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# *ON BUDGET : 1

†*Dr. B.R. Ambedkar :* Mr. President, the budget discussion has gone on for a long period, and I feel that all that could have been said has already been said. It would therefore have been better for a new member like me to keep silent But I feel that there is a point of view, which has not yet been placed before this House, and as I represent that point of view, I think it is my duty to give expression to it.

Mr. President, when one begins to criticise the budget, one is at the outset overcome with a feeling of helplessness. For the range of effective criticism is indeed very small. The total estimated expenditure as given in this budget is something like 36 per cent. The total estimated revenue of this presidency is 15½ crores, and out of this about 9½ crores is being levied by the Executive without the consent of this Council. I refer to the land revenue and excise revenue. So taking both the expenditure and revenue into consideration, I think it is fair to say that the criticism which one has to make is indeed very limited, because the Council can only deal with 64 per cent of the expenditure and 40 per cent of the revenue. But taking the things as they are, Mr. President, I proceed to offer such remarks as I am capable of making.

Commencing with the revenue side of the budget, I wish to deal with it, in the first place, from the standpoint of the Honourable the Finance Member, and secondly, from the standpoint of the taxpayers. The Honourable the Finance Member will agree with me when I say that the first and most essential requirement of a good revenue system is that it should be reliable. It does not matter whether that revenue system brings in large revenue or small revenue. But whatever it brings, it ought to be certain in its yield. Judging the revenue side from this standpoint, I find that the land revenue, which is the largest item in the budget, is capable of a variation of something like 50 lakhs. If you take "Excise", the second largest source of revenue, you find that since the inception of the Reforms, it has shown a variation of 73 lakhs. I, therefore, invite the attention of my friend, the Honourable the Finance Member, to consider the consequences

*B.L.C. Debates, Vol. XIX, pp. 164-68, dated 24th February 1927.

†Dr. Ambedkar was sworn in as a nominated Member of the Bombay Legislative Council on Friday the 18th February 1927.

that would follow if these two items in the revenue system varied in the same direction. If they did, then I think they will land him into a ditch of more than one crore. I do not know whether such a system of revenue is a system on which the Honourable the Finance Member should rely. But it is for him to see that and not for me, because he is in charge of the finances of this country.

Now, Mr. President, taking the same items of revenue into consideration and judging them from the standpoint of the taxpayers, I think the revenue system of this presidency is inequitable and undefensible. Take first of all the land revenue. Whatever may be the quibbles, whether it is tax or whether it is rent, I may say that there is no doubt that this land revenue is a tax on the profits of the businessman. If these two levies are the same, I want to know from the Honourable the Finance Member as to why there should be difference in the methods of levying the two. Every farmer, whatever may be his income, is brought under the levy of the land tax. But under the income-tax no person is called upon to pay the tax, if he has not earned any income during the year. That system does not exist as far as land revenue is concerned. Whether there is a failure of crop or abundance of crop, the poor agriculturist is called upon to pay the revenue. The income-tax is levied on the recognised principle of ability to pay. But under the land revenue system, a person is taxed at the same rate, whether he is a owner of one acre of land, or a jahagirdar or an inamdar. He has to pay the tax at the same rate. It is a proportionate tax and not a progressive tax as it ought to be. Again under the income-tax holders of income below a certain minimum are exempted from levy. But under the land revenue the tax is remorselessly collected from every one, be he rich or poor.

Take again the "Excise". This is an item from which a large revenue is derived. There can be no two opinions that this is public legal monopoly. This was not meant for the purpose of enabling the Government to raise revenue, but the monopoly was enacted because the Government would be in a better position to put a stop to demoralisation of the people by spread of the habit of drink. If collection of revenue is the only aim there is no necessity for a Government monopoly. How has this monopoly been managed by Government ? If you take the figures as to how much the people of each Presidency spend in drinking, you will find that the Bombay Presidency stands first so far as the drinking habit is concerned. I find in Madras every individual spends Re. 1-3-7 (Re. 1.22), in Bengal Re. 0-7-1 (Re. 0.45), in United Provinces Re. 0-4-7 (Re. 0.28), in Punjab Re. 1-7-8 (Re. 1.48), in Burmah Re. 1-4-0 (Re. 1.25), Bihar and Orissa Re. 0-8-7 (Re. 0.58), in Central Provinces and Berar Re. 0-15-0 (Re. 0.94), in Assam Re. 0-13-3 (Re. 0.83), but in Bombay we have the appalling figure of each individual spending Rs. 2-2-9 (Rs. 2.18). I ask my honourable friend the Finance Member whether this is a defensible system. Mr. President, Government has accepted the policy of prohibition and has adopted certain measures for carrying out that policy to fruition. But they have not done so. The first

of such measures is rationing. Now, Sir, the quantity of country liquor rationed out by Government beyond which it was not to sell was fixed at 1,883,804 gallons. But the limit fixed was only an idle pretence at checking consumption. For the actual quantity consumed was only 1,405, 437 gallons, i.e., the actual quantity rationed was in excess of the actual quantity consumed by 478,367 gallons. I understand that a second measure adopted for carrying the policy of prohibition to fruition was the appointment of an advisory committee. But I have found that 40 per cent of the composition of this advisory committee is composed of anti-prohibitionists. I do not think, Mr. President, that the Government benches are treating this Council with respect which it is their due. Mr. President, while I am speaking about the financial system of this country, I think, it is fair to suggest to my honourable friend the Finance Member that the prosperity of the people is the greatest patrimony of the State. He should not demoralise them or he should not beggar them. A state that beggars its people ends in beggaring itself.

Mr. President, I now want to touch—I know my time is very brief and I hope you will be pleased to allow me a little more time if you can.

*The Honourable the President:* No, no.

*Dr. B. R. Ambedkar:* Coming to the other sources of revenue, I do not think that the Honourable the Finance Member is doing his best in husbanding the resources of this presidency to the best advantage. For instance, taking the forests as a source of revenue, in 1921-22 the forest revenue was Rs. 74.9 lakhs; in 1927-28 the forest revenue was only Rs. 74 lakhs. There is, you will see, therefore, a stagnation of the revenue. But if you take the expenditure that has been incurred on the forests, you will see that the expenditure has increased from Rs. 40 lakhs to Rs 48 lakhs ; so that, ultimately, when we come to speak about the net gain from forests, you find a loss of something like Rs. 4 lakhs.

Mr. President, I next want to speak of irrigation and civil works. I think I will be wasting my time in giving details. But I do want to say one thing, Mr. President, that when Government undertakes a certain industry or work, it does it primarily for revenue ; or it does it primarily for service though incidentally for revenue; or it may be that it does it primarily for service. I do not think that the Government has any defined or definite policy with regard to the services it has undertaken. For instance, I personally feel—there might be difference of opinion between me and the other honourable members of this House—but I do feel that the Irrigation Department is not giving us the full return that we are entitled to get from them. I think if my honourable friend refers to the Taxation Inquiry Committee's report, he will find that the water rate is very low. I think we on this side of the House are entitled to expect from him better husbanding of the resources of this presidency.

Mr. President, I now turn to the expenditure side of this budget. I know most members of this House are alarmed at the deficit. I may say I am not.

Deficit is not something which ought to alarm honourable members. What has disquieted me is this, that the deficit in the budget is not due to any inclusion in it of a large policy of social advancement. The deficit is due entirely to the increase in cost on the non-productive charges of the administration. Mr. President, the honourable member the Secretary of the Finance Department was yesterday very wise, I should say, in telling the House to be reasonable. He said that if the honourable members of this House desires that they should be taken seriously by the Government benches, they should be reasonable. Mr. President, I admit the force of that argument But I want to send the argument back to him and ask him whether the increase in expenditure that has taken place in this presidency is reasonable and can be justified on the ground of increase of the administrative quality.

Mr. President, when you compare the cost of administration in this presidency from the year 1910 to the year 1927-28—and I am taking only figures of such departments for the purpose of comparison as were wholly provincial then and as are wholly provincial now—I find under General Administration the charges in 1910-11 were only Rs. 17 lakhs. Today they are Rs. 126 lakhs. I ask my honourable friend the Finance Secretary whether that is reasonable . . . . . .

*Mr. G. Willes:* If the honourable member will permit me, I would point out to him that I explained to the honourable member Rao Saheb Dadubhai Desai yesterday that the figures given in the statements in the budget should be used with great care. The classification of General Administration before the reforms is not the classification which is taken now. There was an item of expenditure on account of alienated lands which was then shown under another head and which is now included under the head of General Administration.

*Dr. B. R. Ambedkar:* Be that as it may, we are bound to take the statements as are given there, of course, subject to the correction as my honourable friend has said. But I do think that the cost of General Administration in this presidency has been very very heavy. In fact, it had no justification even from past history of this presidency. We have to-day, for instance, four Executive Councillors and three Ministers, and we have under them Secretaries and Deputy Secretaries numbering about 25 or so. I do not think that my honourable friend the Finance Secretary will say that that is something reasonable. The Honourable the Finance Member has tried to explain away this extravagant cost of administration in this presidency. I hope, Mr. President, you will give me some little time . . . . . .

*The Honourable the President:* No. I am so hard pressed for time, the honourable member will understand. He has got only two minutes more.

*Dr. B. R. Ambedkar:* Mr. President of course, I will drop what I had to say, and I will now come to my conclusion. In this part of my speech, Mr. President, I want to make my position quite clear. We have been hearing from honourable members that there should be severe retrenchment. I have joined and I do join in that chorus with all earnestness, for

I believe there is room for retrenchment But, Sir, I cannot disguise from myself the fact that this retrenchment will not take us very far. Taking retrenchment as its highest, I think it would quite probably give us a relief of a crore or two crores of rupees. But how far will it go ? I know by that means we could perhaps balance the budget But is that the only ambition of this House that the budget should be balanced ? I hope, and I hope I am right in saying, that this Council is really earnest in its desire for compulsory education, for medical relief, for freedom of the people from the habit of drink, and for providing all the amenities of life. Then, I want to remind this House that the good things of this earth do not fall from heaven. Every progress has its bill of costs and only those who pay for it will have that progress.

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