development of the industry of which we are so proud and which my Honourable friend, Sir Thomas Stewart, treated with a certain amount of contempt, has helped to displace Lancashire. I admit that. Is that not a laudable object? Is that not the object which the Government were out to encourage? Was not that the very object which every Tariff Board recommended? Was not that the very object which every section of the House said should be accomplished? When it is accomplished, when we have displaced the goods imported into this country, we are told that we have taken undue advantage of the recommendations of the Tariff Board. Sir Thomas Stewart said that the Mill industry overstated its case. Well, it stated its case before a tribunal set up by Government, and it was that tribunal that recommended the present 20 per cent. and the present 25 per cent. duty on prints, and Government accepted it. Then the only conclusion one can draw from this statement, that the case was overdrawn, is that the Tariff Board they appointed was so weak as to be hoodwinked by the Mill industry. How can there be this House was also hoodwinked by the Mill industry. How can there be an overstatement of facts when the present duty was based on a Tariff Board report?

Now, Sir, if, as I contend, the low figures of imports from Lancashire are due to the replacement by this country of Lancashire goods, then it comes to this, that history is repeating itself; that because this country is becoming industrialised and is competing with other countries in its own market and in its own home, we are to be penalised. And I would remind them of a time when we had an Excise duty thrust upon us by a pistol levelled at the head of the Secretary of State for India by the representatives of Lancashire of those days, whose successors were discussing this question with my Honourable friend, Sir Muhammad Zafullah Khan. And that Excise duty was put upon our goods because we began to turn

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out cloth in our mills; and it was done with the object of stopping the further development of the Mill industry in India. Those days have passed but the Mill industry did not escape so easily; and notwithstanding every effort made in the past to hinder the growth of this industry, that industry flourished because the home of the Textile industry is India, and it existed in this country centuries before it went to Lancashire. Then the tide turned and India began to realise the importance of the Industry which supplies cloth to its teeming millions and which was imported in the old days. India realised its importance and honestly and genuinely helped the industry to develop; and the aid given to the industry since 1930 has resulted,—and the figures were quoted by Sir Thomas Stewart,—in a great development in the finer counts which has replaced the Lancashire goods. And because that has happened we are told today that a displacement should again take place, and every encouragement should now be given to the imported article to displace the home manufactured articles. That, Sir, is the main feature of this agreement. And coming as I do from Bombay and the Bombay Presidency, which has been the home and the founder of this modern industry of weaving, naturally, I have got to examine this agreement from that point of view. I am ready to admit that the other parts of the agreement are satisfactory; it needed not the pleadings of three Government officials as to the good features of the other parts. They were evident upon examination. But it was left to Sir Thomas Stewart to deal with the most important feature. Now, Sir, that we have displaced within the last two or three years Lancashire's goods is quite evident from a few figures. In 1936 Lancashire imported here 384 million yards; in 1937-38 it went down to 267 million yards; and in the present year it has dwindled within the last ten months to 168 million yards. There is no doubt that it is a very big drop and this class of cloth is not being consumed by the masses. It is consumed by the middle classes; and, therefore, I contend that consumption has not gone down, but displacement has taken place, and we are ready to admit it and proud to admit.

Now, the other point is, that the great compensation that the country will receive for any hardship that the Industry may suffer is that Lancashire will take our cotton. The figures I have got before me are that in 1936 Lancashire took without any agreement 579,000 bales of cotton, in 1937 it took 521,000 bales of cotton, and in 1938 it took 386,000 bales of cotton. Under the agreement the minimum they are to take is less than the figures of 1936-37, and the maximum may rise to 750,000, i.e., the maximum is little more than the maximum of 1936 and 1937. Are they going to take such a large quantity of cotton or is there any prospect of their taking such a large quantity of cotton that this infliction should be brought upon one of the main industries of this country? Who are the best clients of the cotton growers? Undoubtedly India herself. Out of 5½ million bales India consumes three million and 200,000 bales herself.

Seth Haji Sir Abdoola Haroon (Sind: Muhammadan Rural): If I am not mistaken, you are consuming 22 lakhs of bales.

Sir Cowasji Jehangir: The cotton consumed is three million and 200,000, out of which I say about 550,000 bales was imported last year and the rest was Indian cotton. I contend that India is the best customer of

Indian cotton. I contend that had it not been for this industry, cotton would never have been grown to this extent, and I contend that by displacing, by any method, Indian manufactured goods you will lower the capacity and the ability of Indian mills to buy more Indian cotton. You are getting an offer of 150,000 bales more to be shipped to England,—¼ per cent of the whole production,—while the Indian mills take more than 50 per cent. Sir, personally I think that everything should be done to encourage Indian consumption of Indian cotton, and so far as I am aware, I believe it is the desire and the ambition of the Industrialists to use as much Indian cotton as they possibly can. They are only waiting for the supply. You put forward the supply and I feel confident that the industry will take it. But that is not the worst aspect of the case. The worst aspect of the case is that this whole agreement has been prejudged and prejudiced by a feature of the budget. Government knew very well that this agreement was coming before us and by one stroke of the pen, before this agreement came up before this House, they increased the protection by four per cent. by means of a revenue duty, increasing that protection to six or eight per cent. altogether. I consider it monstrous, that in the face of this agreement that was to be placed before us for consideration,—and which was a difficult pill to swallow for some parts of this House, Government should have gone and instead of coating it with silver, coated it with poison. If any effort was required before this agreement came up before this House, it was an attempt to make it more acceptable; but the whole of the Government of India went out of their way to make the effect of this agreement much worse than it actually is. Naturally, they will find that the public in certain parts of India at any rate are against them. Not content with giving Lancashire what they wanted, they of their own accord give them four per cent. more under the guise of a revenue duty. I call that, in very moderate language, a monstrous act of injustice; and I go further and say that if this agreement turns out to be unacceptable, the responsibility will be on the shoulders of those who made it much worse than Lancashire wanted or demanded and who did it before this agreement came before this Honourable House for consideration. The responsibility for its rejection, if it is rejected, will be on the shoulders of my Honourable friends. I am sorry to have to speak in such strong terms, just before my Honourable friend, the Finance Member, leaves India

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got one minute more.

Sir Cowasji Jehangir: He can convey to his friends in England this, that we are not against Lancashire, we are not against England; we are out for justice to Indian industrialists, and we strongly resent being made to suffer even more than Lancashire demanded, at the hands of our so-called Members of Government.

Mr. Bhulabhai J. Desai: Mr. Deputy President, this is the second time in the life of this Assembly when I believe the vote of this House would, in all honour, be accepted by the Government even though they may be otherwise irresponsible, and it is for that reason more than any other that I feel it my duty to place the considerations which ought to weigh with the House, in order to judge whether the proposed agreement has that material advantage for India or any section of the Indian population as is claimed for it; and I propose not to spend time over criticisms which I

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might otherwise have offered, of the manner in which either Mr. Dow or any of his friends, who ought to have known better, who are after all the servants of the Indian taxpayer, than to talk in the manner and in the language in which they did. But I leave it to their sense of honour and propriety as to how they should talk. I will only say this that if our books have something written upon them, their books are black enough on which nothing can be written: so that that kind of language really does not help.

Coming to the motion before the House and the amendments which have been moved, it is necessary to state categorically the pros and cons of those issues. I will first deal, with deference, with the two motions that are before the House, for the appointment of a committee, one moved, Sir, by you and the other moved by my Honourable friend, Mr. Aikman. To my mind, inasmuch as I feel that any delay in this matter, any dilatory motion of this kind, is not likely to do us any good, I venture to appeal to my friends not to press either of those two motions; and in order that they may exactly understand why I say so, I put two important considerations before them. My Honourable friends are aware that it is nearly three years since the notice of the termination of the Ottawa Agreement, so far as the Resolution of this House was concerned, was intended to be given. I am not charging anybody in this particular respect except that it seems to be the method of negotiations of the United Kingdom with us that in every matter, in the language of one of their own celebrated authors, they always delay in the hope that something may turn up. It took them nine years for the purpose of a constitution and it has taken them three years before they bring this agreement before us; and, therefore, remember that anybody who delays a decision in this matter is not doing any good from the point of view of our country. Remember also this, that article 16 of the present agreement, in substance, is the one into which you will play and practically land yourself to the establishment of this agreement even if you do not so intend it. Article 16, among other things, says:

"Pending the coming into force of the present agreement, the two Governments will apply its provisions as far as may be possible."

Under the guise of negotiations for three years we went on with the burdens of the Ottawa Agreement, and under the guise, assuming this motion is passed, I do not know how much longer it will take, then it will be up to us, having the agreement foisted upon us, to make a second effort to reject it, which I think would be a very sorry figure indeed. I, therefore, do appeal to my Honourable friends that this is one of those issues on which we can take a decision without much difficulty, whichever way they may be inclined. I am one of those who rather believe that a decision taken is infinitely better than a decision postponed which does no good; and it is in that spirit of humble deference that I do put it to my Honourable friends—those who support either of these two amendments—that they should not be pressed, whatever may be the result of the issue in so far as the direct vote asked by my Honourable friend, Sir Zafrullah Khan. Sir Zafrullah Khan has moved the motion that the House do approve of the agreement which is now before us. An answer in the negative to that, as every businessman understands, does not mean an end of all possible negotiations in life. After all, what are you going to get, assuming you get a committee? You will probably sit down and resolve that something better might be done or might have been done. It only means a counter-offer by you which it is

up to the United Kingdom to refuse or to accept or to make another counter-offer. Even assuming that there was anything in it, supposing there was any substance in it, are you not defeating that very object by the motion that you are making? A person comes to you and says "I offer you so much for your property". Rejection of that I have never understood to mean "No, no, let me sit down with my engineer and begin to consider." There is no point in doing that. So far as we are concerned, up to a point on the terms which they are offering, you are in a position to judge. Why not then judge it? I, therefore, ask those Members of the House who think that there is anything to be gained by the process of delay—they are very much mistaken. According to our political experience in this country during, at all events, the last twenty years that I know of, they seem to have a staying power, hoping something will turn up from which they might get some advantage. But we, on our side, cannot possibly assist in such a process. So far as the amendments are concerned, therefore, I do again appeal to my Honourable friends not to press either of them.

Coming to the terms of the agreement itself, it is my desire to occupy the time of the House as little as possible, but without omitting any of the features which have been the subject of elucidation either on this side or the other side of the House. And in doing so, to the extent to which I can and my time permits, I will give figures; as to the rest, I will make a statement as to the results of these figures which it is open to my friends opposite or to my friends here to check in due course. The position, as I see it, Sir, is this. We start with one fact, and that is, according to my friends opposite, a large number of the preferences which were claimed and given under Ottawa have been given up. Is it not the most eloquent testimony, if ever testimony were needed, that that Agreement at all events gave away too much? It requires only common sense to judge that if that Agreement had not been foisted upon us, during the last three years, the advantages gained would not have been at least as great as they have been, but let that alone. That is the gravamen of this Agreement, and, naturally, therefore, my friend who moved the motion concentrated the best of his time, and quite rightly too, on what he called the cotton *cum* textile part of the Agreement. That is the briefest way which one can describe that part of the Agreement. He realised that, in so far as the other parts of the Agreement were concerned, it was quite unnecessary to analyse it except to the extent to which he did. Of course he had his other friends to follow other parts of his speech. But he naturally stressed, and quite rightly too, because he was at pains to point out that we were not losing much, though I do not know whether we are actually gaining by, what I may call, the cotton *cum* textile part of this Agreement. Therefore, I would not detain the House except to point out shortly how the situation is actually concerned, in regard to what I may call the manufactured products of Great Britain getting preference here against the raw products, including chrome leather, which gets preference in England either by way of insurance or by way of, what is called, unscheduled preference, and I may be pardoned for pointing out this, that there are considerations which should weigh with every Government and every economist in a matter of this kind. The most important circumstances which have got to be remembered in judging an Agreement of this kind, in so far as India and England are concerned, let alone the rest of the world, are, first, that the United Kingdom is a manufacturing country, and that, therefore, they have necessarily to find raw materials. There is an immense advantage in so far as any manufacturing country is concerned in finding raw materials ready at hand, and there is

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hardly any men in this House or any woman for that matter who can question the utter necessity for any manufacturing country to find two things: first, a place from which to buy raw materials,—therefore, there is no favour done by buying your raw materials, and, secondly, if possible, to find a market for manufactured products, the advantage in either case being in favour of the manufacturing country. If it were not so,—my friends are aware, they are most painfully aware, that only a few days ago, why were they fretting,—a little more serious term can be applied which I do not like,—over the possibility of an Agreement between Germany and Rumania? They said 'Oh, Germany is going to barter her manufactured products for the raw materials of Rumania'. What was the danger about it? The principle was right. The idea was always there. The whole point or substance of the matter is this. It is perfectly useless for a manufacturing country to come and tell me "Oh, yes, I will buy all your raw materials and you give me credit for your finished products as far as you can".

Then, Sir, the next point which I want the House to remember, and it is very important, is this, that in so far as India is concerned, there is some 40 crores worth Home charges. In other words, they call us a debtor country, it is an economic term used for that purpose, that does not matter. An equivalent of that in goods is, what is the preference in this Agreement? Let us take the actual figures as they stand. The figures for which India has preference, either by what they call unscheduled or scheduled, the whole of them total about 41 crores. Omitting tea, which is 21, you leave about 21 only. In so far as, therefore, they allow an inflow into their country of sufficient material, in order that they may be paid their debts, I would like to know what is the merit in this transaction? All that they do is, "Yes, 49 crores are the invisible services, most of them are invisible, and a part of them visible"; but for that they have got to recover the 40 crores, and, therefore, to the extent to which they say we will facilitate your sending the raw materials to the extent of 40 crores, I like to know what is the value of this advantage, notwithstanding the three great experts sitting behind the Honourable Member. I venture to think that they entirely mistook their vocation. So far as Sir Bryce Burt is concerned, he may be very good, in so far as producing a better and a more suitable quality of agricultural products, but to bring him as an expert to tell us what is economically good for our benefit is indeed the height of what I would consider imposition. In so far as the other friends are concerned, I dare say they said, lest we should neglect the other advantages which a trade with the Colonies and others will do, well, it is a good exercise, but I must confess that the broader considerations lead me to think and tell the House that there is no merit whatever in what is accorded to us in this Agreement. I will give you one illustration to show what it is. Among the products, 41 crores,—I am omitting tea,—that leaves another 21,—take goat and sheep skins, particularly the untanned, of which a great deal was made. Here are the figures, and the House can look at the advantage. We are told,—"You see the advantage of Ottawa". Yes, it is easy to say that, because you need not look at the rest of the picture for your own purposes. The exports of India of goat skins from the years 1932 to 1938 clearly show that they were entirely due to the improvement in the world trade; it had nothing to do with Ottawa at all. The United Kingdom took, so far as India was concerned, 49, 77, 39, 71, 78 and 95. What was stressed was that we have increased from 49 to 95, but you will easily see from the United States figures

they are 86, 151, 106, 167, 149, 157. And if I had the time, I could show to my friends that there are two or three countries of very trivial importance, Australia and Netherland,—and Australia has gone from 7 to 19. Therefore, my friends cannot lay this flattering unction to themselves and say that to the extent to which wherever there has been an increase, it has been due to Ottawa. My friends must remember that half-hearted examination in matters of this kind cannot possibly blind us to the truth of the situation. The truth of the situation is this, that, in so far as our trade in any of the raw materials has increased, it has been largely due to the growth of the world trade in those articles, and it has nothing to do with the preferences we have got in Ottawa. But, as against that, what do you see if you only examine the other side? In the 7½ crores,—it does not matter which, for the purposes of this figure I was calculating just now,—I find that in so far as motor cars, motor cycles and buses are concerned, they have got a preference as against the rest of the world in articles of some five crores, taking motor cars, motor cycles and parts and mechanically propelled vehicles, an industry in which it is obvious they are behind hand with the United States of America, and, therefore, they need all this preference. So that it is no use trying to delude us saying we have got preferences on 126, 106 or 105 articles. That sort of thing is a joke. The fact is this that out of the 141 crores,—21 do not matter because it is tea, world quota, and as to the rest, if we have grown at all, it is because the world trade has grown. On the other side, we have, what I venture to call, a politically subordinate Government, treating and negotiating with a politically superior Government. That is really the truth of the matter, but if the matter rested there, the advantages, so far as I can see, were still on the side of Britain, but they were not prepared to be content with that position.

Three months after the negotiations and as soon as the question began to be raised, Lancashire came in with a deputation, "What about our claims? Let us examine the situation there", as my Honourable friend, Sir Thomas Stewart, said. That situation is already known to everybody. My Honourable friend, Sir James Grigg, did say, and I am glad he did say it, that there was a time when 3,000 million yards were imported into India by the United Kingdom. It is equally true to say that this year 200 million yards, because 170 million yards for ten months works out to something like roughly 200 million yards for the whole year, or take it at even 250 million yards, it does not make any difference to the point I am making: May I ask the House and my Honourable friends, if you come and occupy my house completely and manage to get hold of nine rooms and out of ten, is it an argument that any honest man can advance, "Oh, up to now I have occupied nine rooms. You might leave at least one more room," because, talking in popular language, that is all that Lancashire's demand comes to. Says "Yes, we imported 3,000 million yards. Now, that you have recovered your own, why should you recover your own?" Imagine a plea, put in that blatant or naked form,—nobody would have had the temerity to come to any man and say, "So long I have got it and I must keep it." What I would have expected the Government of India to do in the case of Lancashire is to say, "Whatever may be your position or influence in the parliament, that does not concern us. What concerns us most is at least to recover our own house". It is no use my Honourable friend coming and covering it up all, by saying, "Oh, yes. It is to the enterprise and skill and courage of these our men that they have recovered the lost ground." Why should they not keep it? If my Honourable friend says that the country ought to be obliged for the protection that was

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given, I consider it no merit at all, for the simple reason that if a country protects its own industry and, thereby, the industry grows, certainly for the State or the Government to tell us that it is a favour that it has conferred upon us—I think that is the height of impudence. If I recover my own, under a protection which I think I need and which their own appointed Committee said they need,—and what did they say? I remember the very first debate in which my Honourable friend, Mr. Jinnah, and I took part, during the supplementary Ottawa Agreement, and they said this in article 3:

"The Government of India undertake that protection will be afforded to such industries only as after due enquiries by the Tariff Board have, in the opinion of the Government of India, established claims thereto in accordance with the policy of discriminating protection laid down in the resolution adopted by the Legislative Assembly on 16th February, 1923."

That is what they said when they wanted the supplementary Ottawa Agreement. Why should not protection be given to us in which we have grown and which we have enjoyed? Of course, there is the other likelihood that we will recover every inch of lost ground, that we shall supply all the goods, that we won't take those things from anybody else. How can it lie in the mouth of those who always talk of British when it comes to a question of encouraging their own industries, to suggest, why don't you make a sacrifice? Mr. James spoke of sacrifice. It is all right to talk of sacrifice of somebody else in order to fill my own pockets. But why should there be sacrifice, I should like to know? I am one of those who believe—I represent a constituency which produces one third of the textiles and one-third of the cotton in this country. Guzerat produces both cotton and textiles, and, therefore, I have an even eye both as to the producer and the manufacturer. It is no use simply saying, why don't you make a sacrifice? We have made enough sacrifice for 150 years, and you have millions of crores that you have taken from us. Surely it is time that my friends did not resort to any such argument at all. So far as I am concerned, the fact which my Honourable friend mentioned I welcome, but I do not agree with his inference. He laboured to point out that during the last three years, while they took more cotton, their imports into this country were falling. What lesson does that teach me if it teaches me any lesson at all? It means that they took the cotton because they otherwise wanted it. While the imports of piecegoods have gone down, their takings of cotton have increased. What is wrong with it? At the very time when their imports were falling why did they take more cotton? Because they wanted it. It is a conclusive argument. They can take nine lakhs of bales,—I have it from my Honourable friend, Sir Bryce Burt—and they have taken four lakhs out of that. Why? Because it is cotton which, according to these experts, actually suits England. England today spins yarn which would require, if you take an aggregate of nine lakhs of bales. Therefore, if England purchases four lakhs, what favour have they done us? It is perfectly true that yarns of 20s. and below require such cotton and it is not very fine cloth, but they require these heavier stuff, and if they take these 400,000 bales, what is the favour that they do? I read more into it, I ask the House to read more into it, notwithstanding the fact that your imports are falling, you still take more cotton. It is a conclusive proof that you want it. My Honourable friend's idea was, if they are so good to you as to take your cotton, why should you be so stupid or uncharitable as not to take more imports. I say, 'No, thank

you'. Therefore, the whole point is this, that the very trend of the trade is conclusive on the question that it took four lakhs of bales or even a little more—it is no favour of any kind or sort. And that is where I entirely agree with my Honourable friend, Mr. Jinnah, when he asked a question, where is the guarantee, and where is the favour? Four lakhs bales you have taken, even when your imports were falling? What does it matter? You took it because you needed it. So far as this part of the agreement, therefore, is concerned, the background is entirely against my Honourable friend so far as he is concerned. I am only recovering back our lost ground in this country and manufacturing everything that my countrymen require. And what is wrong with it or in recovering my lost ground? What is the ground against it? Charity begins at home, and we are too poor to afford charity. After all is said and done, it is absurd to come to me and say so long as a single inch of foreign yarn comes into this country or foreign cloth, that I should not make an effort to oust it from us. I am not imposing myself on anybody else. The only problem that my Honourable friend put forward is, what about the other raw products? But contrast that with the figures which I should like to put forth so that you may fully understand the background of the agreement. One thing is quite clear. Sir Bryce Burt said, "Oh, but England is buying other raw products; therefore, you cannot compare the agreement with Japan with the agreement with the United Kingdom." In so far as the other raw products are concerned, I have already pointed out that there is no special favour to India when you buy 21 crores worth of tea, because you cannot do without it from one morning till next morning. Therefore, it is no use telling us that that is the way to judge it. The agreement with Japan is this. I have not got the time to go into it in detail, I will give only the relevant figures. If you allot 283 millions of yards here they have got to take ten lakhs of bales. If we allot 358 millions, they have to take 15 lakhs of bales. That is the agreement between Japan and India today. And yet, we are seriously told that the agreement which is put before us is an agreement which we should accept.

Then, further, there is also a stipulation in that agreement in which even the staple is mentioned, so that as regards the cloth which they would import into India, the nature and kind of cloth is also mentioned, so that we know which competes with which. That is the position so far as another similar agreement is concerned. It is true that England Japan has no political domination over us whereas England has. That is the real key to the understanding as to why in one case 283 and today, according to my Honourable friend's figures, 277 million yards are being imported. If it was a case of Japan, what would be expected was this.

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

They would be expected to guarantee ten lakhs of bales. Sir Bryce Burt tried to frighten people but we are not likely to be frightened so easily. He said America produces cotton, as if we did not know. He said that it was more than enough for the consumption of the world. He said as well as I do how much had to be kept out of the market. He said Russia and Brazil produce cotton. What about it? I quite agree that it has an effect on the price in the world market. That I do not deny. All you can say is "I will give you a price which is the world rock-bottom price". Therefore, it is not a favour to us, from the point of view of price.

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that you are taking that at all. Take India's consumption and production. Last year the estimates were 56 lakhs out of 182 were consumed by the mills. 13 were taken by Japan and we exported the balance as well as the surplus of the previous year. That is the history of the export of cotton and its consumption in this country. In my humble judgment, if you read the agreement correctly, they need not take more than four lakhs. An analysis of this has been given by my Honourable friend, Sir Homi Mody, and I entirely agree with him. This is a three year agreement. They can import here a little more with an advantage of a reduced duty to the extent of 7½ plus the present of three or four per cent. which my Honourable friend there, with dark glasses, has given to them. In other words you want immediately and without an examination of the Tariff Board stab us in the back, in spite of the solemn pledge given that they will not disturb the preferences which existed in favour of India without a further examination by a tariff board. They go behind us. They call it a mutual agreement. Well, if that is mutuality, then the word must have lost its significance. In other words you want 'Heads I win, tails you loose'. That is the kind of mutuality which they have got. The position is an extremely simple one. The word 'goodwill' is frequently trotted out and goodwill does not exist where we have to be sacrificed. Goodwill comes in only as a phrase whenever an appeal is to be made to the poor masses.

Mr. M. A. Jinnah: It is a dangerous word.

Mr. Bhulabhai J. Desai: It is a dangerous word, but it is insidiously used. It is meant by sincere people.

Mr. M. A. Jinnah: Question.

Mr. Bhulabhai J. Desai: Why do you question it when it is meant by sincere people? You cannot question a truism. It is meant by a sincere man, not a hypocrite.

Mr. M. A. Jinnah: Those who use that phrase always claim to be very sincere.

Mr. Bhulabhai J. Desai: Claiming is one thing, being is another. Anyway, it had nothing to do with my friend at all. I was merely referring to the goodwill mission of my friend, Mr. James. They say 'you have recovered eight out of the ten rooms. Why don't you leave us two?' The whole position resolves itself into a narrow compass. My friend, Mr. James, was getting eloquent about barter. What is the situation between India and England except barter? I would like to set the invisible service of all these friends as against all the goods and you will find that the position of India is worse than under the system of barter. I know we get some machinery as against the goods and we know how creaky it is. Let us give up this idea of barter. We have the interest on loans, the present of these friends and some articles. Then, what about some other important items such as shipping, insurance and banking? That accounts for something like 30 crores and nobody seems to bother about it. They have sucked us long enough. If you prevent them from sucking us any further, they squeal. Is that fair? So far as the agreement is concerned,

the preferences are only in name. I pointed out that wherever there is an expansion it is because of world conditions and, in others, it is because they needs must take our articles. In so far as preferences in their favour are concerned, they are absolutely real. Out of 7½ crores, five crores are accounted for and on three items, motors, motor cycles and motor accessories they cannot compete with America on equal terms. I say their preference is real. Our preference is unreal and shadowy and when it comes to cotton and textiles, the less said about it the better. I do ask the House to reject this motion.

Mr. M. S. Aney (Berar: Non-Muhammadan): The Resolution before the House is of a very complex nature and the House is

4 P.M. called upon to give its verdict on it. The Resolution has been approached by different sets of people from different points of view. There are some who approach it from the point of the agriculturist. There are others who approach it from the point of view of the industrialist. I represent a constituency which is largely if not purely an agricultural constituency which deals largely in cotton growing. I shall be betraying the interests of my constituency and also the confidence reposed in me by my Government if I don't examine the proposition primarily from their point of view. I noticed during the course of the discussion that the arguments of some were to the effect that there is no need for any kind of trade agreement at all between the United Kingdom and India. There are others who mainly rely upon the recommendations made by the unofficial advisers and base their opposition on the ground that the recommendations of that committee have not been carried out. Now, I want this House first to concentrate its attention upon certain fundamental points on which the members of that committee were unanimous. I may at once state that the members of the committee were unanimous in accepting the desirability of a trade agreement between the United Kingdom and India. The first report which they made was on the 10th October, 1936. In that report itself they have very clearly stated the position. This was the first report they submitted. They said in paragraph 12:

"We feel that a trade pact between the United Kingdom and India would be desirable in the interests of both countries if due regard is paid to their respective interests. We realise that on account of many ties, our trade has a natural tendency to flow towards the United Kingdom, and a trade pact between the two countries could, therefore, be attained with comparatively less effort than with other countries."

This was the unanimous view of all the members of the unofficial committee which sat to consider this question. Then, later on, they have again referred to this matter and stated that in an agreement like that it must be remembered that India is primarily a producer of raw materials and as a factor of cardinal importance in this connection, they have stated the principles on which an agreement like that should be concluded. My object in bringing to your notice, Sir, the particular passage of this report is to show that those friends of ours who have served on that Committee were of the opinion that some kind of trade agreement in the interests of India was necessary. It was not only the view of those Honourable Members but I maintain it was the view of this House itself, that a trade agreement between the United Kingdom and India should be attempted in the interests of finding out an expanding market for our exports in the markets of the United Kingdom. That was, in fact, the gist of the Resolution which was adopted by this House last

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time on the basis of which the Committee was appointed. So, on account of the large interest which the United Kingdom has in the exports as well as in the imports of India, it was naturally considered desirable by the Government first to make an attempt to have a kind of trade agreement with the United Kingdom first. Our direction was like this that it should be with "United Kingdom as well as with other countries"—that was the direction given by the Resolution passed by this House, and they have taken the opportunity to conclude a trade agreement first with the United Kingdom as the first country, and the obvious reasons were that that was the country with which our import and export trade is to a very great extent being carried on. Having done that there is another point also which is I think of great importance in this connection. It is this. It was admitted by the members of that Committee that even the Lancashire interests must be sympathetically considered. This question was discussed by them in paragraphs 13, 14 and 15 of the report dated the 3rd October, 1937. I shall read only one or two sentences out of it:

"The offer of Lancashire to put a voluntary maximum limit on its exports into India,—a principle which in our opinion was a very important one from India's point of view,—did certainly offer an opportunity of considering the case of Lancashire afresh. The other factor that influenced our mind was that Lancashire had voluntarily increased its purchase of Indian cotton from 137,315 bales in 1931-32 to 643,227 bales in 1936-37. It is true that the increased consumption of Indian cotton was due, to some extent, to its relatively lower parity, but such a marked increase could not have taken place without the goodwill of Lancashire and the efforts of the Lancashire Indian Cotton Committee."

This is an important passage in which the unofficial committee gave its opinion, viz.,—

"but such a marked increase could not have taken place without the goodwill of Lancashire and the efforts of the Lancashire Indian Cotton Committee. As we were now asking for an agreement providing for a definite purchase by Lancashire of a much larger quantity of Indian cotton, we could not altogether ignore the demand of Lancashire for the consideration of its case. The recent serious complications in the Far East had also made it more desirable to get an assured market for Indian cotton, if it could possibly be done."

Those were the considerations which actuated the members of that Committee to consider the demand made by Lancashire also in connection with this trade agreement. I quite understand the position. Legally it was the correct position to take. Also that in the case of a protected industry like the Indian textile mill industry, when that protection had been given under a Statute, it ought not to be the subject-matter of a trade agreement at all. But somehow or other the Committee took the view that, as there was a voluntary demand on the part of Lancashire to limit its export, it was a matter for them to consider,—and, therefore, they have taken that point into consideration in this trade agreement. Now, these are the points which I am mentioning for this reason; we are discussing a trade agreement that has been concluded and we are discussing a trade agreement after it has been considered by our own friends sitting on that Committee. So, let us see how far they have departed or differed from those friends who were sitting there to watch the interests of Indian industry and Indian agriculture and to what narrow compass the real issues could be reduced. We have to find out that position. It has been admitted even by my Honourable friend, Sir Cowasji Jahangir, and my Honourable friend, Sir Homi Mody, that so far as other parts

of the agreement are concerned, i.e., the parts of the agreement which do not deal with the textile portion and the cotton—they have no objection to that. On the other hand they admit that in that portion of that agreement which deals with preferences for Indian exports, they think that there is no doubt some kind of advance there,—and it is a matter to some extent of advancing the interests of the Indian producers of raw materials. What then remains is the other portion, and that is this. There are two things as regards what has been done with regard to imports. The main point that has been stressed by the members of the unofficial Committee was this that they wanted United Kingdom imports to be reduced down for the purpose of preference to three crores from eighteen crores.

Mr. M. A. Jinnah: And an offtake of cotton,—7½ million.

Mr. M. S. Aney: In that portion I am particularly interested but I am trying to show the concessions which are before you. Leaving aside other arguments which can be advanced, we find that they insisted upon imports for the purpose of preference being reduced to the value of three crores, while the agreement as a matter of fact makes provision for that kind of commodity to the extent of seven crores—a difference of four crores. Now, the other part of the agreement related to the consumption of Indian cotton by Lancashire and the import of Lancashire textile goods here, the amount of reduction of duties, etc., on the manufactured articles, the textile piece cloth manufactured by the Indian mills—these are the other three things. Then I also wanted to indicate a point of difference. It is this. The recommendations which the members of the Indian Committee made were these. They suggested that the minimum that should be imported from Lancashire should be 200 million yards, the medium 300 million yards and the maximum 400 million yards. Those are the suggestions made by the members of that Committee.

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): They were prepared to go even further.

Mr. M. S. Aney: So far as the report is concerned, that is the position. I am going by what is on record. Now, the conditions which are laid down in Article 10 make the position like this. The minimum would be 350 million yards, the medium would be 450 million yards and the maximum would be 500 million yards. I call it maximum for this reason that power is left in the Government of India to so manipulate the duties as to bring them down within certain limits after consulting the British Government. That is the position so far as this thing is concerned. What we find is this. Between the maximum that has been allowed by the members of the Committee and the maximum that is now considered here, there is a difference of 100 million yards. I am trying to narrow down the points of difference between the two. As regards the offtake and intake of cotton, I must say that on that point the gap is very big. The suggestions that were made were these. I am referring to the last suggestion which has gone, unanimously, on behalf of the cotton growers and which was ultimately accepted by the members of the non-official Committee also. If I am wrong, my Honourable friend, Sir Abdoolah Haroon, who was my colleague there to help the Committee, would correct me. The suggestions that were made by us were that they should begin with 650,000

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bales and should gradually rise, year by year, till ultimately they reached the maximum of one million bales within a reasonable period. That is what we suggested. The position that they now have accepted is that 500,000 bales is the starting point and they have fixed the 600,000 bales as a maximum. They have allowed them to purchase more. Then, there is one temptation held out and that temptation is that if the consumption of Indian cotton by the Lancashire industry will go beyond 750,000 bales, then they are likely to get a reduction of the duty which they will have to pay in India. In my opinion, that is an important consideration. The point is this. While we want to start with 650,000 bales, they start with 500,000 bales. It is true, I admit, that the whole thing is so linked up that they may not even buy 500,000. They can buy 400,000 bales and yet get the concession which is to be given to them by way of a compensation. That is the provision there. Not only that, but I have some other complaints to make. Sub-clause 2 of Article 10 reads thus. I may say that there is no such thing as a guarantee as I understand it but an undertaking is given and that undertaking is like this:

"His Majesty's Government in the United Kingdom undertake that they will continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison and industrial propaganda."

Now, our demand was that of the Indian cotton that is to be consumed by Lancashire, about 65 per cent. of it should be the cotton of short staple and 35 per cent. of it should be what we consider long staple, although they call it cotton of fair staple. That is the difference there. With regard to that, they have not given any undertaking at all. All that they say is that they have noted that there is a demand like that made by the Indians and they will do something to fulfil it. This is the assurance that is given in sub-clause 2 of Article 10. But what troubles me more is this:

"They have taken note that it is the desire of cotton growers in India that as much as possible of their production of short and fair staple varieties of cotton should be absorbed in the United Kingdom."

They further go on to say:

"They have also taken note, and invite the Government of India to take note, that the Lancashire Indian Cotton Committee, set up by His Majesty's Government in the United Kingdom to stimulate the consumption of Indian cotton, have expressed their sympathy with that desire and their intention to take all practicable steps to assist in its fulfilment."

Now, the point is this that this assurance has not come from His Majesty's Government. His Majesty's Government is telling us that the Lancashire Indian Cotton Committee has taken note of this keen desire on the part of the Indian cotton growers and they will do something to fulfil that demand of the Indian cotton growers. It does not form part of a regular agreement between His Majesty's Government and the Government of India. It is only a sort of an *obiter dictum* or a pious hope that is interpolated there, if I may say so. It does not form part of the regular agreement at all. What follows is more dangerous than what is stated before. What follows is this:

"It is recognised that the fulfilment of the foregoing objectives largely depends on the continued pursuit by all interests concerned in India of the policy of improving the quality and staple of Indian cotton exported to the United Kingdom by all practicable means."

I do not understand from this that there is a genuine desire on the part of the Lancashire Indian Cotton Committee to meet the demands of the Indian cotton growers in regard to short staple. Then, their term to fulfil that condition is kept contingent upon the fulfilment of another condition, namely, that that fulfilment is possible only if the Indians will improve the quality of the cotton. If the quality of the cotton is to be improved, then it means only one thing in my opinion. Instead of short staple cotton, give them long staple cotton and then alone it will be possible for them to fulfil the promise which they are extending to us. On the other hand, so far as the growers of short staple cotton are concerned, this is the most unsatisfactory undertaking that has been given here. In fact, I am not in a position to say that the short-staple cotton grower is held out any real hope at all. At least the wording leads us to that conclusion. It is very vague. That is a point which as a cotton grower I cannot ignore and I have to bring it to the notice of the Honourable Member who was responsible for concluding the treaty that it is the most unsatisfactory feature of this trade agreement.

Mr. M. A. Jinnah: He has done that after having taken note of that point. You want him to take note of it again.

Mr. M. S. Aney: Yes, a man may fail once, he might succeed in his second attempt. I believe in the saying 'Try, try again.'

Now, the question is this? What are we to do with an agreement like that? That is an important point. I do not want to take more time than is allowed to every Member, but what are we to do with regard to that point? Before I try to give my reply to that important question, I will also dispose of one point which has been, incidentally, touched in the course of the speech of the Honourable the Commerce Member. He tried to show that Lancashire is already taking nearly 55 per cent. or 59 per cent. of Indian short staple cotton and he read out figures. I wish to refer him to the figures that have been given in the annual report of the Central Indian Cotton Committee for the year 1936-37 which will clearly show that the total consumption of the United Kingdom in those years was something less than 50 per cent. They were 323 thousand bales exported from the whole of India in 1938, of which share from Bengal came to 112 and Oomrahs 48. Americans which is considered long-staple was 185, that is more than 41 per cent. of the long staple cotton is taken by them. But this was in 1938. Among the short staple, Oomrah has got a very small proportion. I have got the figures with me for 1935, 1936 and 1937. They are in Appendix 12 and Appendix VIII of the Reports of 1936 and 1937. I have not got the time to refer to them in detail. The Indian Cotton Committee's Annual Report for 1936-37 will give these figures. They will show that percentage of short staple is less than 50 per cent.

The total production of Indian cotton is, say, approximately, about 60 lakhs of bales. Of that, formerly, nearly, 25 lakhs of bales used to be taken by Japan. About 23 lakhs or 25 lakhs were consumed by Indian mills. Even now, with the best efforts, the Indian industry is not able to take more than 28 lakhs of bales today. That is the position. There remains a big surplus. How to dispose of that big surplus is the point; unless some kind of stable customer is found out for that big surplus the Indian

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cotton grower is bound to feel a good deal of anxiety over this matter. In view of the diminishing consumption of Indian cotton by Japan which was our best customer in short staple, the Indian cotton grower is naturally anxious to find a more stable market for short staple cotton. That is the reason why we insist upon a fixed percentage being fixed for short staple to be consumed by Lancashire. From that point of view I find that the arrangement that has been made is very unsatisfactory. We have been given an undertaking that more cotton will be taken. But that may or may not materialise.

The points, that I want the House to consider are then, the import rates have been fixed at seven crores instead of three crores. That is one point. The maximum and minimum from 200 millions to 400 millions bales as against 350 million bales to 500 million bales that they are getting now. As regards cotton, instead of fixing it at a million bales as a maximum they have left it to be worked up gradually to the good will of Lancashire. There is no definite guarantee, but a hope has been held out to them that in case they take more than seven lakhs 50 thousand bales, there is a definite chance of their getting their duties reduced. These are some of the points of very great importance in this agreement. Now, the point is this. Are not these points of difference of such a nature that the House should decide that they should bestow more serious and more dispassionate consideration on these proposals and examine the bearings of it on the interests of the agriculturists and industrialists both? That is a point which I want the House to consider very carefully. As an agriculturist I really feel that there is something to be said from the point of view of the agriculturist. An attempt should be made, if possible, to get these conditions improved on lines on which we made our first demand. It may be said by the Honourable the Commerce Member that it is the last word and nothing can be done and that there is no hope for these demands being met even if the Committee proposed in the amendment makes any further recommendation upon that point. If he makes a statement to that effect, there is an end to it. On the other hand if he says that the agreement, as it stands at present, is capable of being improved, if both the parties sit together and consider these details and make certain suggestions, then I believe there is a case for this agreement not being disposed of summarily by the vote of the House today but being referred to a committee of the House which should go into details and examine its bearings upon the Indian industry and agriculture. I must say one thing, that the Indian textile industry is the biggest consumer of Indian cotton. If the industry is going to be ruined by the conditions which are in the agreement, then the agriculturists are to lose everything. After all, if this big consumer goes away, then the agriculturist cannot rely upon the fraction of the consumption which is promised out by England.

In conclusion, I desire to say only this. Is it desirable to leave the Indian cotton grower simply at the mercy of the Indian industrialist without any powerful foreign competitor in the Indian market? That is one point. Secondly, whether the present conditions are such as to make it impossible for the Indian cotton industry to grow and prosper or to do any profitable business, in view of the competition which it will be exposed to on account of the conditions in this agreement? These are the points on which after having heard the speeches, I have not been able to make

up my mind. I will prefer the House to consider the amendment with regard to the appointment of a committee to consider these things. If a favourable reply is given by the Honourable Member, I will advise my Party Members to vote accordingly. If no reply comes, I shall record my vote as I consider best.

Mr. M. A. Jinnah: Sir, I certainly admire the incorrigible optimism of my Honourable friend, Mr. Aney. I think we have to understand the position in its proper bearings in this House. The first thing I would deal with is the constitutional position. What is the constitutional position of this House with regard to this Agreement? The Honourable Members will remember that when I had the honour of moving the amendment to terminate the Ottawa Agreement now three years ago I pointed out that this House was fully responsible and the Government was responsible to this House only for a number of hours until the Division was taken. After that, we do not know where the Government would be exactly. Anyhow after the termination notice, the Government started negotiating with the British Government.

Before I proceed further, I wish to record my sense of appreciation—and if I may say so, coming from my Party—to the Honourable Sir Muhammad Zafrullah Khan, who is a Muslim and it may be said that I am flattering my own son. But I must endorse fully the congratulations that he has received from various quarters. There is not the slightest doubt that he has done his very best. But while we appreciate that, let us understand, even as Members of the Government or the Government of India as a whole, what is the constitutional position in which the Government of India stands. Because the consideration of this agreement entirely depends upon with what premises you start. If you start with the premise that we are a sovereign Government or even a dominion Government,—I use the word "Dominion" in its larger sense than it used to be understood before the Statute of Westminster,—then I can understand your starting with this premise. India, a sovereign country; India, a full fledged dominion. I have no doubt that the Honourable Member, if he had been placed in that position, would have secured a better agreement than the present one. If you start with that premise, then you might say that this Agreement is not satisfactory, but you might as well say that this present constitution and the Government are not satisfactory. But it is there, it is staring us in the face and ruling the country. Then, from which premise do you start? If you start with the premise that, situated as we are, with all the difficulties that we are facing, on the whole, is this Agreement such that you should accept it or reject it? In an agreement or bargain like this, nobody can get 16 annas even if you were an independent sovereign country. Therefore, it depends entirely on how you approach this Agreement.

Now, Sir, constitutionally, to proceed further to deal with it, it is a very peculiar position in which we are placed. The Government of India have already notified that the Ottawa Agreement will come to an end by the 31st of this month. What is to take its place? They say, this will take its place, on the first April. Therefore, I want Honourable Members to understand that so far as this Agreement is concerned it is a "fait accompli". And yesterday in the course of the debate a question was put to the Honourable the Commerce Member, as to whether he would

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abide by the verdict of this House. His answer was very clear,—it will receive all consideration. That is to say, if we accept this Agreement, well and good; if we do not, it comes into force on the first of April. And, that is what clause 16 of the Agreement says:

"Pending the coming into force of the present Agreement, the two Governments will apply its provisions as far as may be possible."

Therefore, it is a "*fait accompli*" and we are holding a post mortem examination. You may shed tears, you may rejoice, or do whatever you like. If I am right to this extent, what do Government want now, so far as my Party is concerned? What do you want us to do? My Party has got to consider the constitutional position and the political aspect of it. Next, we have to consider what Muslim interests are involved so far as this agreement goes. I do not thereby mean that I should be indifferent or hostile to Indian interests, generally, but I think,—to quote the words of the Leader of the Opposition,—we owe it to our constituencies to consider it from their point of view also. My Honourable friend said that he cannot forget the interests of the millowners of Ahmedabad.

Mr. Bhulabhai J. Desai: And the cotton growers of Gujarat.

Mr. M. A. Jinnah: Quite right; that is his constituency, and he has got to take their interests into account. Of course, it does not follow that for the sake of the millowners or even for the sake of the cotton growers of Gujarat the rest of the interests of India are to be sacrificed. Certainly not. But, where is the interest of Muslims in this business, and how are we affected? That is one of the important factors that we have to take into consideration. Taking that into consideration, I find that to try and discover Muslim interests in this business is like searching for a needle in a haystack. The only Muslim name mentioned by anybody was that of Mr. Jamal Muhammad from Madras about hides and skins. Of course, in various other matters, they may be small interests. Here I beg to differ from my Honourable friend, Sir Abdul Halim Ghuznavi. I think he was under a misapprehension; jute has nothing to do with the question; it is only manufactured jute.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): And raw jute too.

Mr. M. A. Jinnah: No, that has nothing to do with it. I know it is very misleading and difficult, and you sometimes fall into the trap. But it is not raw jute, it is only manufactured jute with regard to which preference is given. No doubt, that is to a certain extent against the interests of Dundee, and I appreciate that. I do not say it is not advantageous. But what is the Muslim interest here? As far as I have been able to gather, Muslim interest is only on two main items, though there may be other small items. One is raw cotton which is the concern of the Punjab and Sindh and the other item is hides and skins. These are the two main things.

Sir Syed Raza Ali: And woollen carpets and rugs too.

Mr. M. A. Jinnah: No. In woollen carpets and rugs the Muslims are only wage-earners and not companies or manufacturers. It is very easy to be misled. That being so, I want to examine it from that point of view. Both Sir Cowasji Jehangir and Sir Homi Mody said that this was the last straw on the camel's back, namely, that you put a revenue duty on cotton a few days ago by the Finance Bill. Now, what is the last straw on my back?

What have you done for the cotton "*quid pro quo*" for the advantages conferred on Lancashire? It is much worse than the position we occupied without this Agreement. Hereafter Lancashire need not take more than 400,000 or 450,000 bales at the most. Whereas without this agreement offtake of cotton is nearly 500,000. That you will find from the official document, and I will read from the memorandum attached to this Agreement so that there may be no room for misunderstanding. This is what Government themselves say:

"Thirdly, the scale of raw cotton exports prescribed under this Article takes full account of the recent increase in United Kingdom purchases. In the three years ending 1937-38, exports to the United Kingdom attained an average of 487,000 bales per annum. Under the Agreement the concession of reduced duty is liable to be withdrawn if in the first two cotton years exports amount to less than 400,000 bales"—(So the sanction does not come in unless less than 400,000 bales a year are taken)—"or if in any subsequent cotton year the total quantity of exports is less than 450,000 bales. The scale of raw cotton exports which regulates the duty chargeable on United Kingdom cotton piecegoods has been fixed at a much higher level and every inducement has been placed in the way of United Kingdom importers to increase their purchases to a figure exceeding 750,000 bales. These provisions are calculated to improve the demand for Indian raw cotton in the United Kingdom and are therefore of great potential value to India's cotton growers."

Potential value! When I corrected or rather interrupted my friend, Mr. James, when he spoke of a guarantee, I asked him where was the guarantee. Is it not rather abusing the English language to say that this is a guarantee? What is the guarantee, and where is the guarantee? Very often we have agreements in Courts that if you do not do this or that, you have to pay so much of damages. What is the damage here? Increase of duty. Who would be damaged because Lancashire failed or committed default? Who suffers? The cotton grower. Who gets the benefit? The millowner. That is the compensation for the poor cotton grower. I have come to the conclusion that the poor cotton growers' interests have been treated with criminal negligence by the Government of India. I am not speaking only because a large body of them are Muslims: there are large bodies of Hindu cotton growers and others. Why do I say that? Because they have not got any organisation, because they have not got any one who can effectively screech for them, morning, evening and night. That is the position with regard to cotton. It has been pointed out—just imagine—that India grows 55 lakhs bales of cotton. What are they getting from Lancashire to relieve the overflow of cotton? Nothing. Less than what is normally being taken by them. The average for three years is shown as 487,000 bales: if the average of two years is taken, it comes to more than 500,000 bales. What are we getting under this Agreement? Potential value—Lancashire will take 400,000 or 450,000 bales. I know that some Muslims in the Punjab are under the impression that they have got a gold mine in this Agreement. Let me tell the Muslims of the Punjab and all my Muslim friends here, it is nothing but dust. It is to throw dust in their eyes for vote-catching purposes by pretending that they have come to the rescue of the agriculturists. We

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may be thought to be unsophisticated, untutored and illiterate; and although we are not all illiterate here, although we are not all untutored and we are not all sophisticated, some of us are able at least to understand the political language of the Government when we are told that there is some big concession being made to us. There is no concession. On the contrary, we are nowhere, and certainly no better off than we were before this Agreement which is an eye wash, and even the modest claim of cotton growers to guarantee offtake of at least 7½ lakhs of bales is turned down.

Now, Sir, about hides and skins. The total trade of India in hides and skins has increased lately, but the main trade of hides and skins has been diverted to England, and I am glad that my friend, Mr. Nauman, explained that. This very stuff that goes to England, on which they give you preference, is distributed by England to other countries by means of credit facilities and so on. It is not your preference, because, you see the total is more or less the same, and it is diverted from France and from Germany and other places. What is the result, practically nil? Therefore, I do not know how you can say that anything is being done for this trade in which the Muslims are mostly interested. I say, the Mussalman is nowhere in this picture, so far as this Agreement is concerned.

Then, what do the Government want me to do now? What does my friend, Mr. James, want me to do? Mr. James paid me very high compliments in terms of a film star. What does he want me to do now? What did he want me to do last time? Has he read his own speech? He threatened me with dire consequences if we carried that Resolution terminating the agreement. Does he remember it?

He said:

"Japan is ready with its knife: Great Britain would only be too glad to put an end to this: as she does not derive any benefit you will run the risk and the danger of losing even what you have got under Ottawa."

Has he read his speech? I can only compare him with Marlene Dietrich; he can only play a tragic part, and that is a tragedy. I did not follow him—I was not frightened

Sir H. P. Mody: Mae West!

Mr. M. A. Jinnah: It unnerved me for one moment but somehow I said "No, I think I am right". Today what song is he singing? He says this is an enormous improvement on Ottawa. I was right, he was wrong

Mr. F. E. James: Now, I am right, and you are wrong.

Mr. M. A. Jinnah: I do not believe in your lead. That is the trouble. He says "Support this agreement". Why? It is a *fait accompli*. What do the Government want me to do? Today you are courting me; Government are also beckoning me. Cinderella is to be taken to the ball to have a round with the prince and promptly to be relegated to the kitchen. Greta Garbo is not going to be Cinderella: she is going to be a star artist. (Interruption.) Wait. You cannot go on like that and ask me to walk into your parlour, when it suits you. I say, this Agreement is a *fait accompli*. It has to come into force on the 1st of April. Whatever we

may do, Government say: Cannot we find some scape-goat, somebody who could be made a tool of, so that we can say to this world that the House has accepted the Agreement? I refuse, Sir, to play that role. As I have described to you, that 95 per cent. of the interest in this Agreement is that of the Hindu capitalists and non-Muslim capitalists. I do not grudge them. If they are right, let them flourish, and make more business. But this is a fight between British capitalists and mainly Hindu capitalists. They are represented by these Congress Benches. They are hand in glove with them. The Congress are speaking on their behalf. Why am I to tell them you must accept it although it depends how you look at this Agreement, from what point of view, with what basis they should start? In one spirit you might say, 'Well, after all, if you resist, if you persist, you might lose the bargain', and a less adventurous spirit might say,—"All right, I agree, this Agreement is certainly miles and tons better than Ottawa. But the Government have already made a gift to them by their attitude which is clear. Our benign Government, our parental Government, have announced that this Agreement is in the interest of India, which means mainly the non-Muslims, the Hindus practically, and the Government tell them that they must accept it, but they say "We don't want it". Why should I go out of my way, get their curses and give them something which is good? They don't want it. But if it is not for their good they on the contrary say, the British have swindled them in this bargain. If it is a swindle, and that British have taken advantage of them, and so do our friends, the millowners, say,—you have swindled them. Then, may I know why I should support this swindle? What have you done for me? Therefore, Sir, it seems to me that if our Hindu friends have the courage, and they are willing to venture, they are willing to risk, why should we come in the way. Although in this case there is no risk, because, by now they know for certainty that this Agreement is going to be put into operation; so they are on the safe side if they reject it. It is the poor cotton growers who are going to be done in the eye, because provisions re offtake of cotton are a camouflage. Well, I wish that the Government had decided that they will abide by the verdict of this House. Then they would have thrown the real responsibility on those who are interested to the extent of 95 per cent. in making up their mind and taking the consequences, and they would not have been obliged to ask me to vote and support them. Therefore, Sir, the position of the Muslim League in this matter is this. We do consider that this Agreement is a very great advance on the Ottawa Agreement. Our interest being infinitesimal,—and what little interest we have has been sacrificed absolutely,—we do not wish to be a party to force upon those who have 95 per cent. interest in the Agreement which they say they don't want. And why are we to help Government, because, in my opinion, you are equally bad so far as we are concerned? Therefore, Sir, the position of my Party is,—"Well, settle the matter between yourselves, and I wish you luck". We propose to remain neutral.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I have a variety of criticism of the Trade Agreement to meet in my reply. It is not the number of points to which criticism has been directed that bewilders me, it is the contradictions involved, sometimes in the speeches of the same Honourable Members, more often between the points of view of the same Parties in the House that are so bewildering. It is difficult to meet criticism of that kind. Let me give one or two instances. One point of

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view very forcibly expressed by the Honourable the Leader of the Opposition was, these preferences that we enjoy in the United Kingdom are utterly useless, they confer no benefit upon India which India would not enjoy in the absence of an agreement with the United Kingdom. The Article relating to the offtake of raw cotton from India is equally useless. The United Kingdom purchases and will continue to purchase cotton from India in the same quantities because it must have it, not because it has given any undertaking with regard to it. During the last six years they have been taking large quantities of cotton without any Agreement, why should we assume that it was necessary to make an agreement to enable them to continue to take those large quantities or slightly higher quantities as this Agreement provides? He forgot that there has been an agreement during the last six years

Mr. Bhulabhai J. Desai: You call that an agreement?

The Honourable Sir Muhammad Zafrullah Khan: Yes, and it was to this effect that the United Kingdom Government would co-operate in all practicable steps to improve the consumption of Indian raw cotton in the United Kingdom. In pursuance of that undertaking, they set up the Lancashire Indian Cotton Committee. Some Honourable Members may allege that there was no agreement. It is an undertaking, and all through the debate the assumption has been that when an undertaking of that kind is given, an undertaking which you cannot enforce by means of an action in the courts, nobody need observe its provisions. But the fact is that that undertaking has been observed and it has been observed in a manner which has drawn from even the non-official advisers the admission that it has been honoured to the utmost degree. That was the agreement. As Sir Bryce Burt pointed out, that undertaking continues to be a part of the agreement that we have been discussing yesterday and today. The minimum quantities that are mentioned in this agreement are a further support for the cotton growers of India, that is to say, Lancashire says, we shall continue to do what we have been doing in the last six years to promote the consumption of raw cotton in the United Kingdom. We shall also take all practicable steps to improve the percentage of short staple cotton in our total takings, and in addition, we undertake that we shall take these minimum quantities. But assume that the observations of the Honourable the Leader of the Opposition could be taken at their face value. The preferences enjoyed are useless, the cotton Article confers no benefit. Then, what exactly did he mean and what did his Party mean in insisting, when this matter was previously debated in this House, that India should enter into a Trade Agreement with the United Kingdom, or, for the matter of that, with any other country?

Mr. Bhulabhai J. Desai: It is a funny argument.

The Honourable Sir Muhammad Zafrullah Khan: Therefore, if that line of argument is valid then so far as the United Kingdom and India are concerned, Honourable Members should have realised, when the last debate took place, that there was no scope for a Trade Agreement and

there should have been a clear decision that no trade agreement of any kind, whatsoever, was wanted with the United Kingdom. That was one point of view expressed.

Another point of view expressed by Members of the same Party was this. You have sacrificed such valuable concessions which we possessed under Ottawa that we shall not look at the new Trade Agreement. One Honourable Member said, the unofficial advisers' advice not having been accepted with regard to certain matters, we shall not allow this nonsense of a Trade Agreement with the United Kingdom. The same Honourable Member, when speaking yesterday, recapitulated in what respects the unofficial advisers' advice had not been accepted, and he started by saying, why did you give up the preference on wheat or agree to a modification of the preference on rice? Now, Sir, either these two preferences were of value or they were not of value. If they were not of any value, then their surrender involves no sacrifice whatsoever. If they were really of such great value that the merits of the new Trade Agreement are destroyed because of these two preferences one has been given up and the other has been modified, how much greater value must be attached to the much larger and more valuable range of preferences that have been retained? May I, in this connection, draw the Honourable Member's attention to what he said with regard to the value of the wheat preference when this matter was under discussion on the previous occasion. When he spoke on the Ottawa Debate in 1936 he stated:

"I will simply run through them (*that is to say, the preferences*) very quickly and point out that in the case of wheat this preference is not necessary."

An Honourable Member: Who is this Honourable Member?

The Honourable Sir Muhammad Zafrullah Khan: Mr. Satyamurti. When this preference is given up, it suddenly assumes a most disproportionate importance in the mind of that Honourable Member. Criticising the present agreement, he says it is of no use, because the wheat preference has been given up! What did the unofficial advisers themselves say on the wheat preference? They said in their report of the 10th October, 1936, at page 83:

"Regarding wheat our present exports as compared with its production are very small and we have no indication of the exportable surplus of this commodity, but we do not think that we can obtain any large market in the United Kingdom in view of the preference enjoyed by other Empire countries".

According to them also this preference was of no value. When they had become certain that in the much larger interests of the United Kingdom and the United States of America agreement, India had agreed to give up the wheat preference, which, in the opinion of our experts, was not likely to be of much value to India, during the currency of this agreement and had also agreed to a modification of the rice preference from a penny a pound to 2-3d. a pound which did not affect India in the least, they made the complete retention of these preferences a condition precedent of the Agreement. What was the value of the rice preference over which Mr. Satyamurti waxed so eloquent? Our total exports of rice to the United Kingdom are 6,000 tons a year, and we are told that a preference on that is so valuable that any modification of it must lead to an outright condemnation of any agreement at which we may have arrived! That is the spirit in which an examination of the provisions of this Trade Agreement has been carried out. As I have said,

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it is rather bewildering to try to meet criticism which is directed at one moment towards showing that all these preferences and rights of free entry and other concessions comprising 82 per cent. of our total exports to the United Kingdom are of no value whatever, and, at the next moment, towards demonstrating that a modification of a preference in respect of 6,000 tons of rice renders the rest of the agreement worthless.

Sir, in the matter of rice, we are an importing country and not an exporting country and the House will not have forgotten the vehemence with which I was urged, only a few days ago, to put on a duty upon imports of rice from Burma in order to safeguard the rice growers of India. This is the kind of criticism which has been brought to bear upon the provisions of this agreement for the purpose of determining whether the agreement serves any benefit to India or not. One attitude I can understand, though I do not agree with it. Certain Honourable Members have assumed that this cannot be a good agreement because it has been arrived at between two countries one of which stands in a relationship of political subordination to the other. If that is the principle on which these matters are to be settled we had better state clearly that we do not desire any kind of trade agreement or arrangement with the United Kingdom.

Now, Sir, to come to the specific points that have been raised by various Honourable Members criticising the various provisions, I shall try to meet them as far as it may be possible for me to do so. Following up the criticism that the advice of the unofficial advisers has not been followed, the next article that we come to is linseed. With regard to linseed, I gave certain figures yesterday. The unofficial advisers say, our recommendations with regard to linseed have not been accepted; therefore, Mr. Satyamurti says, this agreement is no good. I explained yesterday with regard to linseed that the position, when we started negotiations, was that a certain amount of drawback was being granted by the United Kingdom, the utmost extent of the operation of which was 15 per cent. of the total imports. I explained, and I need not cover the ground over again, that that has been modified and now the preference will be effective not only over 85 per cent. of the field but over more than 92 per cent. and I claim that that is a valuable concession.

The actual position with regard to our exports of linseed is this. These are figures relating to a period when the drawback was in full operation. In 1936, we exported to the United Kingdom 222 thousand tons of linseed out of their total imports of 273 thousand tons. In 1937, we exported to them 192 thousand tons out of their total import of 286 thousand tons. In 1938, we exported to them 223 thousand tons out of a total import of 276 thousand tons and our exports to the United Kingdom in 1937-38 were worth 2½ crores out of a total of 3½ crores. In 1938-39, they have already passed the three crores mark in ten months. If it is, nevertheless, contended that something further should have been done with regard to linseed, all that I can say is that Honourable Members who make themselves responsible for criticism like that could not have applied their own minds to the figures that have been placed before them and the modifications that have been obtained. I am aware that in the report of the Federation of Indian Chambers of Commerce it does appear that the linseed preference has been nullified but that together with the greater part of their

criticism is entirely incorrect. As a matter of fact, as I pointed out in my opening speech, that report contains not only misleading but also incorrect statements about this Agreement.

One of them relates to chrome leather which I explained in my opening speech. I was sorry to observe that even Mr. Aikman had fallen into the error of assuming that the preference in respect of chrome leather had in any way been modified to the detriment of India. He said that though this preference had been modified, it was not a matter worth worrying about but, as a matter of fact, it has not been modified. The position is, that we continue to enjoy and will continue to enjoy, under this Agreement, the full benefit of whatever duty the United Kingdom imposes upon imports of chrome leather from foreign countries. All that we have done, and I claim that it is an advance upon the present position, is this. It is open to the United Kingdom under the present arrangements to modify the duty and, consequently, the actual preference that is being enjoyed by India—they being bound to give no more than free entry under the Ottawa Agreement—by reducing the duty to whatever extent they choose according to their own needs. The new arrangement is that a preference to the extent of 15 per cent. has been scheduled. They are now under an obligation during the currency of this Agreement not to reduce the duty below 15 per cent. but the amount of the actual duty at present 30 per cent. will be the extent of the preference enjoyed by us.

Sir, the next item is coffee. I frankly admit that there has been no change there. It was felt in certain quarters that an increase in the preference that we enjoy in respect of coffee might help coffee growers in India. The present preference is a penny a pound. The suggestion was that if it is raised to 2d. per pound it might help the Indian coffee grower but the position is that the keenest competition that Indian coffee experiences is from coffee grown in Kenya, which would be equally entitled to any increase in the preference which may be given to India and, therefore, an increase in the preference would not in any way affect the competition from Kenya. So the position in respect of coffee continues to be the same as it was under the Ottawa Trade Agreement and we claim no advance in that respect.

Then, we have been asked what have we done about tobacco? Honourable Members will have the figures in their minds. Flue-cured Indian Virginia is a commodity the export of which to the United Kingdom is going up by leaps and bounds. Last year our total exports to the United Kingdom amounted to 75 lakhs. In the first six months of the current year, they amounted to one crore and 25 lakhs. If Honourable Members still complain that nothing is being done with regard to tobacco, I am afraid nothing can satisfy them. On the one hand it was said "You have done nothing for tobacco"; on the other side it was said "true, there is a large increase in the exports of tobacco to the United Kingdom, but they must buy our tobacco, because it is comparatively cheap". Then, why were they not taking it before in such quantities? The real position with regard to all these matters is this. Quality for quality, the preferences enjoyed by these articles are certainly of value, though it may be difficult to assess the exact value in respect of each article.

Take tea which is supposed to be the most securely safeguarded product of India under the international tea control scheme. We have a preference in the United Kingdom of 2d. per pound. That means that quality for

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quality, the profit to the Indian tea grower is 2d. per pound more than to the foreign grower, because the foreign grower pays a duty of 8d. per pound on his tea and the Indian grower pays only a duty of 6d. per pound. Suppose the preference goes. The Indian tea grower may, he probably will, be able to sell his product on account of the control scheme but he certainly will lose the extra profit of 2d. per pound which he now pockets on account of the preference.

Now, Sir, let us examine the position of tobacco. The preference on tobacco, I do not know whether Honourable Members have fully appreciated it, is 2s. 4d. per pound, that is, to give it in Indian currency and Indian measures Rs. 3 per seer. Quality for quality, as against foreign tobacco, the Indian grower makes an extra profit of Rs. 3 per seer as against the foreign grower. Look at it from another point of view. If we lost this preference as against foreign growers, we would lose this extra profit; but Rhodesia would still have this preference while India would lose it, and India would then lose the market more rapidly than she has gained it in the United Kingdom.

Then, it was suggested that the yardage figures suggested by the unofficial advisers were not accepted and it was pointed out that the average of the last five years of yardage figures, imported from Lancashire, is 375 million yards. Mr. Aney referred to the yardage figures mentioned in the report of the unofficial advisers. I admit that some confidential matters have been omitted from these reports and I have no right to rely on confidential information. The figures given in Simla to the Lancashire Delegation were 200 million, 300 million and 400 million yards; but we must also remember that the maximum quantity of cotton Lancashire were then willing to give an undertaking about was 400,000 bales as against an average of 550 thousand bales under the Agreement. Honourable Members have been at pains to point out that the yardage figures have been raised from 200, 300 and 400 millions to 350, 425 and 500 millions, but everybody has ignored the fact that the raw cotton minimum undertaking has been raised from 400 thousand bales to 550 thousand bales on the average of the three years to which the Agreement relates. Then, it was argued, that the average offtake of Indian raw cotton by the United Kingdom during the six Ottawa years was 415 thousand bales odd and that the present Agreement represents no substantial advance on that figure. This average represents the average of the actual offtake, that is to say, the average of the maximum figures in those years whereas the average of 550 thousand bales provided for in the new Agreement is the average of the minimum offtakes. Surely, an advance of 135 thousand bales per year in the minimum guaranteed offtake as against the average of the actual offtakes in the last six years is a substantial benefit secured for the Indian cotton grower.

Another objection is that no reciprocal arrangements concerning shipping and insurance and banking companies have been arrived at in this Agreement. I explained in my opening speech yesterday that though these matters are mentioned in the first and the last report of the unofficial advisers, they had fully appreciated that these matters could not form part of an ordinary trade agreement between the two countries and, therefore, they did not, at any stage, actively press these matters.

I had said yesterday in the course of my speech that in recent years our balance of trade with the United Kingdom, which between 1923-24 and 1929-30 had been adverse to the extent of between 30 and 45 crores, had during the last three or four years been converted into a favourable balance of from ten to eighteen crores. Sir, I was astounded to hear from Mr. Satyamurti that in previous years our favourable balance with the United Kingdom used to be very much bigger. I do not know where Mr. Satyamurti has taken his figures from. It is true that we have Rs. 40 crores of foreign charges to meet but does that make any difference to the situation? When we had an adverse balance of 40 crores we had to pay this amount in addition to a foreign charge of 45 crores, so that the total payments that we had to make amounted to 85 crores. The adverse balance has now disappeared and, in its place, we have a favourable balance and it is not the slightest use trying to minimise the significance of this improvement in our trade position *vis-a-vis* the United Kingdom. Instead of having to find 85 crores to discharge our obligation to the United Kingdom, we have now only to find 28 crores. That is an improvement in our export trade with the United Kingdom amounting to 57 crores.

Several Honourable Members compared the new Agreement with our Agreement with Japan to the disadvantage of the former, ignoring the fact that the Japanese undertaking with regard to our raw cotton is not in return merely for the piecegoods quota. Their imports into this country enjoy the most-favoured-nation treatment and some of them are in severe competition with our own industries, whereas, our exports to Japan consist chiefly of raw cotton only. It is this privilege of most-favoured-nation treatment which Japan enjoys which is an important part of the *quid pro quo* for the offtake of Indian raw cotton by Japan. In this connection, there is another consideration which Honourable Members must not overlook. The position of Japan and Lancashire in the matter of piecegoods is not at all comparable. If imports of piecegoods from Japan were not severely restricted, they would flood our market and would wipe our industry out of existence. On the other hand if Lancashire has to recover any portion, however small, of its lost market in India, it has to be given facilities to do so.

Mr. Satyamurti and Mr. Aney have asked me whether there is any chance of a modification of the terms of this Agreement. In this connection I will draw the attention of Honourable Members to the provision of Article 15 of the Agreement, which enables either Government to raise the question of modification of the provisions of the Agreement with the other Government. Whether it would or would not be possible to secure any particular modification must depend upon the nature of the modification. It would obviously be a matter for negotiation but the provision is there. I could mention certain kinds of modifications which it would be comparatively easy to secure. In my opinion those modifications would not be improvements from the point of view of India but I may mention them as illustrations. It has, for instance, been alleged by the Federation of Indian Chambers of Commerce and it has also been alleged by some Honourable Members that the newly scheduled preferences, in respect of chrome leather, etc., have placed these articles in a worse position than that which they occupied under the Ottawa Agreement and that our trade in these articles is likely to suffer. If Honourable Members really think

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that that is so, though I have explained that this is a complete misunderstanding or mis-statement of the position, I undertake to have the position under the Ottawa Agreement restored. Again, it has been said that though the raw cotton minimum figures mentioned in the Agreement are 500, 550 and 600 thousand bales, the real guarantee operates only if the offtake figures fall below 400 thousand bales in the first or second year and below 450 thousand bales in the third year. Here, again, my own view is that the arrangement contained in the Agreement is far more likely to stimulate the offtake of our raw cotton by the United Kingdom inasmuch as this offtake is linked with the yardage figures of imports of piecegoods, yet I am prepared to accept the view that Honourable Members take of this matter and I have every hope that His Majesty's Government could be persuaded to agree that in place of the arrangement contained in the Agreement, we should substitute an arrangement whereby, if the offtake falls substantially below the figures mentioned in the Agreement, we should have the right to denounce the Agreement.

One point raised by some Honourable Members was: how will the price level be affected by an arrangement as a result of which Lancashire would be able to increase the imports of its piecegoods into India? On this, I need only remind the House of the extract that the Honourable the Finance Member read out the other day from the report of the Bombay Textile Labour Inquiry Committee in which it was pointed out that where the imports of an article from a particular country are restricted and a maximum or a quota operates, it is not in the interests of that country to depress the prices unduly. And for an obvious reason. The object of underselling is to capture an increasing share of the market, but where a quota has been imposed or a maximum has been fixed, the exporting interests must make all their profits out of the quantity fixed and it is not to their interest to depress the prices unduly.

Then, Sir, Seth Govind Das said that in respect of jute manufactures we have a monopoly and the preference is of no use to us. I am afraid he was labouring under some misapprehension. He may have had raw jute in his mind but the privilege of free entry is enjoyed by jute manufactures and I will try to explain to him what the value of it is. Jute manufactures compete in the United Kingdom with Dundee manufactures on an equal footing and they have steadily pushed Dundee almost out of business at least that was so till recently when war preparation orders began to come in. The pressure upon Dundee was so great, at one time, that it was made a condition on behalf of the United Kingdom that there would be no agreement between the two countries unless India undertook to restrict in some manner its exports of jute manufactures into the United Kingdom. With regard to that, I read out to Honourable Members yesterday the views of Mr. Dingle Foot, M. P. for Dundee.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Is preference also given on jute cloth?

The Honourable Sir Muhammad Zafrullah Khan: Yes, certainly.

Sir Cowasji Jehangir, in the course of his speech, challenged me to cite a single instance where, under an agreement, one country has offered

facilities to the manufactures of another country to compete with its own manufactures. Sir, it is not necessary to make a search for provisions of this kind in other agreements. This very Agreement provides instances of the kind asked for by Sir Cowasji Jehangir. Our jute manufactures, tanned leather and woollen rugs and carpets, to cite only three instances, compete as a result of the privilege of free entry with United Kingdom manufactures and in each instance they have secured a larger share of the United Kingdom market at the expense of United Kingdom manufactures. As a matter of fact, our large exports of jute manufactures to the United Kingdom have brought Dundee, which is dependent entirely on the jute manufactures industry, almost to the verge of ruin. I hope, Sir, I have met Sir Cowasji Jehangir's challenge.

Mr. Manu Subedar, when dealing with the question whether our commodities which enjoy preferences or the right of free entry in the United Kingdom have derived any benefit from the Agreement, advanced a novel criticism. He said this point was developed on behalf of Government by Sir Bryce Burt, but then Sir Bryce Burt is a foreigner and that was all the reply that the Honourable Members vouchsafed to what I had said and what Sir Bryce Burt had said on this aspect of the Agreement. The Honourable the Leader of the Opposition said Sir Bryce Burt may know a great deal about agriculture, but, surely, he cannot advise us with regard to what is or what is not in the interests of India: that is the business of an economist.

Sir, we have had a good deal of economic advice thrown at our heads during the course of this debate and I may refer in this connection to a list of figures supplied to me by Sardar Sant Singh as the result of some extraordinary calculations he placed before the House yesterday. It was a novel point of view that he brought to bear upon the terms of this Agreement. He said: "Why are you bothering yourselves about quantities and prices. I will give you a simple solution. The real test is this: How much profit would the United Kingdom make out of an export of 350 million yards of piecegoods to India and how much profit would the Indian cultivator make out of the export of 500,000 bales of cotton to the United Kingdom?" I pricked up my ears to listen to his solution because, I frankly admit, I had not carried out any such calculations myself. I was unable to follow his calculations yesterday but he was kind enough to supply me with a set of figures this morning. Briefly put, his calculations are these. He says four yards of cloth can be manufactured out of one pound of cotton. He says further that the price of cloth in India may be taken at three annas per yard. So, for four yards the price will come to 12 annas. Put that on one side. Now, he says, let us see what it costs Lancashire to manufacture these four yards of cloth, and then we will multiply the resultant profit by 350 millions and we will then be in a position to know how much profit they will make. Now, what is the cost? Their cost would be for one pound of cotton four annas; labour three annas, and another three annas for interest on capital, overhead charges, depreciation, etc. The total of all these items comes to ten annas. Therefore, the profit on four yards is two annas. If you multiply it by 350 millions, the total profit would come to Rs. 109 lakhs odd. Of course, I assume no responsibility, whatsoever, for these figures. As I have said, they are not mine and I do not know where this new Economic Adviser has taken them from. Now, in the first place, there has been no allowance made for the freight paid upon cotton carried from India to the

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United Kingdom and the freight paid upon the piecegoods brought from the United Kingdom to India. It is a small item, I admit . . .

Sardar Sant Singh (West Punjab: Sikh): The three annas that I have allowed for interest on capital, freight, insurance and other overhead charges is a very generous allowance.

The Honourable Sir Muhammad Zafrullah Khan: I accept the amendment. Now, let us take this a little further. Having spent ten annas in manufacturing four yards, they will get twelve annas for it. Does the Honourable Member know how much duty will have to be paid? (Interruptions.) He goes on saying that everything was included in the three annas, which is absurd. How much does the Honourable Member think the duty comes to?

Sardar Sant Singh: 20 per cent. on ten annas; it comes to two annas.

The Honourable Sir Muhammad Zafrullah Khan: Well, that would wipe out the whole of your profit. So much for these figures, which the Honourable Member himself is not now prepared to adhere to. As a matter of fact he chose ten annas as an arbitrary figure because it suited him as he wanted to argue that there was a profit of two annas on four yards. His attitude now is that though certain items are not included in his calculation of costs, they must be deemed to have been included as he wants, in any case, to arrive at the rate of profit which he had himself fixed. But if one is to accept that position, one must conclude that the Lancashire industry is making a profit of two annas on every ten annas of costs, that is to say, a profit of 20 per cent. on their imports into India. Then how is it, Sir, that an industry making such enormous profits is steadily losing ground in India? Surely, it would be the easiest thing in the world for them to reduce their profits to ten per cent. or even to five per cent. and to increase their market in India enormously. But if it is true that the Lancashire industry is making profits at the rate of 20 per cent., then what profits is our indigenous protected industry making, which is competing so successfully with Lancashire? Surely, the rate could not be less than 25 per cent.?

Sir H. P. Mody: I would be willing to hand over ten to them.

The Honourable Sir Muhammad Zafrullah Khan: Surely, Sir, no value could be attached to any criticism based upon such absurd figures. On the other hand Sardar Sant Singh has worked out a profit of Rs. 31,25,000 for the cotton growers on an offtake of 500 thousand bales of cotton.

Sardar Sant Singh: This is from your own reports.

The Honourable Sir Muhammad Zafrullah Khan: I accept that for the purpose of this comparison. Now, Sir, if the profit calculated upon the Lancashire imports were reduced to five per cent. which would be a generous scale, the Honourable Member's figure of 109 lakhs would be reduced to 27 lakhs odd, so that Lancashire would be making a profit of 27 lakhs on an import of 350 million yards of piecegoods and the Indian

cultivator would make a profit of 31½ lakhs on an export of 500 thousand bales. I hope Sardar Sant Singh will now be satisfied that the Indian cultivator would not lose on this bargain.

Seth Govind Das advanced another novel theory. He said, it is no use trying to argue that the preferences enjoyed by the United Kingdom, in this country, had been reduced from 1,875 lakhs to 7,75 lakhs, because there is no merit in that reduction. He said the United Kingdom have given up these preferences as they were of no use to them whatever. Sir, if these preferences were of no value to the United Kingdom then why did Honourable Members condemn them so vehemently when they discussed the Ottawa Trade Agreement in 1936 and why do they object today that preferences worth 7,75 lakhs have been retained as against three crores suggested by the unofficial advisers. If these preferences are of no value, whatsoever, to the United Kingdom, we have given away nothing on that score.

Mr. Bhulabhai J. Desai: Motor cars.

The Honourable Sir Muhammad Zafrullah Khan: It is said that the motor car preference is of value though the other preferences may not be of any value.

Mr. Bhulabhai J. Desai: I was only telling you what there is in fact.

The Honourable Sir Muhammad Zafrullah Khan: I was for the moment dealing with the argument of Seth Govind Das that the preferences given up by the United Kingdom were of no value to them. But let us assume, as is suggested by the Honourable the Leader of the Opposition, that the preference on motor cars, which has been retained, is of great value to the United Kingdom but that the preferences that have been given up were of no value. Would he be prepared to agree that the Board of Trade should be persuaded to substitute, for instance, hardware in place of motor cars? In my opinion that modification would not be an improvement but if Honourable Members feel that it would be an improvement, I am almost certain that it could be secured. After all it is quite easy for a lawyer to criticise anything and try to show that it is of no value whatever, but we are not in a court of law and our views with regard to a matter like this must not be altogether divorced from a sense of reality and a sense of proportion. I assure the House that the list of preferences, and to be retained by the United Kingdom, was carefully scrutinised and every article, a preference on which was likely to affect prejudicially either the consumer or the small industries in India, was excluded from the list. I am quite certain that a modification of the list by substituting items which have been excluded for items which have been included, value for value, would make the list very much worse from the point of view of India.

Mr. Manu Subedar put a personal question to me and then hastily added that he did not expect a reply. One does not like to import considerations of a personal nature into the discussion of these matters, but as the Honourable Member has put the question, I am afraid I must give him a reply. He began by complimenting me on my patriotism and my critical judgment which he said he had discovered that I possessed when he read the account of my activities in the Round Table

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Conferences and he went on to assure me that in his opinion I still possessed these faculties outside the House, but he expressed a doubt whether in supporting the Trade Agreement I was giving expression to my personal conviction or merely putting forward the official case. I am sure my reply will not, in the slightest degree, affect the Honourable Member's own view of the merits of the Agreement but I do assure him that if my judgment and my conscience had not been satisfied that this Agreement was for India's benefit, I would certainly not have made myself responsible for it.

Then, Sir, the same Honourable Member was very indignant over the enhancement of the raw cotton duty which he described as a very serious burden upon the textile industry. I will not pretend that it makes no difference to the industry but I was surprised that the objection should have come from Mr. Manu Subedar. During the last November Session several Members of his Party and others including our new Economic Adviser, Sardar Sant Singh, urged Government to put an embargo upon the import of raw cotton. It would be enough to draw the attention of the House in this connection to the proceedings of the 30th November, 1938. Questions were put to Sir Girja Shankar Bajpai on this subject. It was pointed out that it was only a small proportion of the imported cotton that was in active competition with our own cotton. On this the suggestion made was that an embargo should be placed on all imports inasmuch as it had been shown that it was possible to grow in India cotton of a staple of 1½ inches to 1½ inches. And in the course of this question and answer, Mr. Manu Subedar said:

"I am drawing the attention of the Honourable Member to the fact that it is not the bulk which matters, but it is the price which matters."

Then, Sardar Sant Singh took up the tale and said:

"With reference to part (a) of the question, may I know, Sir, whether the import of foreign cotton into India is being done in the interests of the textile industry?"

And Sir Girja Shankar Bajpai said:

"That is a matter of opinion."

Then Sardar Sant Singh asked:

"Who imports this cotton into India?"

And the reply was:

"The consumers of cotton."

Then, the question was:

"Who are the consumers? Is it not the textile industry of Bombay and Ahmedabad?"

The reply was:

"Cotton is not a staple article of food; what is imported is for the manufacture of goods."

Then, this was the economic advice given to Government:

"If it is imported, will Government take steps to totally prohibit its imports and compel them to use Indian cotton in preference to imported cotton?"

One does not know what policy one is to adopt. Honourable Members say: "Put an embargo on the imports of foreign cotton". The duty is raised and the same Honourable Members say: "This is going to ruin our industry; it is the most unpatriotic action that Government could have

taken; it is entirely indefensible". And these very Honourable Members had urged far more drastic action only a few weeks earlier.

Again, I have been asked "Why did you not reduce the United Kingdom preferences down to three crores as the unofficial advisers had asked you to do?" But Mr. Manu Subedar says, "You have reduced them by eleven crores but that is going to hurt Indian industries". That is what he said yesterday.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, on a point of personal explanation, may I point out that I did not say anything of the kind?

The Honourable Sir Muhammad Zafrullah Khan: Very good; the official report will show what the Honourable Member said.

Then, Sir, the same Honourable Member said, "There is no quota upon piecegoods from Lancashire and the rates of duty cannot be raised in any circumstances above the basic rates". I explained it then and I hope the Honourable Member is no longer under that misapprehension. Then he said, "But how are you sure that Lord Nuffield will not grant a subsidy to imports of piecegoods from Lancashire? How are we to know that freights may not be reduced in order to help them?" If we were to proceed on the basis of such hypothetical considerations there can never be any agreement between two countries. On the other hand it may be said, "Are you sure that there may not be strikes in Lancashire? Are you sure that wages in Lancashire will not go up? Are you sure that freights will not be raised?" What is the use of spending time in putting forward these considerations and trying to judge these things on that basis?

The same Honourable Member said: "We have not been told what the maximum demand of Lancashire was". I do not know how it would help Honourable Members if they knew the maximum demand of Lancashire. Are they going to judge the merits of this Agreement on that basis? Is it the view that we gave them practically all that they asked for, it may be said that it is a bad agreement, though the concessions may be quite reasonable, but if we gave them very much less than what they demanded it must be a good agreement? However, if it will, in any way, help Honourable Members, I may state that their maximum demand was a maximum of 666 million yards and a minimum of 333 million yards with a rate of duty of eleven per cent. and continuous reductions every year by a further 2½ per cent. till they went over their minimum.

Mr. Nauman asked, "What is the sacrifice that the United Kingdom is making?" I have cited the case of at least three manufactured articles from India enjoying the privilege of free entry with regard to which at least the United Kingdom are making active sacrifices. But it is not a question of direct sacrifices in that way. I have tried to illustrate what would happen if these preferences are taken away.

Sir Homi Mody made a complaint that when the Government at long last did give protection to the textile industry there were inordinate delays in raising duties and these were raised very grudgingly. I pointed out yesterday that the duties were raised from 11 per cent. to 15 per cent. in April, 1930.

Sir H. P. Mody: Five years after the first report was made.

The Honourable Sir Muhammad Zafrullah Khan: Then in April, 1931, they were raised by another five per cent.; in September, 1931, they were raised by another five per cent. That is to say, they were raised from eleven per cent. to 25 per cent. within the course of 18 months. Sir Homi Mody should really be the last man to say that this was a grudging concession. He insinuated that Government had no sympathy with his industry. He came to an agreement with the Clare-Lees delegation in 1933 that duties may be reduced by five per cent. . . .

Sir H. P. Mody: If only the surcharges were taken off.

The Honourable Sir Muhammad Zafrullah Khan: . . . that the Indian mill industry would not oppose the reduction of duties by five per cent. and Government did not give that concession to Lancashire till three years later and even then only over a certain range.

Sir H. P. Mody: That is because the surcharges did not go off.

The Honourable Sir Muhammad Zafrullah Khan: I confess Sir Homi Mody was one of the very few Honourable Members who did try to bring to bear upon the examination of this Agreement considerations that were relevant to the Agreement itself, though he tried to make out that the burden likely to be placed upon his industry is unjustifiable. He is entitled to that opinion, as he was arguing the case of that industry. But I will say this that the greater part of the discussion on the motion has not been directed towards the terms of the Agreement. All sorts of extraneous considerations have clouded the issue.

I have already dealt with most of the matters touched upon by Sir Cowasji Jehangir. I was rather surprised to hear from him that even without an agreement England took large quantities of Indian cotton. He forgot that under the Ottawa Agreement they were under an obligation to do whatever was possible for them to do to increase the offtake of Indian cotton and they regarded it as a contractual obligation and they fulfilled it honestly and honourably. Then, Sir, it was said, "You have no business to fiddle with the rates of duties in respect of a protected industry unless the Tariff Board makes a report that the reduction is justified". That again is a simple enough matter. The unofficial advisers were convinced, as was pointed out by Mr. Aney and as is quite clear from their reports, that it was essential to come to some arrangement with Lancashire, having regard to the very low figures to which their trade had fallen,—not out of a feeling of charity for Lancashire, as alleged by some Honourable Members, but in order to help the growers of Indian cotton. Whatever the views of Honourable Members may be on the merits of the arrangement, that was the main consideration that brought this question to the fore. But let me say a word or two on this question of a Tariff Board. It has been pointed out by one Honourable Member, I think by Mr. James, that a Tariff Board is due and has, of course, to be appointed to determine the period and level of further protection of the industry which comes to an end on the 31st of this month. As Honourable Members are aware, a Tariff Board has not been appointed so far because Government cannot determine, in the absence of some decision with regard to this Agreement, what the actual scope of the Tariff Board inquiry will be; that is to say, whether they would have to determine the quantum of protection, if any,

to be continued to the textile industry *vis-a-vis* the United Kingdom as well as foreign countries or only *vis-a-vis* foreign countries? That is the reason for the delay in setting up a Tariff Board. But supposing a Tariff Board is appointed, indications are that some reduction in the duties will be recommended on the merits *vis-a-vis* at least the United Kingdom. If there is no agreement, that reduction must be given to Lancashire free of any obligation on their part to do anything for us. The Agreement links the concession,—possibly a larger concession than the Tariff Board might recommend—with the offtake of raw cotton and to get something in return for it.

I shall now refer to one or two points in Mr. Jinnah's speech and then conclude. Mr. Jinnah said "Everybody has been talking of 6 P.M. their particular interests: I shall look at this matter from my particular point of view, that is to say, how it will affect the Muslims". As representing the Muslims no doubt he was perfectly entitled to take that point of view. But what I am entirely unable to accept is this: that in these matters you could separate the interests of different communities into watertight compartments; and I was rather surprised that a Leader of Mr. Jinnah's standing and ability should have put forward the point of view, that it is only certain commodities which are largely produced in areas where there is a preponderance of Muslims that the Muslims would be benefitted by it. No doubt they would be benefitted by an improvement in respect of those commodities. But I would go further and say that whatever helps the export trade of India confers benefits upon every section of the population of India.

Mr. Jinnah also took up two specific matters in connection with his thesis that Muslims are interested only in certain commodities. In regard to cotton I have already explained how the undertaking or arrangement or guarantee—call it whatever you like—will work. With regard to raw hides and skins I was frankly not able to follow Mr. Jinnah's argument. He said the trade with the United Kingdom has no doubt increased, but because there is a preference there are large re-exports from the United Kingdom to Germany and France and, therefore, Germany and France instead of taking direct from us take from the United Kingdom, because the hides and skins go into the United Kingdom under preference; and, therefore, France and Germany get them cheaper from the United Kingdom than they could from us. But the trouble is that raw hides and skins enjoy no preference and, therefore, the whole of that argument falls to the ground. It may be a matter of astonishment to the Honourable Member but that is so . . .

Mr. M. A. Jinnah: I am sorry that the Honourable Member in his position wants to take advantage of technicalities. They enjoy free entry: that is the protection.

The Honourable Sir Muhammad Zafrullah Khan: That is a valuable concession. But the whole argument was based on the fact that they enjoyed a preference.

Mr. M. A. Jinnah: No.

The Honourable Sir Muhammad Zafrullah Khan: It is a small point . . .

Mr. M. A. Jinnah: It is part of the Agreement that the hides and skins have also got an advantage. If I used the word 'preference' it might have been a slip of the tongue. But it is enjoying a preference because it has got free entry. I hope you understand me now.

The Honourable Sir Muhammad Zafrullah Khan: I agree that it is after all one point in a long criticism but then I have to reply to what Honourable Members have said; and if the Honourable Member did not mean what he said I shall not pursue the matter.

Mr. M. A. Jinnah: Now, I am putting it to you.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I will now conclude by saying that the Agreement must be taken as a whole. There has been a tendency, when favourable aspects of the Agreement were stressed, to divide the Agreement into two parts, one dealing with cotton textiles and raw cotton and the other dealing with preferences. In order to judge what the effect of the Agreement will be whether it is likely to work for the benefit of India or not, the whole Agreement must be taken together. Nobody has attempted to conceal the fact that the textile industry is called upon to make a certain amount of sacrifice. There may be sharp differences of opinion as regards the degree of sacrifice that they are called upon to make; but that has to be put against not merely the cotton Articles but against the whole of the rest of the Agreement. I am afraid, Sir, that the question really boils down to Ahmedabad *versus* the rest of India. I am not given to quoting poetry, but I cannot help feeling that the attitude of the industry towards this matter is illustrated by the Yorkshire quatrain:

*"Hear all, say nout,
Eat all, pay nout,
And if tha' dost out for nout,
Do it for tha' sen."*

Sir, I now leave the matter in the hands of the House.

Mr. President (The Honourable Sir Abdur Rahim): The Chair will now put the amendments that have been moved.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): So far as my amendment is concerned, Sir, I ask for leave of the House to withdraw it.

Mr. President (The Honourable Sir Abdur Rahim): The question is:

"That leave be given to the Honourable Member to withdraw his amendment."

The amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Abdur Rahim): The next is the amendment moved by the European Group. The question is:

"That the consideration of the motion be adjourned till the Simla Session pending the report of a Committee of the House, consisting of a majority of elected members, elected by the single transferable vote which Committee shall examine the probable effect of the Agreement on the agricultural, industrial and commercial interests of India."

The Assembly divided:

AYES—49.

Abdul Hamid, Khan Bahadur Sir.
Abdur Rasheed Chaudhury, Maulvi.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bhagchand Sani, Rai Bahadur Seth.
Boyle, Mr. J. D.
Burt, Sir Bryce.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Dow, Mr. H.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.

Kushalpal Singh, Raja Bahadur.
Laljee, Mr. Huseenbhai Abdullahai.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.
Ogilvie, Mr. C. M. G.
Pillai, Mr. N. R.
Rahman, Lieut.-Col. M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sircar, The Honourable Sir Nripendra Sivaraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

NOES—35.

Abdul Qaiyum, Mr.
Abdul Wajid, Maulvi.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Chunder, Mr. N. C.
Das, Mr. B.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Chondhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): Then, there is **Sardar Sant Singh's** amendment.

Sardar Sant Singh: Sir, I wish to withdraw it.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Abdur Rahim): The question now is:

"That this Assembly approves the Trade Agreement signed on the 20th March, 1939, between His Majesty's Government in the United Kingdom and the Government of India."

The Assembly divided:

AYES—47.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.

Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpat, Sir Girja Shankar.
Bhagchand Soni, Rai Bahadur Seth.
Boyle, Mr. J. D.
Burt, Sir Bryce.
Buss, Mr. L. C.

Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.

Dow, Mr. H.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.

NOES—59.

Abdul Qaiyum, Mr.
Abdul Wajid, Maulvi.
Abdur Rasheed Chaudhury, Maalvi.
Aney, Mr. M. S.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Bajoria, Babu Baijnath.
Basu, Mr. R. N.

Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra.
Chettiar, Mr. T. S. A.
Chetty, Mr. Sami Venkatesh.
Chunder, Mr. N. C.
Das, Mr. B.

Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai.
Deshmukh, Dr. G.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.

Hans Raj, Raizada.
Hegde, Sri K. B. Jinara.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.

The motion was negatived.

Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.

Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalf, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur Shaikh.

Ogilvie, Mr. C. M. G.
Pillai, Mr. N. R.
Rahman, Lieut.-Col. M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sircar, The Honourable Sir Nripendra.
Sivaraj, Rao Sahib N.

Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

Lalchand Navalrai, Mr.
Laljee, Mr. Husebhai Abdullabhai.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.

Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Pandit, Pandit Sri Krishna Dutta.
Pandey, Mr. Badri Dutt.
Raghav Narayan Singh, Choudhri.
Ramayya Prasad, Mr.
Ranga, Prof. N. G.

Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyanarayan, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.

Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Subbarayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 30th March, 1939.

22-4-82

- (1) page 2451, line 4, for "*dadhan*" read "*dadhanu*";
- (2) page 2452,—
 - (i) line 4, for "exceedingly" read "exceeding";
 - (ii) line 9 from the bottom, for "secret" read "secrete";
- (3) page 2453, line 2 from the bottom,—
 - (i) for "annas an ounce now" read "annas for half an ounce now";
 - (ii) for "send an ounce" read "send half an ounce";
- (4) page 2455, line 11 from the bottom, for "eater" read "beater".

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22.4.81

புவனாணந்தாள்.

LI. எண் :

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