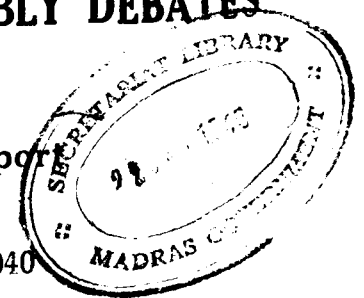


THE
LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume II, 1940



(6th March to 26th March, 1940)

ELEVENTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1940



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Legislative Assembly

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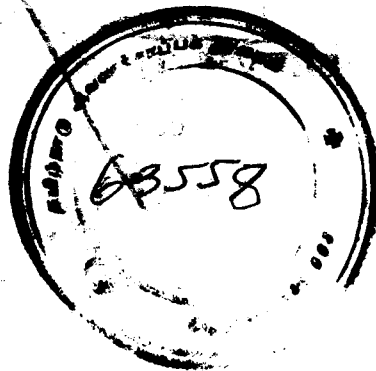
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LEGISLATIVE ASSEMBLY

Wednesday, 6th March, 1940.

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.

Pandit Pyare Lal Sharma, M.L.A. (Cities of the United Provinces: Non-Muhammadian Urban).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

279. *Mr. J. Ramsay Scott (on behalf of Lieut.-Colonel Sir Henry Gidney): Will the Honourable the Railway Member be pleased to state:

- how many officials, subordinates and workmen, are employed in the Bridge Engineering Works at Manmad on the Great Indian Peninsula Railway, giving designation and pay of each cadre of employees;
- how many of them are Europeans and Anglo-Indians, Muslims, Hindus, etc.;
- how many of the officers are on the permanent cadre and how many temporary;
- how many of the subordinates are permanent and how many temporary;
- why officers alone are on the permanent cadre, and some of the subordinates are working for ten to eighteen years as temporary; and
- whether any representations have been made to take this temporary staff on the permanent cadre; what is the reason for not doing so?

The Honourable Sir Andrew Clow: (a) and (b). I lay a statement on the table giving the required information.

(c) Three permanent, and none temporary.

(d) 74 permanent and four temporary.

(e) In view of the reply to part (d) this does not arise, but I may add that the Bridge Department is organised to provide a permanent nucleus which is supplemented by a temporary cadre when additional works are taken in hand.

(f) No representations have been received by Government. Subordinate temporary staff, if suitable are in due course likely to fill vacancies in subordinate permanent cadre.

Description.	Scale of pay.		No.							Total.
	Old.	New.	Hindus.	Europeans.	Anglo-Indians.	Muslims.	Indian Christians.	Parsis.	Sikhs.	Jews.
PERMANENT OFFICERS.										
I. Officers.	Ra.	Ra.								
	Grade	Grade								
	I. 750	I. 750								
Officers (Senior Series)	II. 850	II. 850								
	III. 950	III. 950								
	250-25-525	250-25-525								
Officers (Lower Gasetted)	1850-30-800									
Subordinate Supervising Staff.										
II. Subordinates.	Ra.	Ra.								
	500-25-800	400								
	500-25-800	400								
Structural Foreman										
General Foreman										

Assistant General Foreman	275-15-375	300	1								1
Bridge Inspector	300-20-500	350		1							1
Bridge Inspector	300-20-500	300			1						1
Mechanical Supervisor	170-10-250	200									1
		Total	1	3	2						6
Clerical Staff.											
Clerks	120-8-160	120	1								2
Clerks	80-8-120	100	4								4
Clerks	60-5-80	30-4-50-5-80	21								22
Clerks	40-5-60	30-4-50-5-80	17								17
Material Checkers	30-4-40	30-4-50	9								9
		Total	52					2			54
Drawing Office Staff.											
Head Draftsman	240-5-300	350	1								1
Draftsman	160-10-200	160									1
Draftsman	120-8-160	120	1								1
Draftsman	80-8-120	50-5-80	4								4
Tracers	60-5-80	30-4-50	2								2
	40-5-80	4									5
		Total	12								14

Statement showing the Officers and Subordinates in the Bridge Engineer's Workshop, Mansbad—contd.

[illegible]

Statements showing the Workmen in the Bridge Engineer's Workshop, Manmad

Description.	Scale of pay.		No.								Total.
	Old.	New.	Europeans.	D. Europeans and Anglo-Indians.	Hindus.	Muslims.	Sikhs.	Indian Christians.	Parsis.	Other Communities.	
Engineers											
Nowghanies	Re. 18-1-23	Re. 17-1-21	..	..	97	11	..	6	..	1	115
Heaters	14	20	..	..	10	2	..	1	..	..	13
Assistant Drivers	45/12	30-2-45	..	..	4	..	1	..	..	..	5
Coolies.	15-1-21	14-1-20	..	..	106	4	..	4	..	1	115
Assistant Assemblers	22/12	22	..	..	22	2	..	2	..	..	26
Assistant Fitters	26	20-2-26	..	..	6	2	..	..	..	1	9
Erectors		S. 36	..	..	11	..	..	..	..	..	11
Machinists	52	O. 24	..	..	30	3	..	4	..	..	37
Dollymen	23/12	26-3-52	..	..	8	1	1	..	..	..	10
Assemblers	32/8	22-2-30	..	..	44	2	1	3	..	1	55

[6TH MAR. 1940]

Description.	Scale of pay.		No.						Total
	Old.	New.	Europeans and Anglo-Indians.	Hindus.	Muslims.	Sikhs.	Indian Christians.	Other Communities.	
Firemen	Ra. 32/8	Ra. 28	..	9	1	..	..	..	10
Assistant Rivetters	32/8	26	..	6	..	..	..	..	6
Fitters	39	26-2-40	..	15	1	1	5	2	24
Steam Crane Drivers	27/10	{ S.S. 70 S.O. 35 }	1	3	1	..	..	..	5
Rivetters	42/4	26-2-40	..	4	1	..	..	..	5
Painters	39	26-2-40	..	6	2	..	2	..	10
Template Makers	58/8	34-3-58	..	..	..	1	1	..	2
Platers	62	34-3-62	..	4	2	..	..	..	8
Welders	52	S. 75	2	1	..	..	..	..	3
Arc Welder	..	105	1	..	..	..	..	..	1

STARRED QUESTIONS AND ANSWERS		No.									
		1	3	19	10	3	2	6	13	22	2
Mason	26-2-42	..	..	..	..	..	..	..	..	..	..
Store Issuer	22/14	..	..	..	..	..	..	..	..	..	..
Moulders	56/8	..	..	..	..	..	..	..	..	..	..
Chippers	22-1-30	..	..	..	..	..	..	..	..	..	..
Carpenters	..	..	..	..	..	..	..	..	..	..	..
Carpenter Boys	13	..	..	..	..	..	..	..	..	..	..
Shoekers	17-1-24	..	..	..	..	..	..	..	..	..	..
Assistant Blacksmiths	26	..	..	..	..	..	..	..	..	..	..
Blacksmiths	..	..	..	..	..	..	..	..	..	..	..
Gatekeepers	14-1-16	..	..	..	..	..	..	..	..	..	..
Candidate	19/8	..	..	..	..	..	..	..	..	..	..
Craneman	20-1-27	..	..	..	..	..	..	..	..	..	..
Mucedum	22/12	..	..	..	..	..	..	..	..	..	..
Ticket Issuers	..	..	..	..	..	..	..	..	..	..	..
French Polishers	39	..	..	..	..	..	..	..	..	..	..
Superior Carpenters	39	..	..	..	..	..	..	..	..	..	..
Mochi	30-2-40	..	..	..	..	..	..	..	..	..	..
Hammern	17-1-24	..	..	..	..	..	..	..	..	..	..
Tent Repairer	22/12	..	..	..	..	..	..	..	..	..	..
Tubers	52	..	..	..	..	..	..	..	..	..	..

[6TH MAR. 1940

Description.	Scale of pay.	No.	Total.						
			Europeans.	D. Europeans and Anglo-Indians.	Hindus.	Muslims.	Sikhs.	Indian Christians.	Parnis.
Machine Driver	Re. 78		..	..	1	..	..	..	1
Assistant Platers	42/4		..	..	4	1	..	..	5
Drivers	78		..	..	7	..	..	..	7
Tindals	48/12		..	..	..	1	..	..	1
Serangs	68/4		..	..	..	..	..	..	2
Chargemen	120—8—160		..	5	1	..	..	..	6
Compressed Drivers	78		..	..	1	..	..	..	1
Assistant Bolt Machineman	26		..	..	1	..	..	..	1
Assistant Sawyers	26		..	..	9	1	..	..	10
Sawyers	..		..	..	5	..	..	..	5
Repair shop Maistry	60—5—100—10/2—120		..	1	..	..	..	..	1

[illegible]

DISABILITIES OF THE SUBORDINATES OF THE BRIDGE ENGINEERING WORKS AT MANMAD, GREAT INDIAN PENINSULA RAILWAY.

280. *Mr. J. Ramsay Scott (on behalf of Lieut.-Colonel Sir Henry Gidney): Will the Honourable the Railway Member please state:

- (a) whether the subordinates of the Bridge Engineering Works at Manmad, Great Indian Peninsula Railway, are not permitted:
 - (i) to subscribe to the Provident Fund,
 - (ii) to have carriages when on duty and out of their headquarters, and
 - (iii) to take their families with them unless travelling on a privilege pass;
- (b) whether when working away from headquarters, their *batta* is restricted; and
- (c) what is the specific rule for the restriction of their *batta* referred to in part (b) above?

The Honourable Sir Andrew Clow: (a) (i). No. All permanent subordinate staff detailed in the statement laid on the table of the House today in connection with the reply to the preceding question are entitled to subscribe to the Provident Fund. Two temporary Bridge Inspectors governed by the Great Indian Peninsula Railway Company Rules also subscribe to the Provident Fund.

(ii) Five carriages have been provided for the use, while on duty, of four Bridge Inspectors and two Assistant Bridge Inspectors.

(a) (iii), (b) and (c). I have called for certain information and will lay a reply on the table of the House in due course.

COMPULSION TO OCCUPY QUARTERS BY THE BRIDGE INSPECTORS, BRIDGE ENGINEERING WORKS AT MANMAD, GREAT INDIAN PENINSULA RAILWAY.

281. *Mr. J. Ramsay Scott (on behalf of Lieut.-Colonel Sir Henry Gidney): Is the Honourable the Railway Member aware that the Bridge Inspectors on the Great Indian Peninsula Railway, Engineering Works, Manmad, are compelled to occupy railway quarters, though their actual stay at headquarters is for four days at the most and that they are compelled to pay full rent for such occupancy?

The Honourable Sir Andrew Clow: Bridge Inspectors appointed prior to 1st April, 1932, are entitled to free quarters when available, and if not available, an allowance in lieu of free quarters. Those appointed after 1st April, 1932, are not entitled to free quarters, but may be granted quarters if they require them and if available. Staff leaving Manmad, without a change in their Headquarters, are liable to pay rent for their quarters at Manmad if they are not vacated.

CONFIRMATION OF WORKMEN IN THE BRIDGE ENGINEERING WORKS AT MANMAD, GREAT INDIAN PENINSULA RAILWAY.

282. *Mr. J. Ramsay Scott (on behalf of Lieut.-Colonel Sir Henry Gidney): (a) Will the Honourable the Railway Member kindly state

whether it is a fact that many of the men in the Bridge Engineering Works at Manmad, Great Indian Peninsula Railway, have over fifteen years service and are denied being graded as permanent cadre workmen?

(b) Are Government prepared to make this department a permanent concern and confirm all the staff, as in the case of the officials? If not, why not?

(c) Are Government aware that the keeping of such a large number of workmen in the temporary establishment, while not a single official is temporary, is looked upon as just another method of economy against the subordinates and workmen, and acts to their prejudice?

The Honourable Sir Andrew Clow: (a) I understand that there are five men with over 15 years' service.

(b) I would refer the Honourable Member to my reply to parts (d) and (e) of his question No. 279. Of the workmen, 215 are treated in the same way as workshop staff on Railway workshops and have the privilege of subscribing to the Provident Fund and are entitled to one month's notice of discharge or one month's pay in lieu.

(c) No.

EXPENDITURE ON IMPROVEMENTS IN THE BRIDGE ENGINEERING WORKS AT MANMAD, GREAT INDIAN PENINSULA RAILWAY.

283. *Mr. J. Ramsay Scott (on behalf of Lieut.-Colonel Sir Henry Gidney): Will the Honourable the Railway Member be pleased to state the total amount of expenditure incurred by the railway in making improvements in the Bridge Engineering Works, Manmad, Great Indian Peninsula Railway, giving details for each department?

The Honourable Sir Andrew Clow: Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

DENIAL OF THE BENEFITS OF PROVIDENT FUND TO MENIALS ON THE ASSAM BENGAL RAILWAY.

284. *Mr. Akhil Chandra Datta: Will the Honourable the Railway Member be pleased to state:

(a) if Government are aware of the fact that many menials of the Assam Bengal Railway, though drawing a pay of over Rs. 20 and as such entitled to the advantage of Provident Fund, are not allowed the same advantage?

(b) the number of such menials;

(c) the reasons therefor; and

(d) if Government are aware of the demand of the menials getting below Rs. 20 for the advantage of the Provident Fund and if they are prepared to consider the advisability of extending this advantage to them?

The Honourable Sir Andrew Clow: (a) and (c). Under the Rules of the Provident Institution on the Assam Bengal Railway Company Ltd., which they have forwarded to Government, menial servants are not eligible to the Provident Fund.

- (e) the number of vacancies which were filled by appointing outsiders through the Home Department; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the date of the creation of the Department?

The Honourable Sir Andrew Clow: (a) 16, 14 and 18 respectively.

- (b) 4, of which 2 were purely temporary.
- (c) 9, of which 4 were purely temporary.
- (d) 9, of which 6 were purely temporary.
- (e) Four.
- (f) None.

PROMOTIONS TO ASSISTANT'S GRADE IN THE EXTERNAL AFFAIRS DEPARTMENT.

†289. *Mr. Umar Ali Shah: Will the Secretary for External Affairs please state:

- (a) the total strength of the first, second and third division clerks, separately, in the External Affairs Department as it stood on the date of its separation from the Political Department;
- (b) the number of vacancies that occurred in the first division since that date;
- (c) the number of new posts created in the first division since that date;
- (d) the number of vacancies in the first division filled by promoting either second division or third division clerks;
- (e) the number of vacancies filled by appointing outsiders through the Home Department; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies occurred since the date of separation?

Mr. O. K. Garoe: (a) On the bifurcation of the late Foreign and Political Department on the 1st August, 1937, the total strength of the First, Second and Third Division Clerks in the External Affairs Department was as shown below:

Assistants.	Second Division Clerks.	Third Division Clerks.
32, including one appointment of the Superintendent, Nepal.	27	14

- (b) 8 vacancies.
- (c) 8 temporary posts.
- (d) 4 permanent vacancies and 2 temporary vacancies likely to become permanent were filled by promotion.
- (e) 5 vacancies.
- (f) None.

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

ALLOTMENT OF FUNDS FOR CONSTRUCTION OF ROADS IN SIND.

290. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Communications be pleased to state whether Government have received any representation from Sind Government for allotment of more funds from the 'Road Development Fund' for construction of roads in Sind? If so, how was the same disposed of?

(b) Is the Honourable Member aware that in Sind there are no metalled roads worth the name? If so, do Government propose to allot more funds for construction of such roads? If not, why not?

(c) What is the criterion for allotment of funds for road constructions to various Provinces in India?

(d) Are there any roads in Provinces which have been constructed directly by the Government of India? If so, why are such roads are being constructed by the Government of India in Sind Province also?

The Honourable Sir Andrew Clow: (a) Yes. The Provincial Government have been invited to put forward a short-term programme commensurate with the amount of money, which can be made available during the next two years, and as soon as this is approved it is proposed to make a further grant of Rs. 3 lakhs from the Central Reserve of the Road Fund.

(b) Government are aware that there is a very small mileage of metalled roads in Sind, but the need for better rural communications in Sind is such that it cannot be met merely by the extension of the mileage of metalled roads and the development of cheaper types is necessary. Government have made grants, and propose to make further grants, to assist programmes of road development which include both types of roads.

(c) The Honourable Member is referred to paragraph 3 of the Resolution on road development adopted by this Assembly on the 10th February, 1937. Grants from the Reserve with the Government of India are made for schemes of intrinsic importance and, particularly, in order to assist the less developed provinces and areas.

(d) The Government of India do not directly construct roads in provinces. They allocate to the provinces their shares in the Road Fund in accordance with the principles laid down in the Resolution referred to and make grants, where necessary, from the Central Reserve in the Road Fund. From the latter they have so far made grants totalling 14 lakhs to Sind.

BOOK-STALL CONTRACT ON THE NORTH WESTERN RAILWAY.

291. *Bhai Parma Nand: (a) With reference to the answer to my question No. 188, dated the 23rd February, 1940, will the Honourable the Railway Member state the General Manager of which Railway has renewed the contract?

(b) Has that General Manager got power to act for all Railways which enter into contract with the firm of Wheeler and Company?

(c) Has he been given full authority to make contracts on his own option?

(d) Was it not his duty to call for tenders on the expiry of the term of the contract?

(e) For how long has this firm enjoyed the privilege of this contract?

The Honourable Sir Andrew Clow: (a) As Messrs. Wheelers' contract with the North Western Railway was mentioned in the Honourable Member's question, my reply referred to the General Manager of that railway.

(b) No.

(c) The contracts which General Managers and other railway officials are empowered to execute are listed in Home Department Notification No. F.10/1/86 Judicial, dated the 23rd August, 1937.

(d) There was no obligation on the part of the General Manager, North Western Railway, to call for fresh tenders on the expiry of this particular contract.

(e) Since 1888.

ABSENCE OF WAITING ROOM BEARERS AT MALAKWAL RAILWAY STATION.

†292. ***Khan Bakhsh Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state whether Government are aware that Malakwal is a very important railway station and railway junction on the North Western Railway?

(b) Is it a fact that there are separate waiting rooms for first and second class passengers, and that there used to be two bearers (waiters) for each waiting room, who, since some months back, have been removed?

(c) Why were the waiters removed? Are Government aware that in the absence of waiters, passengers feel very great trouble and inconvenience?

(d) Are Government prepared to consider the question of reappointing the waiters (bearers) for each of the waiting rooms at Malakwal railway junction?

The Honourable Sir Andrew Clow: (a) No. It is a junction on the North Western Railway but I should not regard it as a very important railway station.

(b) There are separate first and second class waiting rooms. There used to be two bearers only, who were removed in October, 1939.

(c) Because their retention was not justified. The daily average of first and second class tickets issued and collected was only four; connecting trains are conveniently timed, and long halts at the station are unnecessary.

(d) No.

RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

†293. ***Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to state if it is a fact that a certain number of Muslims were recruited as guards grade II on the North Western Railway in 1936?

(b) Is it a fact that a selection for existing vacancies in grade III was held in 1936, but the vacancies are going to be filled in 1940?

(c) Is it a fact that those Muslim employees who were recruited as guards in grade II in 1936, were not called in the selection for grade III held in 1936?

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

(d) Is it a fact that now those guards, mentioned in parts (a) and (c) above, are blocked on the maximum of grade II?

(e) Is it a fact that a delay of four years in filling the vacancies has put back for long years the prospects of these youngmen recruited in 1936?

(f) For what definite reasons the selection held in 1936 for promotion to grade III is considered current and up to the mark in 1940 and, when the vacancies were not to be actually filled in 1936, 1937, 1938 and 1939, why the selection was held so early?

The Honourable Sir Andrew Clow: With your permission, Sir, I propose to reply to questions Nos. 293 and 294 together. I have called for information and will lay a reply on the table of the House in due course.

RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

†294. ***Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways please state how many candidates in the list of selected candidates for promotion as guards on the North Western Railway from grade II to grade III prepared in 1936, belong to the Muslim and Hindu community?

(b) How many of the guards in grade II, who are recruited in 1936 and are now blocked on the maximum of grade II, are Muslims and Hindus?

(c) Is it a fact that these guards recruited in 1936 in grade II have also been denied an opportunity to qualify in T-5, i.e., Senior Assistant Station Masters' course? If so, why?

(d) How many Muslims and Hindus have been qualified in T-5 course during the last five years?

REPRESENTATION OF MUSLIMS IN THE RANKS OF SIGNAL AND BLOCK INSPECTORS ON THE EAST INDIAN RAILWAY.

†295. ***Mr. Muhammad Azhar Ali:** (a) Will the Honourable Member for Railways be pleased to enquire and state if he is aware that amongst the class of Signal Inspectors, Block Signal Inspectors, Assistant Signal Inspectors and Assistant Block Signal Inspectors, on the East Indian Railway, Muslim representation is practically nil?

(b) How many Muslims have worked as Signal Inspectors and Block Signal Inspectors on the said Railway during the last 25 years?

The Honourable Sir Andrew Clow: (a) The Classified List of Subordinate Staff of all Departments on Scales of Pay rising to Rs. 250 and above on the East Indian Railway shows that there are two Muslims in a cadre of 82 Inspectors and Assistant Inspectors in the Signal Department.

(b) Information for the last 25 years is not available, but for the last five years there has been none.

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

†For answer to this question, see answer to question No. 293.

ASSISTANT SIGNAL AND BLOCK INSPECTORS EMPLOYED ON THE OUDH AND ROHILKUND AND EAST INDIAN RAILWAYS.

†296. *Mr. Muhammad Azhar Ali: (a) Will the Honourable the Railway Member please state how many Assistant Signal Inspectors and Assistant Block Signal Inspectors (separately) are employed now on the Oudh and Rohilkund Railway and East Indian Railway sections of the East Indian Railway?

(b) How many of them are Europeans, Anglo-Indians, Indian Christians, Hindus and Muslims?

(c) What are their grades on the two sections (East Indian Railway and Oudh and Rohilkund Railway)?

The Honourable Sir Andrew Clow: (a), (b) and (c). Such information as is available with Government will be found on pages 81 to 85 of the East Indian Railway Classified List of Subordinate Staff of all Departments on Scales of Pay rising to Rs. 250 and above, a copy of which is in the Library of the House.

SENIORITY OF ASSISTANT SIGNAL AND BLOCK INSPECTORS ON THE EAST INDIAN RAILWAY.

†297. *Mr. Muhammad Azhar Ali: (a) Will the Honourable the Railway Member please state whether it is a fact that seniority of Assistant Signal Inspectors and Assistant Block Signal Inspectors on the East Indian Railway is counted from the date of confirmation in the cadre?

(b) Is it a fact that some of them with greater length of service are held junior to those with less service?

(c) If the reply to part (b) be in the negative, will the Honourable Member be pleased to lay on the table a complete list of Assistant Signal and Assistant Block Signal Inspectors employed on the entire Railway in order of seniority and with the date of initial appointment and date of confirmation of each of them?

The Honourable Sir Andrew Clow: (a) and (b). Yes.

(c) Does not arise.

REPRESENTATION OF MUSLIMS IN THE RANKS OF SIGNAL AND BLOCK INSPECTORS ON THE EAST INDIAN RAILWAY.

†298. *Mr. Muhammad Azhar Ali: Is the Honourable Member for Railways prepared to take steps to ensure adequate Muslim representation in the rank of Signal and Block Inspectors on the East Indian Railway? If not, why not?

The Honourable Sir Andrew Clow: These posts are filled by promotion. Government have issued instructions regarding the communal representation of minority communities in direct recruitment to the Railway Subordinate Services, and as qualified Muslims become available in the Assistant's posts from which promotion is made, they will be considered for selection.

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

TRANSFER OF WORK CONNECTED WITH PILGRIMAGE TO HEDJAZ TO THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

†299. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Secretary for External Affairs please state:

(a) whether it is a fact that the subject of Pilgrimage to Hedjaz, before it was transferred to the Department of Education, Health and Lands, was dealt with by the Foreign and Political Department; if so, what the reason for this transfer was; and

(b) whether it is a fact that the work connected with pilgrimage to holy places in Iraq and Iran is being dealt with in the External Affairs Department; why this work was not transferred to the Department of Education, Health and Lands, like the work of the subject—Pilgrimage to Hedjaz?

Mr. O. K. Caroe: (a) No. Prior to the last war the Haj pilgrimage was dealt with by the Education Department. After the war the late Foreign and Political Department were drawn in more and more owing to political factors caused by the altered situation arising from the war. There was considerable overlapping and it was therefore decided that the then Education Department should be responsible for the transport arrangements and matters affecting sanitation and quarantine, while the late Foreign and Political Department should be responsible for all political matters.

(b) The External Affairs Department are dealing with the pilgrimage to the holy places in Iraq and Iran as no special transport arrangements are necessary and the questions arising from this pilgrimage are mostly political.

UNSTARRED QUESTIONS AND ANSWERS.

RAIDS, DACOITIES AND KIDNAPPINGS IN AGENCIES AND CERTAIN DISTRICTS.

60. Maulvi Abdur Rasheed Chaudhury: (a) Will the Foreign Secretary please give details in the following form of the raids, dacoities and kidnappings in the agencies and in the districts of Bannu, Kohat and Dera Ismail Khan, during the last three months, viz., November, 1939, to January, 1940:

- (i) Serial number,
- (ii) date of occurrence,
- (iii) place of occurrence,
- (iv) property looted,
- (v) persons killed, and
- (vi) persons kidnapped?

(b) What steps are Government taking to stop these raids?

Mr. O. K. Caroe: (a) A statement containing the details asked for is laid on the table.

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

(b) The Honourable Member is referred to the reply given to part (b) of question No. 56C, asked by Mr. Lalchand Navaraj in this House on the 9th February, 1940.

Details of raids, dacoities and kidnappings that took place in the Tribal Areas of the North West Frontier, and in the Districts of Bannu, Kohat and Dera Ismail Khan, during the period 1st November, 1939 to 31st January, 1940.

Serial No.	Date of occurrence.	Place of occurrence.	Property looted.	Persons killed.	Persons kidnapped.
1	1-11-39	Bannu-Miranshah Road	Possessions of the passengers of a lorry.	...	...
2	2-11-39	Bannu Kohat Road	...	...	2 Hindus and 1 sub-inspector of police. (1 Hindu since killed).
3	3-11-39	Halder-i-Kach	Lorry looted of contents	...	...
4	3-11-39	Near Gul Imam	...	1 Hindu	...
5	5-6-11-39	Hasanni in Surani area	...	...	1 Mohammadan sub-inspector, Telephone Department.
6	5/6-11-39	Shah Alam (Near Tank)	...	...	1 Hindu.
7	6-11-39	Bannu-Razmak Road	...	...	2 Muslims.
8	7-11-39	Musakki	...	...	1 Hindu.
9	19-11-39	Bannu-Isha Road	Lorry looted of contents	...	...
10	24-11-39	D. I. Khan Tank	...	...	1 (1 Sikh) (1 Hindu). Major Duggal with 2 Muslims.
11	25/26-11-39	Mullazai	Ghee tins and other food stuff.	...	...
12	26-11-39	Khargi-Jandola Road	Lorries looted of contents.	...	...
13	29-11-39	Bannu-Razmak Road	Food stuff and cash from lorry.	...	...
14	2-12-39	Landiwan (North Waziristan).	...	...	2 Hindus.
15	2-12-39	Bannu-Razmak Road.	Sheep from lorry	...	...
16	3-12-39	Near Khar Kahat	One letter and passengers' kit from a mail lorry.	...	...
17	8/9-12-39	800 yards from Wana Camp.	...	3 Hindus 1 Wazir bad-ragga.	...
18	12-12-39	Bannu-Razmak Road.	Lorry looted of contents	...	3 men.
19	12/13-12-39	Razani Post	Bania shop looted of contents.	...	...
20	14-12-39	Bannu Datta Khel	Mail bag and passenger's property.	...	...
21	15-12-39	Kanrogha	Private lorry looted	...	...
22	19-12-39	Tal-Damdil Road (Waziristan).	...	...	2 Muslims.
23	24-12-39	Tanal Gulkach Road (Waziristan).	...	...	2 Hindus (M. E. S. employees).
24	25-12-39	Damdil Razmak Road (Waziristan).	Lorry looted of contents	...	...
25	25-12-39	Malagan (D. I. Khan)	...	...	9 of Frontier Constabulary.
26	26-12-39	Bannu-Razmak Road (Waziristan).	Lorry looted of contents	...	...

Serial No.	Date of occurrence.	Place of occurrence.	Property looted.	Persons killed.	Persons kidnapped.
27	26-12-39	Mama Khel (Bannu)	...	1	1
28	27-12-39	Bannu-Miranshah Road (Waziristan).	Clothes and other material from a lorry.	...	1 Hindu, 2 Muslims.
29	28-12-39	Razmak Tauda China Road (Waziristan).	Lorry looted of contents (sheep etc.).	...	...
30	28-12-39	Wana Camp	...	...	2 Hindus.
31	30-12-39	Bizal Khel (Bannu)	Lorry looted of contents	...	2 Muslims.
32	30-12-39	Piazha Raghza	Mail lorry looted	...	...
33	30-12-39	Piazha Raghza	Wana Mahaud Battalion lorry looted.	...	...
34	31-12-39	Bannu-Razmak Road.	Lorry looted of contents	...	1 Muslim.
35	2-1-40	Bannu-Razmak Road.	...	...	2 Hindus.
36	2-1-40	Between Faghr Chanki and Khim Khel (Bannu).	...	...	4 Muslims.
37	3/4-1-40	Piazha	Bania's house looted	...	...
38	5-1-40	Near Marai Narai (Waziristan) (Mail lorry searched and then allowed to proceed).	...	...	...
39	6-1-40	Bannu-Razmak Road.	Lorry looted of contents	1 Khassadar	1 postal official.
40	6-1-40	Tarz a Ladha Road (South Waziristan).	...	...	1 Sikh.
41	7-1-40	Near Bizan Khel (Bannu).	...	...	1 Hindu, 1 Muslim.
42	7-1-40	Bannu	...	...	3 Hindus. (1 died since).
43	7-1-40	Near Teriwam	Lorry held up. No loss	...	...
44	8-1-40	Near Gandali (Bannu)	...	...	1 Hindu.
45	8-1-40	Doaba Darasmand Road (Kohat Distt.)	...	...	4 persons.
46	9-1-40	Amandal near Bannu (School burnt).	...	...	...
47	10-1-40	Bannu Datta Khel Road.	Mail bag stolen from Mail lorry.	...	...
48	10-1-40	Dandshah Village (Bannu).	...	...	Frontier Constabulary sepoy.
49	11-1-40	Khar Khan Takhti Khel.	...	...	2 women.
50	12/13-1-40	Manjiwala Village (Bannu).	...	...	1 Muslim.
51	14-1-40	Gharziwala Village (Bannu).	...	...	5 Hindus (2 men 2 girls, 1 woman. (1 woman found killed later).
52	15-1-40	North of Zam Post	...	...	2 Khassadars.
53	15-1-40	Lakki (Bannu)	...	1	...
54	16-1-40	Landiwan	...	...	1 Hindu boy, 1 Muslim boy.
55	20-1-40	Jalan Alged	Civil lorry looted	...	...
56	20-1-40	Between Khargi and Mansal.	Mail and civil lorry looted.	...	...
57	22/23-1-40	Jhandu (School burnt)	...	...	...
58	23-1-40	Shamsi (School damaged and furniture burnt)	...	...	...

Serial No.	Date of occurrence	Place of occurrence.	Property looted.	Persons killed.	Persons kidnapped.
59	24-1-40	Pirdil Kill	...	...	2 Hindu men, 1 Hindu woman.
60	25-1-40	Jandola-Rasmak Road	Lorry looted of contents	...	8 Muslims.
61	25-1-40	Naurang Sarai	...	...	3 Muslims, 3 Hindus.
62	28/29-1-40	Bharth	...	...	1 Hindu and his wife.
63	29-1-40	Daud Shah	...	...	1 Police constable.
64	29/30-1-40	Lakki (School burnt)	...	...	...

DIESEL CARS PURCHASED BY THE NORTH WESTERN RAILWAY.

61. **Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state if it is a fact that some Diesel Cars were purchased by the North Western Railway in or about the year 1938? How long did each of the cars work? How many of them are still working, and how many of them are out of order?
- (b) What was the amount spent in purchasing the cars, and what was the net earning from the cars?
- (c) Is it a fact that these cars proved an utter failure?
- (d) Is it a fact that in order to work the cars and to train persons here, men were imported from Hungary, who neither knew English nor Urdu to train the persons?
- (e) How much salary was paid to these men, and for how long? Are they still in service?
- (f) Who was the officer responsible for purchasing these cars?

The Honourable Sir Andrew Olow: (a) Eleven cars were ordered from Messrs. Associated Electrical Industries (India) Limited in 1938 and delivered in 1939. Each car completed 50,000 miles approximately during seven months in service. They have recently all been withdrawn from service for overhaul and modification by the contractors.

(b) The purchase price of the cars is about 15 lakhs, which is payable on certain conditions prescribed in the contract. As these conditions have not yet been fulfilled, no payment has yet been made. At this stage, I cannot state the exact net earnings from the cars, but the average occupancy was over 50 per cent. of the seating capacity and on this basis net earnings would be about 1½ annas per car mile. Further savings are expected to accrue when heavier haulage units are released for other work on replacement by these cars.

(c) No.

(d) Under the terms of the contract, the manufacturers, Messrs. Ganz and Company, Budapest, had to provide maintenance engineers and staff for the initial trials and to instruct the North Western Railway staff in the maintenance of the cars. The engineers have sufficient knowledge of English to discharge this duty.

(e) These men are the employees of the contractor and not of Government, who are not responsible for their salary.

(f) This is not a matter in which responsibility rests with a particular officer. The project was sanctioned by Government and approved by the Standing Finance Committee for Railways as an experimental measure to prevent further loss of traffic to the roads by providing more frequent and faster services at a lower operating cost between certain important centres in the Punjab. This type of vehicle has, I understand, proved its suitability for this purpose in Europe. The order was placed through the Indian Stores Department.

MEMBER SWORN

Mr. President (The Honourable Sir Abdur Rahim): The Chair is informed that Mr. Shrivastava, who proposes to take the oath today, is unwell and unable to move from his seat. In the circumstances, he may take the oath from his seat in the presence of the Secretary.

[Babu Hari Saran Prasad Shrivastava, M.L.A. (Muzaffarpur cum Champaran: Non-Muhammadan) was sworn in in his seat.]

PUBLICITY OF THE PROCEEDINGS OF THE MEETINGS OF SELECT COMMITTEES.

Mr. F. E. James (Madras European): Sir, I would like to draw your attention to a matter in regard to which I suggest the Chair should take some notice. Last Saturday, a report from a certain press agency alleging certain decisions which had been arrived at in the course of the Select Committee proceedings on the Excess Profits Tax Bill was published in a number of newspapers, and I understand that precisely the same message was broadcast by the Government of India itself from the All-India Radio Station in Delhi on Friday evening. I have always understood that the proceedings of a Select Committee are confidential, and I think it would be of very great value, not only to Members of this House, but also to the press generally for their guidance if you would give some explicit directions on this matter and put beyond the shadow of a doubt the position of Members of the Select Committee and the confidential nature of their proceedings. I hope, Sir, you will be good enough to take notice of this matter and to clear up any doubts that there may be from previous rulings of the Chair.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has seen that report in one of the press messages. The Chair will consider this matter and give its ruling afterwards.

THE EXCESS PROFITS TAX BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Jeremy Balamon (Finance Member): Sir, I present the Report of the Select Committee on the Bill to impose a tax on excess profits arising out of certain businesses.

MESSAGES FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, two Messages have been received from the Council of State. The first Message runs as follows:

"I am directed to inform you that the Council of State at its meeting held on the 5th March, 1940, agreed without any amendment to the following Bills which were passed by the Legislative Assembly at its meetings held on the 15th and 23rd February, 1940, namely:

1. A Bill to provide for the registration and more effective protection of Trade Marks;
2. A Bill further to amend the Indian Coinage Act, 1906;
3. A Bill to facilitate the changing of the date on which the annual accounts of the Reserve Bank of India are closed;
4. A Bill further to amend the Indian Emigration Act, 1922;
5. A Bill further to amend the Reserve Bank of India Act, 1934; and
6. A Bill to consolidate and amend the law relating to Arbitration."

The second Message is as follows:

"I am directed to inform you that the Bill further to amend the Factories Act, 1934, for a certain purpose, which was passed by the Legislative Assembly at its meeting held on the 23rd February, 1940, was passed by the Council of State at its meeting held on the 5th March, 1940, with the amendments, shown in the enclosed statement. The Council of State requests the concurrence of the Legislative Assembly in the amendments."

I lay on the table the Bill, as amended by the Council of State.

THE DRUGS BILL.

Sir Girda Shankar Bajpai (Secretary: Department of Education, Health and Lands): Sir, I move:

"That the time appointed for the presentation of the Report of the Select Committee on the Bill to regulate the import, manufacture, distribution and sale of drugs be extended up to the 15th March, 1940."

The position is that we have been able to hold only one meeting so far. We intend examining certain expert witnesses and we do not therefore feel that we should be in a position to present the report earlier than the 15th March.

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

"That the time appointed for the presentation of the Report of the Select Committee on the Bill to regulate the import, manufacture, distribution and sale of drugs be extended up to the 15th March, 1940."

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, I move:

"That in the motion for the figures and word '15th March' the figures and word '30th June' be substituted."

In moving my amendment I want to submit to the House that this is a Bill which requires careful examination. It is necessary to examine experts and visit various localities. The Bill deals not only with the control of drugs but also manufacture. How drugs are manufactured requires to be seen or at least the eliciting of information from expert witnesses. I cannot see why the Government should be in a hurry about it. This is not a taxation measure: it is a measure for the protection of the lives of the public and it requires careful consideration. The Bill was introduced in this House very recently and it was published in the Gazette in the month of February, and yet every step is being taken to expedite the measure. If Government have a genuine desire, as they appear to have, to guard public health, they should give some time to go through all the requirements before taking up this measure. There has been very little time for the persons affected by this Bill to give their opinions. Very few opinions have come up so far because the Bill was published only in the month of February. This measure should have been circulated for eliciting opinion but that was not done. I, therefore, thought it desirable to move this amendment so that there would be some time for the consideration of this Bill. So far as I have gone through this Bill, it does not provide for any safeguard or control over Ayurvedic and Tibbi patent medicines. If these patent medicines are not going to be controlled, then Allopaths will easily take shelter under a Unani or Ayurvedic name and they will commit any number of mischiefs on the health of the public. Therefore, very important things are wanting in this Bill, and we have to see how such patents, whether under the name of Unani or Ayurvedic, should be controlled. I will move a few words, I move my amendment.

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

"That in the motion for the figures and word '15th March' the figures and word '30th June' be substituted."

Pandit Lakshmi Kanta Maatra (Presidency Division: Non-Muhammadan Rural): Sir, I rise to support the amendment moved by my friend, Mr. Abdul Ghani. This Bill is apparently designed to control and regulate the import and manufacture of drugs in India. It is an outcome of several years' agitation on the part of the public to have a measure which will have the effect of controlling not only the import of drugs from abroad, but also of regulating the manufacture of local drugs and also their distribution. Sir, the Honourable Member in charge introduced a Bill relating to this subject in 1927. Then the idea was simply to control the imports. The Bill went into Select Committee, which then came to the conclusion that mere control of import would not meet the needs of the situation but that a more comprehensive Bill was required, and that all the Provincial Governments should co-operate with the Central Government in bringing about legislation which would not only control the import but also regulate manufacture and distribution of drugs in all the different provinces. Accordingly, Sir, that Bill was withdrawn. Later on another Bill was drafted and circulated. That was in August last. Sir, the opinion of the Provincial Governments was obtained thereon, but this time this Bill has been brought in in an entirely new form, quite different from the one in which it was circulated to Provincial Governments. This Bill was introduced here in February and published

[Pandit Lakshmi Kanta Maitra.]
for information at about the same time. Immediately it was referred to a Select Committee. The original date for submitting the Report of the Select Committee was, I believe, the 31st of March.

Sir Girja Shankar Bajpai: 1st March.

Pandit Lakshmi Kanta Maitra: Thank you. I stand corrected. Now, the Honourable Member himself feels that as the Select Committee could not finish its deliberations having met only once, the time for submitting its report should be extended up to the 15th March. Sir, this Bill is of such a complicated nature and is of so technical a character and if enacted into law, its effects would be so far-reaching that we do not feel that Government will be justified in rushing it through in this manner. For instance, for the first time in the history of legislation of this kind, we find an attempt has been made in this Bill to define the word 'drugs', which has not been defined anywhere in any legislation bearing on the subject in any part of the world. What is a drug? According to the definition introduced here, many thing which cannot be technically called medicines come within the meaning of the expression 'drug'. This is a highly technical matter, and I am told that the Select Committee has decided to examine on evidence Col. Chopra and others next week. But, Sir, the difficulty is that in a Bill of this kind

Sir Girja Shankar Bajpai: Sir, may I just draw your attention to the fact that the Honourable Member is mentioning what is supposed to have happened in the Select Committee.

Pandit Lakshmi Kanta Maitra: I am not mentioning anything of that kind, for I am not even a member of the Select Committee; but I am given to understand that expert evidence would be taken.

Mr. President (The Honourable Sir Abdur Rahim) The Chair does not think the Honourable Member can say anything as to what transpired in the Select Committee.

Pandit Lakshmi Kanta Maitra: I do not know what happened there, but I just now heard from the Honourable Member himself that expert evidence would be taken, and I am taking my stand on the statement just made by the Honourable Member himself on the floor of the House.

Sir Girja Shankar Bajpai: But my Honourable friend is doing more; he is mentioning names and so on.

Pandit Lakshmi Kanta Maitra: I am not supposed to know what is going on in the Select Committee; I am not a member of the Select Committee.

My point is that in this Bill it is not only the import of drugs that would come up for consideration, but also the manufacture of therapeutic substances, which forms the subject matter of a different piece of legislation, and, therefore, the Bill is going to be all the more complicated, drastic and comprehensive. In such a scheme of legislation one can

legitimately urge that the interests of manufacturers should be looked into and their views on these particularly technical questions obtained. I understand that there is the Indian Chemical Manufacturers' Association, representing the manufacturers of pharmacopoeic drugs and medicines. They should be consulted and their views obtained. There are also special circumstances and factors envisaged by the Pharmacy Act of Great Britain which should be taken into consideration and the views of experts on those matters obtained. This is really a very important measure, and, as such we cannot allow it to be rushed through in this fashion. It cannot be contended that it is a war measure. I am certain it is not going to be pleaded that this Bill should be passed immediately so as to help the effective prosecution of the war, unless, of course, there is the object of carrying on a war against the indigenous products. I, therefore, submit, that the time which the Honourable Member wants for concluding the deliberations of the Select Committee is very short; evidence has to be taken from experts, from the Indian Chemical Manufacturers' Association, the Indian Medical Association, which is a body recognised by the Government, whose views had been sought in the past on very important and vital matters, and also from people who are interested in the import, distribution or sale of these drugs.

Sir, there is one other matter to which I should like to draw the attention of the Honourable Member. Apparently, the idea is to control the allopathic drugs. From the very definition of the word 'drugs' in the Bill, it appears that homeopathic and biochemic products are not to be brought within the purview of this legislation. However, the Bill which seeks to regulate the import, manufacture and distribution of drugs should legislate in respect of these matters is also a matter demanding very careful consideration, and all these vital matters cannot be considered and finished within such a short time as my friend proposes. I, therefore, submit that the amendment of my friend, Maulvi Abdul Ghani, is a very modest one, and it should be accepted, inasmuch as a number of important bodies and experts have to be examined. The Bill was published only last month, and public opinion has not been elicited on it, nor even has the medical profession been consulted in the matter. I think, therefore, that no useful purpose will be served by rushing through legislation of this kind in this manner. Even if this Bill is passed in its present form it will alienate the sympathies of the Provincial Governments who in their turn will make its provisions nugatory in actual working. Sir, I support this amendment.

Mr. Suryya Kumar Som (Dacca Division: Non-Muhammadian Rural).
Sir, I support the amendment

Sir Girja Shankar Bajpai: Sir, it might help to shorten the debate if I were to make the position of Government clear. I think, Sir, I ought to make a preliminary point, and it is this. The first suggestion that I made when I suggested that the Bill be referred to a Select Committee was that the Select Committee should report by the 1st of March. All the consideration which have been urged now by my friend, Pandit Lakshmi Kanta Maitra, must have been present to his mind then, and it seems to me that the speech which he has made now would have been more appropriate on that occasion. The complexity of the Bill has not been magnified since the Bill was referred to a Select Committee. In

[Sir Girja Shankar Bajpai.]

any case, the position is this. We do not suggest that the 15th of March should be treated as a *Medic date* beyond which consideration of the Bill, if necessary, by the Select Committee should not proceed. The Bill is in the hands of the Select Committee of this House. The Select Committee have, as a preliminary measure, decided to examine an expert. It is open to the Select Committee, when they have examined the expert, to come, if they like, to the conclusion that they want to examine more people. I suggested 15th March merely as a convenient point of time, not necessarily as the final point of time. I can give my Honourable friends an assurance that, while Government do not wish to delay indefinitely, consideration of a measure which has been in suspense for nearly eight to ten years, they certainly are not in such a desperate hurry as to overlook the claims of those who are entitled to be heard. I hope that in the face of that assurance my Honourable friend, Mr. Abdul Ghani, will not find it necessary to press his motion nor my Honourable friend, Mr. Som and others who may be similarly inclined, to make more speeches.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): May I ask if the Honourable Member will give an assurance that other experts will be invited?

Sir Girja Shankar Bajpai: It is for the Select Committee to decide that.

Pandit Lakshmi Kanta Maitra: In the Select Committee those members who want to do so are in a hopeless minority. I want an assurance from the Honourable Member that the Select Committee will be given an opportunity to examine the representatives of different interests concerned in the matter.

Sir Girja Shankar Bajpai: My Honourable friend is very learned. I did not know that he was also an expert in divination. I do not know how he knows that we are in a majority and others are in a minority.

Pandit Lakshmi Kanta Maitra: The very constitution of the Committee shows that.

An Honourable Member: He is also an astrologer.

Pandit Lakshmi Kanta Maitra: Moreover, two Members of the Committee are ill and are, therefore, absent.

Mr. Suryya Kumar Som: I should like to support the amendment. The introduction of this Bill has a history behind it. After long public agitation the Government were convinced of the necessity of a Bill like this and for that purpose they appointed a Committee known as the Drugs Enquiry Committee, which is now known as the Chopra Committee. That Committee was appointed in 1930 and it reported in 1931. The Treasury Benches took ten years to bring in a Bill after the report was submitted in 1931, and now they are in dead earnest to hurry it through this month. In the year 1937 when the first Bill was introduced, the draft was circulated to all business concerns, and to Local Governments and their opinions were invited. They submitted their opinions and after that the Bill was introduced, and as has been already stated, it was referred to a Select

Committee; the Select Committee recommended the dropping of that Bill and asked the Government to bring in a comprehensive Bill.

Now, the present Bill is a very comprehensive one, the subject matter of which is highly technical, and there is not a single man in the Select Committee who knows anything about the preparation of drugs or anything about pharmacy. This Bill was published in the Gazette on the 3rd February and introduced in this House on the 6th February, and on the 12th February it was referred to a Select Committee. So, it is clear that the Government did not ask for the opinions or comments of the experts interested or of the Local Governments on this Bill at all. They got permission of the Local Governments to pass a law which would ensure uniformity throughout India. It being a provincial subject, Government had to take their opinions and they have given their opinions. At the time of asking their opinions, they were given to understand that they would be sent a copy of the draft Bill, and after getting their opinions they were assured that a Bill would be finally drafted. From the 3rd February to 12th February nobody can think that the Central Government sent any draft to the Provincial Governments, whereas, in August, 1939, they sent a preliminary draft which was quite a different one from the present Bill. The opinions of the Local Governments on that preliminary draft are not before this Select Committee or before anybody else. I do not know whether my Honourable friend has got them, but we have not been supplied with copies of them nor the Members of the Assembly. Sir, this is a new Bill quite different from one on which opinion was invited, and on this present Bill no opinion has been asked for from the Local Governments nor from any expert associations. Ten blind men of the Select Committee who know nothing about pharmacy, nothing about the preparation of drugs—these ten blind men are being led by another blind man, and one can presume what these blind men can be led to. From my personal acquaintance with all the Members of the Select Committee I know that none of them—because I am not entitled to say what took place in the Select Committee—I can say this—much that none of them do know anything in connection with the preparation of drugs or pharmaceutical works. I am told by very respectable men and experts that Colonel Chopra, who has been called to give evidence before the Select Committee knows nothing about the preparation of drugs.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not mention any names.

Mr. Suryya Kumar Som: Why this hurry? The Bill is introduced; in the very same Session it is referred to a Select Committee, and they want it to be passed in the same Session. Why this hurry? This Bill does not concern the Government so much as it concerns the public. It is the public who are concerned with the effect of this Bill.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has said that very often.

Mr. Suryya Kumar Som: On behalf of the public I protest against this hurry on the part of the Government to pass the Bill without consulting the interests concerned, that is, the drug manufacturers, the pharmaceutical workers, as well as the medical associations. Therefore, I hope that Government will agree to the extension of time and that they will

[Mr. Suryya Kumar Som.]

not be in a hurry. In the next Session the Select Committee's report will be ready and the Bill may be passed. It will only take four or five months more. It is not going to affect the Bill one way or the other. I do not know why they are in this hurry. To be plain, this hurry about this Bill raises a suspicion in the public mind that something may be behind this Bill.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Political motives behind it!

Mr. Suryya Kumar Som: Yes, there may be. The Bill provides for the establishment of various laboratories and experts in the provinces which would cost lakhs and lakhs of rupees, and though you pass the Bill now, it will not be possible during the war time for the provinces to put up those establishments. So, the provinces will not be in a position to work according to this Bill within the next four or five years. In the meantime, foreign manufacturers will have a very easy time to dump the country with their products, while this Bill will be forced down upon our drug producers and pharmaceutical works, because Provincial Governments will not be sufficiently equipped to give certificates of license and so on. In the circumstances, I pray that we must be given more time and that the Government should take the opinion of experts and businessmen concerned and of medical experts before we proceed further with the Bill.

If necessary, the Select Committee should examine experts in pharmacy and drugs preparations and medical experts. If necessary, they should inspect some of the pharmaceutical and drugs works in this country to know something before they enact a law about that very thing and I do not know why this modest prayer of my friend should be so much opposed by the Government side.

Several Honourable Members: 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. President (The Honourable Sir Abdur Rahim): The question is: "That in the motion, for the figures and word '15th March' the figures and word '30th June' be substituted."
The Assembly divided:

AYES—25

Abdoola Haroon, Seth Haji Sir.
Abdul Ghani, Maulvi Muhammad.
Abdullah, Mr. H. M.
Abdur Rasheed Chaudhury, Maulvi.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Bisak Sait, Mr. H. A. Sathar H.
Fazli-Haq Piracha, Khan Bahadur
Shaikh.
Ghiasuddin, Mr. M.
Ghulam Bhik Nairang, Syed.
Ghuznavi, Sir Abdul Halim.
Joshi, Mr. N. M.

Laljee, Mr. Huseenbhai Abdullahai.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Nauman, Mr. Muhammad.
Parma Nand, Bhai.
Rafuiddin Ahmad Siddiquee, Shaikh.
Raza Ali, Sir Syed.
Sant Singh, Sardar.
Som, Mr. Suryya Kumar.
Umar Aly Shah, Mr.
Yamin Khan, Sir Muhammad.
Zafar Ali Khan, Maulana.
Ziauddin Ahmad, Dr. Sir.

NOES—42

Abdul Hamid, Khan Bahadur Sir.	Kushalpal Singh, Raja Bahadur.
Abdul Hamid, Khan Sahib Shaikh.	Lillie, Mr. C. J. W.
Adams, Mr. A.	Mackeown, Mr. J. A.
Bajpai, Sir Girja Shankar.	Maxwell, The Honourable Sir
Bewoor, Sir Gurnath.	Reginald.
Buss, Mr. L. C.	Miller, Mr. C. C.
Campbell, Mr. D. C.	Muazzam Sahib Bahadur, Mr.
Caroe, Mr. O. K.	Muhammad.
Chambers, Mr. S. P.	Mudaliar, The Honourable Diwan
Chapman-Mortimer, Mr. T.	Bahadur Sir A. Ramaswami.
Chettiar, Dr. Rajah Sir S. R. M.	Oulsnam, Mr. S. H. Y.
Annamalai.	Pillay, Mr. T. S. S.
Clow, The Honourable Sir Andrew.	Rahman, Lieut.-Col. M. A.
Daga, Seth Sunderlal.	Raisman, The Honourable Sir
Dalal, Dr. B. D.	Jeremy.
Dalpat Singh, Sardar Bahadur	Scott, Mr. J. Ramsay.
Captain.	Sen, Rai Bahadur G. C.
DeSouza, Dr. F. X.	Shahtan, Mian Ghulam Kadir
Dumasia, Mr. N. M.	Muhammad.
Griffiths, Mr. P. J.	Sheehy, Mr. J. F.
Gyft, Mr. E. L. C.	Sher Muhammad Khan, Captain
Ismail Ali Khan, Kunwar Haje.	Sardar Sir.
Jawahar Singh, Sardar Bahadur	Sivara, Rao Sahib N.
Sardar Sir.	Spencer, Sir George.
Kamaluddin Ahmad, Shams-ul-Ulema.	Zafrullah Khan, The Honourable Sir
Khan, Mr. M. M.	Muhammad.

The motion was negatived.

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

"That the time appointed for the presentation of the Report of the Select Committee on the Bill to regulate the import, manufacture, distribution and sale of drugs be extended up to the 15th March, 1940."

The motion was adopted.

THE COAL MINES SAFETY (STOWING) AMENDMENT BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I move:

"That the Bill to amend the Coal Mines Safety (Stowing) Act, 1939, be taken into consideration."

The House will remember that it passed a Bill to make a further provision for safety in coal-mines quite recently. Since then, the Chairman of the Coal Mines Stowing Board has been appointed and a Board has been constituted over which he presides and takes into question all matters relating to the safety of mines as provided for in that Act. One of the objects of that Act was to see that the danger of fires in coal-mines should be minimised as far as possible. A process called "blanketing"—a process by which sand is spread over the surface of coal-mines to stop fissures from which air escapes and fire goes on—was intended to be also provided for. The funds of the Coal Mines Stowing Board were intended to be used for the purpose. But owing to an amendment, a drafting amendment as it was then supposed, which was adopted in this House.

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

it is now found that the funds could not be utilised for this process, called "blanketing", that is spreading sand over the surface, so as to stop the fissures: any expense can only be incurred for underground measures. The Board has strongly recommended that the original idea which was put forward by the Report of the Coal Mines Stowing Committee should be adopted and that provision should be made immediately for spending the necessary amount from the fund for such purposes. At present, there are fires raging in the Jharia coal-fields and the abandoned fields round about that locality which are endangering the neighbouring fields across the railway line, and it is urgent that provision should be made for this expenditure.

There is a second amendment which is proposed to be adopted by this Bill. Under section 7 of the Act, it was stated that the expenditure should be audited as determined in sub-section (1) of section 144 of the Government of India Act. Now, under that sub-section, it will be seen by Honourable Members that the Auditor-General is the auditing authority; but, under the Government of India Act, the Auditor-General can only audit all accounts except railway accounts; and as this money is collected along with the freight and passes into the railway accounts, the Auditor-General is not the authority to audit these accounts. Provision is sought to be made whereby the corresponding railway audit authority would audit these funds. We have also taken the opportunity of widening the scope of the purposes for which these funds should be utilised, again in accordance with the recommendations of the Report on Coal-Stowing, for purposes of research. There is a small amendment which has to be made for clarifying the position. In the original Act as passed by this Assembly, it was provided that a cess would be collected and also an import duty correspondingly would be collected from coal imported into this country. Now, the reading of the section suggests that no other duty equivalent to the cess would be collected, in addition to the other import duty which may be levied under the Tariff Act of 1894. That position also is sought to be clarified by this measure. There are consequential amendments following these main amendments. Sir, I move that the Bill be taken into consideration.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved: "That the Bill to amend the Coal Mines Safety (Stowing) Act, 1933, be taken into consideration."

Sardar Sant Singh (West Punjab: Sikh): Sir, I do not want to make any speech on this measure, but I just want to know the facts. By the amendment of section 6, as it is proposed to be done in clause 3 of the Bill, it is stated in the notes on clauses

"this is intended to make it clear that the duty of customs referred to in section 6 of the Act is additional to the duty ordinarily leviable under the Indian Tariff Act, 1894, and that the duty can also be imposed on coal and coke coming into British India from the territories of Indian States which have been declared as foreign territories under section 5 of the Indian Tariff Act."

May I know if this duty will be in addition to the duty already levied, and what will be the amount which will be collected under this amendment?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: As I said, Sir, this is only to clarify the intention of the Act. This duty will be in addition to the normal import duty which is levied. This is a cess which is levied for certain purposes, namely, to find the resources for the Coal-Mines Stowing Board. This has nothing to do with the ordinary import duties which are levied for revenue purposes under the Indian Tariff Act. Therefore, this duty will be in addition to that import duty and the proceeds, so far as this duty is concerned, will be credited to the Coal-Mines Stowing Board. The Government of India do not get anything out of this.

Sardar Sant Singh: I also wanted to know the amount.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That I cannot say.

Mr. N. M. Joshi (Nominated Non-Official): Sir, I should like to have some information and if necessary some assurance from the Honourable Member in charge of this Bill. He has stated in the Statement of Objects and Reasons and in his speech that the extension of the objects on which the coal-stowing funds should be spent was originally contemplated. I do not know on what authority he made that statement. I do not remember all that happened last year on this Bill. But so far as I can remember, the spreading of sand on the surface was not one of the objects on which the funds were expected to be spent. Sir, I feel an interest in this extension of the objects on which money is to be spent, for this reason. I am very anxious that nothing should be done by this Legislature to weaken the safety in coal-mines. If you extend the field on which money could be spent out of these funds, there will not be sufficient money for stowing sand underground. I do not wish to state that the extinguishing of fires on the surface by spreading sand is not important from the point of view of safety; but if we extend the object, there will be less money for stowing. I would, therefore, like the Honourable Member to tell me that if more money is necessary if he extends the objects on which money is to be spent out of the coal stowing funds, whether he proposes to increase the cess from which the fund is to be collected. If he says that it is not to be increased and the fund is to be spent on wider objects, then, Sir, I have no doubt in my mind that the object which we have in view will not be properly served and the provision for safety will be weakened. I would like the Honourable Member to give me that information.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member, the Chair thinks, in replying to the whole debate, will reply to this point also.

Mr. N. M. Joshi: I would like the Honourable Member to tell me, if more money is necessary to serve these additional objects, whether he will be prepared to increase the cess which is intended to form the fund of the Coal Stowing Board?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I have already said that this process of "blanketing", as it is called, to spread sand over the surface to stop the fissures and

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

so prevent fires from continuing or spreading further, was one of the original objects for which this Board was constituted, and the fund or the cess levied, and the unanimous recommendation of the Board now constituted is also to enable them to spend this amount. It was only by a verbal amendment of a formal character that we found ourselves, from the point of view of lawyers, prevented from spending money out of this fund. As regards the cess itself, as my Honourable friend knows, this has been the subject of negotiations with coal-miners and it was only in consultation with them and to the extent that they have been able to come to a unanimous conclusion that we were in a position to levy the cess. If the Board finds that more money is required to carry out the essential objects of this fund, it will certainly come to the Government and then it will be time enough to consider whether a further amendment of the Act is necessary. At present I am assured both by the Chairman and by the Members of the Board that this amount can be found comfortably out of the cess amount that has been collected or will be collected in the course of the next few months.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That the Bill to amend the Coal Mines Safety (Stowing) Act, 1939, be taken into consideration."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 5 stand part of the Bill."

Mr. N. M. Joshi: Sir, I listened to the short speech of the Honourable Member in charge of Industries. He seems to feel that it is not the responsibility of Government to provide funds for the Coal Stowing Board and he feels that Government ought to consult and go by the advice or consent of the Coal Stowing Board. I feel the Government do not realise that it is their duty to maintain safety in the coal mines. The Honourable Member further said that if the Coal Stowing Board feels that there is not enough money they will make proposals to the Government of India to increase the cess. The Honourable Member perhaps has not studied the constitution of the Board which is to manage this fund. That Board has a majority of the owners of coal mines. Are the owners of the coal mines going to come to the Government and say: "Please increase the cess on us?" They are not going to say that. This ought to be the duty of the Government. I hope the Honourable Member will realise that the safety in the coal mines is the duty of the Government. This Board will manage the fund after it has been collected. Therefore, it is not right to expect the Coal Stowing Board to come to the Government asking that the cess on themselves should be increased. I hope the Honourable Member will take this point into consideration.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Mr. President, Sir, I am afraid my Honourable friend on the left has not understood the Bill. Will he kindly read the Statement of Objects and Reasons carefully?

Mr. N. M. Joshi: I have read it twice or thrice.

Sir Abdul Halim Ghuznavi: Then, he ought not to have made the speech that he made just now. My friend's apprehension is that the Board consists of members who are the owners of collieries, and, therefore, they would be the last persons to come before the Government and ask them to legislate a further cess to be paid by them.

Mr. N. M. Joshi: Hear, hear: That is the point.

Sir Abdul Halim Ghuznavi: The Honourable the Industries Member has explained that if the Government find. . .

Mr. N. M. Joshi: He said if the Board finds.

Sir Abdul Halim Ghuznavi: If my Honourable friend will not interrupt me for a minute, I will be able to explain the whole position. No doubt, some members of the Board will be the owners of collieries, but there are two Government members also.

Mr. N. M. Joshi: May I inform the Honourable Member that out of six members of the Board, four come from the coal owners and Government is represented only by two. The Honourable Member does not know the constitution of the Board.

Sir Abdul Halim Ghuznavi: Mr. Joshi wants to impress upon this Honourable House that I do not know anything about the collieries.

Mr. N. M. Joshi: You do not know the constitution of the Board.

Sir Abdul Halim Ghuznavi: What about the other two members?

Mr. President (The Honourable Sir Abdur Rahim): The two Honourable Members are sitting too close to each other. The Honourable Member had better address the Chair.

Sir Abdul Halim Ghuznavi: I can assure my Honourable friend that he need have no apprehension whatever.

Mr. N. M. Joshi: That is a different matter.

Sir Abdul Halim Ghuznavi: The Board is fully aware of the circumstances and it will protect everybody's interests. Do not be afraid that it will not do its duty. If the two members who represent the Government consider that the other four members are not doing their duty, it is for the Government of India to legislate on the report of these two members and not on the report of the other four members who, as my friend said, are the owners of collieries. Sir, I support this motion.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clauses 6, and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

THE AGRICULTURAL PRODUCE CESS BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I move:

"That the Bill to make better financial provision for the Imperial Council of Agricultural Research be taken into consideration."

At the outset, I should like to seek the indulgence of the House for a post-influenzal huskiness of voice which has for the time being deprived it of its carrying quality. I will do my best to make it carry to every Honourable Member, but, if I fail, Honourable Members will understand the reason.

Sir, the Imperial Council of Agricultural Research has been in existence now for nearly eleven years. It has on it two representatives of this House, elected by itself. In addition, every Honourable Member is supplied every year with a copy of the annual report of the activities of the Council. It follows from this that an elaborate explanation of the functions, the working or the constitution of the Council is not necessary. Nevertheless, I am the very first to recognise that events these days crowd thick and fast upon the attention of the Honourable Members and that they may not have the opportunity, even if they have the desire, to study the somewhat detailed report which the Council published every year. I would, therefore, attempt to state broadly what the functions, the procedure and the constitution of the Council are.

Sir, the Council exists, broadly speaking, for the purpose of co-ordinating and promoting agricultural research throughout India. In order that it should have the capacity to do so, throughout India, it consists, besides the representatives of the Government of India, who, I believe, are three or four in number, of the Minister of Agriculture of each province, two Members of this House, one Member of the Council of State, one member of the Federation of Indian Chambers of Commerce and Industry, one member of the Association for which Honourable Members on my right here speak.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa: Muhammadan): Which Association is that?

Sir Girja Shankar Bajpai: The European Association of Commerce. I think it is the Associated Chambers of Commerce, that is the expression generally used. Then it also includes representatives of Universities and of two or three Indian States. The procedure of the Council is that it allocates funds, placed at its disposal by Government, to schemes which have passed through two stages: first, the stage of preparation by a number of departments of agriculture, by Universities, by scientific Institutes like the Institute of Science in Bangalore; the second examination and classification in order of priority by the Advisory Boards of the Council itself, which is representative of all those who are in a position to give informed and competent advice as to the manner in which funds should be allocated and the order in which the recommendations made by the different Provincial Governments and other learned bodies should be arranged in order of priority and practical utility.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Will the Honourable Member please state what is the constitution of the Governing Body?

Sir Girja Shankar Bajpai: That was what I tried to do. I said that the Governing Body consists of a number of representatives of the Government of India, representatives of the Provincial Ministries, two representatives of this House and one Member of the Council of State, one Member of the Indian Federation of Chambers of Commerce and Industry and one Member of the Associated Chamber of Commerce.

Now, Sir, the position as regards the functions and the constitution, as also the procedure of the Council having been explained, I should like to pass on to the financial position of the Council, because that is germane to the Bill which is now before the House. The Royal Commission on Agriculture had recommended that the Council should be started off with a capital grant of fifty lakhs of rupees and that in addition, it should receive substantial grants in aid from the State. The position, broadly speaking, is this that, apart from fundamental research or general research the Council has been doing work—special kinds of work relating to sugar research and work relating to the organisation of marketing of agricultural produce. Inasmuch as this Bill does not propose to allocate any portion of the proceeds of the cess envisaged in this Bill for sugar research or marketing, those are to continue to be dependent upon State aid in the future as they have been in the past, I do not propose to go into details of that; I propose to limit myself to the position in so far as general research is concerned. There, Sir, in brief the position is that Government have made so far a total contribution to the Council of a sum of 85 lakhs.

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): What is the total annual budget of this?

Sir Girja Shankar Bajpai: There is no such thing as a fixed total annual budget, apart from the administration budget, that is to say the budget for the administration of the Council's affairs, which is a little over two lakhs. But if my Honourable friend will wait for a minute, I propose to tell him in brief, how the expenditure of the Council has varied for the last few years. That would give him an opportunity of seeing for himself what the scope of the fluctuations of that expenditure is.

[Sir Girja Shankar Bajpai.]

I said when I began that the Council started in 1929. Now, just to give the House an idea of the growth of expenditure: In 1929-30, the Council spent only 0.9 lakhs, because it began rather late in the financial year; in 1930-31, it spent, 2.55 lakhs; in 1931-32, 3.19 lakhs; in 1932-33, 4.06 lakhs, in 1933-34, 6.47 lakhs; in 1934-35, 8.8 lakhs, in 1935-36, 9.20 lakhs, in 1936-37, 11.18 lakhs, in 1937-38, 11.39 lakhs, and in 1938-39, 11.22 lakhs. Two main conclusions may be drawn from this statement, namely, that in the earlier stages the expenditure was very low but it has been steadily rising, that is the first conclusion. The second is that during the last three years it has been more or less steady in the neighbourhood of eleven lakhs a year. I would, incidentally, say that, in the initial stages, the expenditure was low because, naturally, it takes an organisation of this kind sometime to get going. Now, Sir, the present financial position of the Council is of some importance. I think I am correct in saying that at the end of this financial year, that is to say on the 31st March, 1940, the Council will be in possession of funds to the extent of 22.61 lakhs. As against this they have liabilities to the extent of 18.15 lakhs with regard to schemes which have not only already been sanctioned but which are in continuation and which must be either continued or completed if the work already done on them is not to be completely wasted. That, Sir, then leaves a balance of 4.46 lakhs for any expenditure which the Council might have to incur in the course of the next financial year if no money whatsoever comes to it.

What the liabilities of the Council are going to be in the next financial year, I should explain later, but at this stage, I wish to point out that even this balance of 4.46 lakhs is really illusory, because the Council must spend 1.27 lakhs on sugar research, and a sum of 1.07 lakhs represents appreciation in the value of securities in which money is held and which may easily be wiped out if the securities have to be realised suddenly and at a time when their value has dropped. In broad terms, therefore, the position of the Council financially at the moment is that they have just enough to bring to completion certain schemes, and to continue other schemes; nothing more with which to carry on for the next financial year.

Now, I will give the House an account of schemes which have either already been approved or recommended by the different Advisory Bodies for the approval of the Council. The cost of current schemes is 14.05 lakhs for the total period for which the schemes are to last and the annual expenditure is 3.51 lakhs. Then, as regards current schemes which will have to be recommended and which have not yet come up before the Advisory Board, the total is 15.36 lakhs, and the annual average is 3.53 lakhs. Now, schemes passed by the Advisory Board and likely to be submitted to the governing body, total cost 10.69 lakhs, annual cost, 2.69 lakhs. Schemes not yet taken up by the Advisory Board, but strongly recommended by Sir John Russell and Dr. Wright, two experts who at the end of five years' of working of the Council reviewed its activities and made recommendations as to the directions in which research work should be continued in future: 4.58 lakhs. Other important schemes, 1.34 lakhs a year, total annual requirements, 15.35 lakhs a year, with practically no money in the till. That is what practically it comes to because I have already explained to Honourable Members that the 22.61 lakhs in hand have been earmarked for schemes which have been approved and which must be completed.

Sir Syed Raza Ali: Do the additional requirements amount to 15.35 lakhs a year?

Sir Girja Shankar Bajpai: The future financial annual requirements of the Council come to 15.35 lakhs a year.

Sir Syed Raza Ali: And what is the amount budgeted for in 1940-41?

Sir Girja Shankar Bajpai: Nothing unconditionally.

Sir Syed Raza Ali: But, surely, there must be something for recurring expenditure?

Sir Girja Shankar Bajpai: The only amount definitely budgeted for is the cost of the administrative staff of the Council, *viz.*, the Vice-Chairman, the Secretary, two agricultural experts, and so on. So far as the actual research work of the Council is concerned, no certain provision has been made because the expectation of Government has been that the proposal for the cess will receive the support of this House and we shall find our money from the cess.

Sir Syed Raza Ali: My point is this. The Honourable Member read out a list of grants made by Government every year varying from three lakhs to eleven lakhs. Has a sum like that been budgeted for in the year 1940-41 or not?

Sir Girja Shankar Bajpai: In the first place, I should like to correct a misapprehension on the part of my Honourable friend. What I read out was not the sums of money that Government had been giving every year. I gave the total amount which Government had given for general research as an amount of 85 lakhs of rupees. The figures per annum which I mentioned were figures which the Council had allotted for expenditure. But the position is that for the year 1940-41 which began really on the 1st March, 1940, Government have made absolutely no unconditional provision at all.

Maulana Zafar Ali Khan: Sir, there is just a tiny doubt in my mind. . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not be interrupted. The question may be put after the Honourable Member has finished.

Sir Girja Shankar Bajpai: I was going to say that, in view of the description that I have given of the background of expenditure and financial support of Government on the one hand and coming commitments on the other, I think the Governing Body asked in December, 1937, from Government for a non-recurring grant of 16 lakhs of rupees. That request, because of the then prevailing stringency, was refused by Government. Then again in July, 1938, the Governing Body at which all Provincial Ministers were present unanimously recommended an increase of Government's annual grant to the Council from five lakhs to 25 lakhs a year. That request also was turned down. So, finally in July, 1939, the majority of the Governing Body made a recommendation that we should resort to

[Sir Girja Shankar Bajpai.]

a small cess on certain agricultural exports in order (a) that the Council should be able to meet its liabilities, and (b) that it should financially be independent of the fluctuations in the financial position of Government, fluctuations which would reflect uncertainty on the work of the Council.

In passing, I think it is worth while drawing attention to one fact. India is a country where we have 280 million acres of land under crops and I think there are something like 215 million heads of cattle. Agriculturally alone we have more than ten times the area under cultivation in the United Kingdom for example; and whereas the United Kingdom in 1938-39 spent something like £650,000, equivalent to 80 lakhs of rupees, in one year, on agricultural research, the account that I have been trying to give to the House of our activities will show that we have spent 85 lakhs of rupees in as many as very nearly eleven years. So that, the request for an expenditure of eleven or twelve lakhs a year is, considering the importance to this country of agriculture, by no means an exorbitant or exaggerated one. There is another point which also is worth making, namely, that the principle of imposing a cess on an agricultural commodity for the purpose of research is by no means new. There is cotton which pays a cess and the proceeds of which are managed by the Indian Central Cotton Committee; there is lac, tea, coffee,—I can give a number of instances but it is really not necessary to multiply them. The point which is worth emphasising, however, at this stage is that in the schedule which is appended to the Bill, care has been taken not to include any agricultural commodity which already pays an export cess; and it is the intention of Government that no commodity should pay a double cess, namely, one for the purpose of the research and one for any other purpose.

That, Sir, practically completes what I have to say regarding the activities of the Council so far, its programme of past work, its programme of future work, and its financial position. But there are two constitutional points which it seems worth while to emphasise. The first is that by resort to the method that we have proposed in this Bill neither the House nor Council. The idea is that the Council shall be required to appoint a Standing Finance Committee on which Government will have a representative, and which representative will have the right, not merely to record a minute of dissent, if he so feels disposed, but also to insist that the minute of dissent shall be placed before the Governing Body and brought by the Governing Body to the notice of Government. The second safeguard which is even more important is that the administrative charges of the Council will continue to come before the House annually for vote in the ordinary way, so that the House will be fully at liberty to call the Council to account if the Council does anything which is either unconstitutional or undesirable.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Are any members of the Council to be elected by the Assembly?

Sir Girja Shankar Bajpai: The Assembly does elect two members to the Governing Body of the Imperial Council of Agricultural Research. That will continue; there is no question whatsoever of changing in any way either the constitution or the functions of the Council. It is merely the financial aspect of the problem that I have been trying to explain.

To sum up, the commodities that already pay an export duty or a cess are not to be mulcted in any additional burden. The rate of duty is a half per cent. *ad valorem*. Honourable Members will agree that it is a very light impost indeed. The principle of levying such an impost is not new; it has already received the approval and sanction of the House which passed the Acts to which I have already referred. My own submission is that what we are seeking the approval of the House to at the moment is something moderate, something sound and something beneficent; and I hope, therefore, that the Bill will have the cordial support of the House. Sir, I move.

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

"That the Bill to make better financial provision for the Imperial Council of Agricultural Research be taken into consideration."

The Chair finds, there are two amendments in the name of Maulvi Abdul Ghani. Which one does the Honourable Member wish to move?

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st July, 1940."

Sir Girja Shankar Bajpai: Sir, if I may just mention one thing: I think you asked the Honourable Member to indicate his preference for one of his two motions.

Mr. President (The Honourable Sir Abdur Rahim): He has put down two motions: The Chair does not know whether he wishes to move both. It depends on him.

Maulvi Muhammad Abdul Ghani: I want to see the fate of the first amendment before I move the other.

Mr. President (The Honourable Sir Abdur Rahim): If he is going to move the first amendment, the Chair will then decide whether the other one is in order or not.

Maulvi Muhammad Abdul Ghani: Sir, up till now I was under the impression that there are only three pet children of the Government, but a fourth one has now cropped up. Railways, Posts and Telegraphs, and Finance Department were there, and now this is the fourth pet child of the Government of India.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): On a point of order, Sir, can he move both his amendments at this stage?

Mr. President (The Honourable Sir Abdur Rahim): Let him go on with the first one.

Maulvi Muhammad Abdul Ghani: Under the pretext of increased war expenditure, the three pet children brought up various financial measures and steps to secure or extort money. Now it is the turn of the fourth

[Maulvi Muhammad Abdul Ghani.]

child to come before us. This Bill is to tax the agriculturist only. Every association, every organisation and every government here express their heart-felt sympathy for the poor agriculturist; but if you look into this Bill it is apparently a charge upon the exporters, but the burden of it will fall upon the shoulders of the agriculturist ultimately. The exporters are not so foolish as to take it on themselves and they will pay the price to the agriculturist only after deducting the amount of the cess. Besides, I am opposed to this principle of giving power of taxation to a body like the Imperial Council of Agricultural Research. This body consists of two bodies, one called the Advisory Council and the other the Advisory Board. The former consists of 29 members and the second body consists of 61 members. I understand that this Imperial Council of Agricultural Research has spent during nine years a sum of Rs. 1,30,29,900 and more. If we go through the report, we find there are 253 experts under it, by direct appointment or by selection or promotion. In spite of this large number, this Council is fond of giving grants to universities for research work. I fail to understand what these 253 experts are doing when work is taken from the Agra University or the Dacca University and other institutions: it is going to spend about six lakhs over the veterinary investigations

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member resume his seat for a minute? It has been suggested to me that both the motions should be moved at the same time, so that Honourable Members may make up their minds whether to support one motion or the other. There will perhaps be a difficulty about that in this case—to allow the Honourable Member who has moved his first amendment, to move his other motion also at the same time. The scope of the two motions is different. Under the first motion, the Honourable Member cannot discuss the principle of the Bill: he can only ask for time in order that public opinion may be consulted. But as regards the motion for reference to Select Committee, the House will be entitled to discuss the principle of the Bill before agreeing to it. So, the Chair thinks, under the circumstances, the only course left is to let the Honourable Member go on with his first motion; and the House will give its verdict on that; and then if necessary the Honourable Member can move his second motion. But the Honourable Member must now confine himself to the motion and must not go into the merits of the Bill.

Maulvi Muhammad Abdul Ghani: I do not require more time. I am a very short speaker. I was only saying what was the necessity of money for the Imperial Council of Agricultural Research. However this is not the time to go into their budget and what they have done. So far as I have understood, they are Jack of all trades but master of none: they have worked for a number of years, but the results are before us. They now want to raise money by this Bill, and as I have just submitted the agriculturists are affected and their opinion is very essential. It has been urged that there is necessity for the money but those upon whom the burden of taxation will fall should be consulted or at least given some opportunity for expressing their opinion. I have not demanded any very long time—only till the 31st of July, 1940, and there will be no harm if the matter is going to be thrashed out before the next Session. With these few words, I move my motion.

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

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st of July, 1940."

Sir Syed Raza Ali: Sir, I rise to give my strong support to the motion for circulation of the Bill for the purpose of eliciting public opinion. I don't propose to make a long speech, but I shall confine myself to the main point as to why this Bill should be circulated for eliciting public opinion thereon. I shall not go into the question of the unsatisfactory financial position of the Department at this stage, but I will only say that it is unfortunate that my Honourable friend and his Department did not succeed in persuading the Finance Department to render help to the Department as in previous years. I understand that the grant made by the Government to the Department varied from three lakhs to eleven lakhs a year

Sir Girja Shankar Bajpai: No, Sir, if I may again explain the position, the expenditure of the Council varied from three to eleven lakhs a year, but Government have never given in a year a larger grant than five lakhs.

Sir Syed Raza Ali: I take it that the permanent grant made by the Government to the Council is five lakhs.

Sir Girja Shankar Bajpai: The annual grant has never exceeded five lakhs a year.

Sir Syed Raza Ali: Very well.

Now, they propose to incur a recurring expenditure of 15 lakhs a year. Sir, I have every sympathy with the Department in its desire to strengthen the position of the Imperial Council of Agricultural Research. This Department, let me make it quite clear, is doing very important work, and we all appreciate the work that has already been accomplished by the Council during the period it has been in existence. We would like the Council to go ahead with the start they have made in the matter of initiating new schemes, but the questions we have to consider at this stage are these. The Bill proposes to confer very wide powers on the Government, powers which I don't think any Legislature would be prepared to confer upon the executive Government in the manner proposed in clause 4 of the Bill. I agree it is of the utmost importance that public opinion should be elicited on these questions, but I will take only two questions. Sub-clause (1) of clause 4 gives power to Government to include any number of articles of agriculture, horticulture and other things in the list of articles which are subject to the duty of eight annas per Rs. 100. Now, if you look at the other end, the next sub-clause (2) of clause 4 empowers the Government to exclude from this list any articles of agriculture, horticulture and things like that, that they may deem fit to choose. Sir, these are very extensive powers, arbitrary powers which it is proposed to be conferred. We find in the Schedule attached to the Bill that there are 23 articles mentioned, but they don't stop there. It is open to the Government, after the Bill is passed, to include any number of articles in this Schedule. Similarly, it is also open to them to withdraw any number of articles.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is really going into the merits of the Bill.

Sir Syed Raza Ali: The matter is very important, Sir. I am not going, strictly speaking, into the merits, but these are points . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can mention the point why public opinion should be elicited, but he cannot go on discussing the merits of the Bill on this motion.

Sir Syed Raza Ali: My contention is this, that these are points on which it is very necessary to elicit public opinion, and I am putting them before the House. Let me come to the list itself. Again, it is very important that public opinion should be ascertained as to what articles should be included in the list. Sir, this list in the Schedule goes against the policy which has been pursued by the Government of India since the outbreak of hostilities. And what is that policy? The policy is to help promising industries which have already given promise of serving the country. Another aspect of this policy is that the Government have undertaken to control the rise of prices. Now, let us see how these two questions would be affected by this Schedule. Take, for instance, the articles mentioned here, wheat, wheat flour . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is again discussing the merits of the Bill. That cannot be allowed. The Honourable Member cannot go on discussing the merits of the Bill.

Sir Syed Raza Ali: I thought, Sir, it was necessary for me to do so to establish my point, but if you think, Sir, I should not . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can mention the points. That is all. He can point out why public opinion should be elicited, but he cannot go on discussing the merits of the Bill.

Sir Syed Raza Ali: This House, Sir, I am afraid, will not be in a position to take a proper decision unless it knows the public opinion on two points. The first is, having decided to control prices whether Government would be well advised to go against their policy by introducing this Bill, because, according to my contention, it will certainly lead to a rise in prices so far as certain articles are concerned. Then, the second thing is, it will hit hard some of the industries which already have made a good start. For instance, take skins and hides. The Bill proposes to impose a duty on skins and hides. I may again submit that in many countries the Governments are trying to help new industries, for instance, the export of fruit in South Africa. In South Africa, the Government heavily subsidise the companies which are engaged in the export of fruit trade. What this Bill proposes to do is,—I am discussing the principle . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot even discuss the principle. He can point out whether public opinion should be elicited, and his reasons for it.

Sir Syed Raza Ali: Then, Sir, this Bill, instead of helping the export of fruits, will handicap it inasmuch as it proposes to put a duty of eight annas on every Rs. 100 worth of fruits. These are very important points,

and I submit that this motion should be accepted and the Bill circulated. Unfortunately, we find ourselves in a very precarious position owing to the attitude of my Honourable friends who are sitting on my right. They have chosen in their wisdom even to abstain from voting when any important measure is before the House. I do not know what their attitude will be on this question, but, in any case, I hope that my Honourable friend will see his way to agreeing to circulate this Bill in order to ascertain the opinion of the public. I do not think that Government will be losing anything thereby. On the other hand, this House will be in a much better position to gauge the extent of public opinion on the important points embodied in the Bill. Sir, I strongly support the motion for circulation.

Mr. N. M. Joshi (Nominated Non-Official): Before I give my support to the motion made by the Honourable Member in charge of the Bill I would like him to give me some information. He stated that the Imperial Council of Agricultural Research makes research into various aspects of agriculture in this country. I would like to know whether the Imperial Council interests itself in research into the conditions of agricultural wage earners, whether they get adequate wages or not, and whether they work under proper conditions. Then, I would like to know whether the Council makes research into the conditions of agricultural tenants, what are the tenancy systems under which they work, whether the rents in different districts are reasonable or unreasonable, and whether the tenants get sufficient to eat by the cultivation in which they engage themselves. Then, I would like to know whether this Imperial Council makes researches into questions of methods of payment of rent, whether rent is paid in kind or in cash, and what weights and measures are used in making payments of rents. I would like also to know whether the Imperial Council makes researches into the systems of servitude that exist in Indian agriculture. In some provinces the agricultural wage earners and even tenants are tied to the land; in some cases the agriculturists are forced to render some kind of labour, free sometimes, and sometimes paid very partially. I am anxious to get information on these points. The Imperial Council of Agriculture is established to see that agriculture in India prospers and that there is improvement in agriculture. I am sure that the Honourable Member in charge of this Bill will agree with me that the matters which I have mentioned have very close connection with the improvement of agriculture in this country and I am anxious that the Imperial Council should interest itself in these matters. One word more. I should like to know from the Honourable the Mover of the Bill whether on the Governing Body of this Imperial Council there is sufficient representation given to the tenants of land and whether, as there is representation for the Chambers of Commerce and bodies like that which have nothing to do with agriculture, there is any representation given to *kisan sabhas* on the Imperial Council. I have no doubt that the Honourable the Mover will agree with me that the *kisans* in this country are vitally interested in this matter. I am sure that he will agree with me that they are more vitally interested than the Chambers of Commerce in the improvement of agriculture. I would like to get information on all these points from the Honourable the Mover of this Bill before I decide to vote either in favour of or against this Bill.

Sardar Sant Singh (West Punjab : Sikh): Sir, I rise to support the motion for circulation. First of all, I want to congratulate the Honourable

[Sardar Sant Singh.]

the Mover of the Bill on the lucid manner in which he has put his case before the House. With his usual eloquence he has tried to convince us of the utility of the Imperial Council of Agricultural Research. I can assure him that there is no difference of opinion so far as the importance and usefulness of this body is concerned. But the angle from which we look at this question is entirely different from the one from which he has approached the subject. It is not the importance or the maintenance of this body that is involved in the introduction of this measure. It is rather new principle which he has enunciated, of taxing the export of the articles included in the schedule, and we are not in agreement with the Honourable the Mover on that principle. So far, Government have been rightly contributing towards the existence and the maintenance of this body and I think, if I mistake not, the recommendations of the Royal Commission on Agriculture were such as to lay an obligation on the Government of India to maintain this body. But now, in this year, as has been rightly pointed out by the Honourable the Mover of the motion for circulation, under the garb of helping an admittedly good Council, he has come to raise more money from the taxpayers of India. That is a thing which we are very jealous to guard against. At the same time, the point which requires thorough consideration and for which the Bill ought to be sent to the country for circulation is what shall be the effect of this measure on the export trade of India dealing with the commodities which are mentioned in the list itself. In other countries, during recent years the Governments of those countries have been trying to subsidise and encourage their export trade. But in this country, from the very beginning of the Session we find that prices are being depressed by various measures that are being adopted under the guise and name of war necessity. Particularly in the case of agricultural produce the agriculturists are suffering terribly on account of the lean years that have preceded. It was only recently after the declaration of war that prices showed some tendency to rise. We find another measure being thrust upon the country to suppress the export of agricultural commodities. Not only that. We want to know, first, what will be the effect of this measure on the export trade in agricultural commodities; secondly, what will be the effect on the prices of agricultural commodities by the passage of this Bill, and thirdly, what is the attitude of the Provincial Governments with regard to this measure. That is an important matter. I am sure the Punjab Government will take strong exception to the passage of such a measure at this time of the year.

Sir Girda Shankar Bajpai: May I just, on a point of information, tell my Honourable friend that the Punjab Government, as represented by their Minister, did not take exception to this measure at the meeting of the Governing Body in July 1939?

Sardar Sant Singh: May I know the name of the Minister?

Sir Girda Shankar Bajpai: My Honourable friend, coming as he does from the Punjab, ought to know the name of the Minister very well.

Sardar Sant Singh: This piece of information comes as a news to me because the Punjab Government has been trying to be the advocate of the zamindars for a very long time, and really I was interested in knowing the name of the gentleman.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into all that.

Sardar Sant Singh: I am not entering into that in any controversial spirit but it has been a revelation to me however. The other question is an important one. Why should not the Provincial Governments who are as a matter of fact empowered under the Government of India Act to deal with agriculture contribute to the cess and to all these experiments and why should the Central Government alone be bearing all the expenses of this Research Council? Let us have their opinions on this point. Therefore, without going into the merits of the Bill or the principles underlying the Bill itself, I would strongly urge that the opinions of the agriculturists, the zamindar *sabhas*, the kisan *sabhas* and the Provincial Governments should be invited, also the opinions of commercial bodies. They ought to tell us what will be the effect of this cess on the export of agricultural commodities. That is an important matter to look into before the Bill is proceeded with. I, therefore, support this motion for circulation.

Dr. F. X. DeSouza (Nominated Non-Official): **Mr. President**, this Bill impinges on so many different interests and has such wide repercussions, to which the Honourable the Mover has discreetly refrained from referring, that I think I should like, as a practical agriculturist, to place before the House certain observations, before they are asked to vote on this Bill. Sir, every one of us highly appreciates the good work that the Imperial Council of Agricultural Research has done in this country to improve agriculture. It can justly claim pride for the fact that during the last year, in one year alone, the area which they have brought under cultivation under the improved methods of seed and other methods of cultivation has been substantially increased. In 1933-34, it was 8.6 million acres and in the year 1935-36 it was 21.4 million acres, an increase of 14 million acres in 12 months. That is something about which the Imperial Council can feel justly proud but I ask, has there been any improvement in the productive capacity of the acres under cultivation? The proof of the pudding is in the eating.

Now, let us see what are the improved methods of agriculture of which the Imperial Council are so proud and let us see what they have done for agriculture.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is going beyond the scope of the Bill.

Dr. F. X. DeSouza: I am asking what improved methods . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is discussing what the Council of Agriculture has done so far. That is not the point before the House. The point is whether public opinion ought to be consulted with regard to this Bill.

Dr. F. X. DeSouza: It is from that point of view that public opinion should be consulted and before public opinion is consulted, we cannot be asked to vote blindly on this Bill.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can give his reasons why public opinion should be consulted. So far the Honourable Member has been saying that the Agricultural Research Council has not been doing good work in certain respects. That is not the subject matter of the motion before the House and public opinion cannot be asked on that.

Dr. F. X. DeSouza: We do not get our money's worth from their researches.

Mr. President (The Honourable Sir Abdur Rahim): There may be some clauses to which that question may be relevant.

Dr. F. X. DeSouza: I come to another point. As pointed out by my Honourable friend, Sardar Sant Singh, we want to know what would be the effect of levying this cess upon the prices of agricultural produce? It is elementary economics that if an export cess is levied on produce, which is not the sole monopoly of the exporting country, then the cess is paid by the producer. In other words, this cess of $\frac{1}{2}$ per cent. on the *ad valorem* price of the export will eventually be borne by the producer, the agriculturist and if you remember that in addition to that the poor agriculturist has to suffer from the rapacity of the middlemen, you can easily imagine that the agricultural producer will have to pay a great deal more than this $\frac{1}{2}$ per cent. *ad valorem* value. That is one aspect of the matter. What will be the effect of this rise in prices? Will it not interfere with the ability of the agricultural producer to compete in the international markets of the world?

An Honourable Member: It is bound to.

Dr. F. X. DeSouza: If so, does it help the agriculturist or does it restrict his power of export? This Session has been a Session for imposing taxes on all sorts of war profits.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into all that.

Dr. F. X. DeSouza: I shall not be wrong if I refer to this cess as an Excess Profits Tax on agricultural produce. Apart from that, what about the Provincial Governments? They must have a say in the matter. By raising the price of agricultural produce in this manner and restricting the exportable capacity, this Bill has the effect of reducing the taxable capacity of the agriculturist and the power of taxing the agriculturists is a subject for the Provincial Governments. Will they look with equanimity upon a reduction of their taxable capacity? Anyhow, their opinion should be called for. I do not think the Government of India have any right to encroach on the rights of the Provincial Governments. It is for them to determine to what extent their taxable resources are infringed.

Then, it is widely felt that the results of the researches of the Imperial Council, greatly beneficial as they are, are not brought home to the agriculturists. Where are the village demonstration farms and experimental farms to demonstrate to the villager the improvements that have been effected by the Imperial Council of Agricultural Research? There are none

at all. So far as I know, what happens in the provinces is this. The Agricultural Department is run as the department of Government. It is a soul-less department. It is a heartless department. You ought to make the agriculturist a partner with the Government in running the cultivation of land. Do as they do in a model State. I will tell you what they do. In Mysore every agriculturist feels that he can always fall back upon the experts of the Government for any help that they require. Whenever, I for one required the services of the Agricultural Department, they sent me the Agricultural Director himself, then the Agricultural Chemist and the Mycologist and every other expert. Will the Government of Madras' experts make a visit to the farm and give the agriculturist advice if he is in need of it? If I make a similar request to the Government of Madras, they will tell me to go to a very warm place

Sir Girja Shankar Bajpai: And yet this is the Government which my Honourable friend wishes to consult?

Dr. F. X. DeSouza: In any case, as I have indicated although I sympathise with the objects of the Bill and I sympathise with the necessity for researches, I think the finances should be found not by taxing the exports of agricultural produce but they should be found from the general revenues. What do we get? What do the agriculturists get from the revenue

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is again discussing the merits of the Bill.

Dr. F. X. DeSouza: I have already said enough and shall not trespass beyond the limits permissible; I think I have urged enough to show that this Bill should be circulated for the purpose of eliciting opinion thereon, by the 31st of July, 1940.

Maulana Zafar Ali Khan: Sir, I will not inflict a long speech on the House, but there are certain points to which I wish to draw the attention of my Honourable friend, Sir Girja Shankar Bajpai. A very beautiful song of my Honourable friend, Sir Girja Shankar Bajpai. A very beautiful song has been sung by him—the constitution, and the functions of the Imperial Agricultural Research Institute, everything about it has been put in an excellent way, but there is another angle of vision from which we look at the work of the Agricultural Institute. What do the people say? The people say that it is a luxury, it is all high-sounding title, but the lot of the agricultural population of India remains as deplorable now as it was when the Agricultural Research Institute was not brought into existence.

Mr. M. S. Aney (Berar: Non-Muhammadian): Not worse—quite sure?

Maulana Zafar Ali Khan: Then he wants to impose on agricultural commodities a cess the proceeds of which will be handed over to the Agricultural Institute for making a better financial provision for them. I think this is a vicious principle. Only the other day we heard a high authority in England declare from the housetops that only two things kept England alive,—a strong army and navy and aircraft also and exports. England can be kept alive if only she can export goods to other parts of the world, but directly the flow of exports from England ceases, England

[Maulana Zafar Ali Khan.]

dies. That is the principle for England. Then why not, Sir, should the same principle be applied to India also? India, they say, is an agricultural country. So concentrate all your energies on developing agriculture on a scientific basis, but you do not do even that. Our industries are starving, and you are levying cess upon cess and tax upon tax,—one day forth

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must really address himself to the motion before the House. He can resume 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.

Maulana Zafar Ali Khan: To resume the thread of my story. I was pointing out, Sir, that the imposition of a cess on agricultural commodities intended to be exported from India is a vicious principle and I had pointed out that England for its very life was obliged to declare that unless the army and navy are there and unless the exports are there, there is no life for England. So, I wanted that principle to be applied in the case of India and if my Honourable friend in his Bill had used the word 'import' instead of the word 'export', I would have quite agreed to it. My Honourable friend, Sir Girja Shankar Bajpai, says that this duty would amount to about twelve lakhs, which is a very modest sum. It is a modest sum for you because you deal in astronomical figures. You deal in crores and *arabs*. One day's expenditure of war incurred in Britain comes up to nine crores, whereas twelve days war expenditure means the total revenue of India for one year. So, when you deal in these colossal figures, the sum of twelve lakhs may be a flea-bite for you, but for the poor agriculturists, like ourselves, it is quite a big sum. So, if you want to make a definite provision for the Imperial Council of Agricultural Research, do it in some other way. Why should not England pay for it? Why should we pay for it? We have been paying already so much that nothing is left with us. You have already imposed so many taxes on us and you want to impose still another.

Then, Sir, there is another point. If I were in the confidence of the Government, I would have suggested to them to keep this Bill in a state of suspended animation till such time as the war is over. Faced as we are with a deficit budget, which is mounting up, God knows when the war will come to an end, and you are indulging in these luxuries. It is not a time for luxuries. It is a time for bare existence. So, keep this Bill in a state of suspended animation till the war is over. If you do not accept this proposal, then I would point out that agriculture is a transferred subject.

Have you invited the opinion of the Governments of the various provinces? Evidently, you have not. You ought to invite their opinion if there is any sense of responsibility with you. We know that you are irresponsible. Power makes one irresponsible. Once plain Mr. Morley

said: "I am the guide, the philosopher and the friend of India and India must be given independence." Later on, when he became Lord Morley, he said: "Indians cannot get anything more for 500 years. We cannot give them anything more". When somebody asked him the reason of this inconsistency, he replied: "Power sobers." So, agriculture is a transferred subject and the opinion of the Provincial Governments must be invited. May I ask what will be the effect of the imposition of this cess on the industries generally and on the price limit? There will be a tremendous effect, a most deplorable effect. Industries and agriculture are allied subjects in this country. You levied a certain duty on hides and skins, commodities in which mostly Muslims and the depressed classes deal. The result was the loss of one crore. Afterwards, the duty was removed and the things balanced themselves. Now, you want to levy another duty on hides and skins which are agricultural produce, because Sir Girja Shankar Bajpai has already informed the House that agriculture includes 'livestock' also. The result will again be that poor Muslims will suffer because this is the only industry in which they have a proper share. The poor depressed classes will also suffer. The effect would be disastrous to these two classes. In giving my strongest support to the amendment before the House, I would ask the Government to circulate the Bill for eliciting public opinion; for there was never more need for eliciting public opinion than in the case of this Bill. With these words, I support the motion for circulation.

Mr. P. J. Griffiths (Assam: European): Mr. Deputy President, I rise to support the principle involved in the amendment moved by my Honourable friend, Maulvi Abdul Ghani, although, as I shall explain at a later stage, our action at the time of voting will be determined by the response of Government to our attitude. In speaking on a dilatory motion of this nature, it has become customary in this House to explain that one's intentions are not, in fact, dilatory but that for some technical reason or other one considers that a Bill should be referred to a Select Committee or should be sent for circulation and that the last thing present in one's mind is any kind of wish to delay the passage of a Bill. For my own part, I propose to depart from that practice today and to make it quite clear that my attitude is determined entirely by a wish to delay the passage of this Bill. I wish to delay its passage, not because I regard it as a bad Bill, but because I regard it as a Bill which, in detail, requires very much greater examination than could possibly have been given to it in the short space of time available since its presentation. I wish, further, to speak on this particular amendment in order to take the opportunity of uttering as emphatic a protest as possible against the growing Governmental tendency towards hasty legislation in general and hasty taxation legislation in particular.

In the old days, when the legislative output of Government was judged by quality rather than by quantity, for a Bill of any kind reasonable time was allowed for its due consideration by the public and by the Legislature. But in these days, when so much that was of value is gone, we are presented with a taxation measure on a Thursday morning and we are told forsooth on the Wednesday next following that this Bill must be passed today—that if we do not pass this Bill here and now, the Imperial Council of Agricultural Research will be put into difficulties and, perhaps, even the fabric of Empire will totter. And so, with this threatened disaster staring at us in the face, we are asked, after five days consideration, to deal with a

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Bill which, in some respects, is of very great importance to a very large section of the people. After all, let me put this plain question to my Honourable friend, Sir Girja Shankar Bajpai. Does he believe that in the five days which have elapsed since he introduced this Bill, we have had enough time to receive replies from our constituents or from those who will have to pay this tax, if this Bill is passed as it now stands? Does my Honourable friend consider it proper that in dealing with a measure of this kind, our constituents—those whose interests we are here to defend—should be deprived of all opportunity of expressing to us the views which they hold with regard to the Bill and its proper working? I know that my Honourable friend, with his usual dialectical skill, may try to argue that this Bill, after all, is a very unimportant Bill, that the incidence of the tax proposed will be slight, that the volume of taxation to be realised is little and that, therefore, there is really no reason why we should undergo a long and elaborate procedure. But I want to reply to him on that point to the effect that no taxation measure, however slight be the incidence of tax proposed, can ever be regarded as unimportant. When you accept a tax, you are accepting a principle. You are laying down that certain classes of people must make contributions towards a particular form of expenditure although the incidence of the tax may be light, once you have accepted that principle, you have very little defence, at any rate on the question of principle, at a later stage when it becomes necessary to increase that tax. Sir, I would contend that any taxation measure is sufficiently important to demand a reasonable time for its proper consideration. But quite apart from that contention the argument that the incidence of the tax is light and so the Bill does not very much matter, is an argument which we, in this House, can never accept. For although the incidence of the tax may be slight, the practical inconvenience and trouble and the bother involved in paying that tax, as everybody who has experience of export duties knows, are very considerable. It is quite true that the amount you have to pay is small. But those of us who have to pay export duties know, to our cost, that we have to fill up innumerable forms, then waste a lot of time before anybody in the office concerned will receive payment. I can assure the House from my knowledge of the particular industry which I represent, that to pay an export tax is really a difficult business which really involves very much expense and trouble to the people who are trying to export.

My Honourable friend, Sir Girja Shankar Bajpai, does not realise that there is a very great difference between the expedition of Government in dealing with a measure of this kind and the expedition—or its absence—in the offices of their subordinates when they are receiving money that the exporters have to pay. We are expected to pass this taxation measure after studying it for five days. I can assure my Honourable friend with regard to the export duties of which I have experience that it very often takes you very nearly five days to pay export duty on a single article of export of slight value. I am not using this as an argument against this Bill. There may be very good reasons why the tax has got to be levied, and if such reasons are given, we shall have to put up with the resulting inconveniences. But what I am trying to establish is the fact that the slight incidence of this tax is no reason, whatsoever, for regarding it as an unimportant measure which can be rushed through without due consideration.

After all, if you examine this Bill, which I do not propose to do, in detail at this stage, you will find on a cursory reading that there are a

number of points regarding which we need further information before we can finally commit ourselves to accept it as it stands. In the first place we are told that the rate of tax, which has been fixed, is such that it is expected to realise the sum required to meet the expenses of the Imperial Council of Agricultural Research. Is there any single Member of this House who has yet had time to study the export figures and satisfy himself that the amount yielded by this tax will be the amount required? (Interruption.) Possibly my Honourable friend, Dr. Banerjea, has satisfied himself, because, comparatively speaking, he is a man of leisure. (Interruption.) I am delighted to hear that even my Honourable friend, Dr. Banerjea, in spite of his leisure, and in spite of his earnestness and industry has not yet had time to study this Bill carefully. It is for the House to consider the Bill carefully and to say whether the sum likely to be produced out of this tax will be roughly comparable to the amount that will be required. To consider that aspect of the Bill will take some time. Quite apart from that, when I turn to this Bill, I find that there are 23 items set down for the imposition of export duty. Has any Honourable Member of this House yet had any time to consider whether these 23 items are the right items, whether some of them should not have been left out or whether some fresh items should not have been included? How can such an examination be conducted without prior reference to those whose interests are concerned? I know quite well that these questions have been examined by the Government in the department concerned.

My Honourable friend, Sir Girja Shankar Bajpai, has a well-earned reputation for meticulous accuracy and I have not the least doubt that he has satisfied himself fully on these points and I hope that the governing body of the I. C. A. R. has similarly satisfied itself on these points. But no amount of satisfaction to themselves by the Government or by the I. C. A. R. can absolve us in this House from insisting on a chance of satisfying ourselves as to whether the particular 23 items chosen in this Bill are the 23 items which should have been chosen. We cannot abdicate our responsibility. We cannot say, 'yes, we are willing to pass this Bill today and take it for granted that the choice made by the department is a wise choice or a proper choice'.

I know there are practical difficulties. I know that Government will tell us that unless we pass this Bill the financial position of I. C. A. R. will be unsatisfactory. I know they will tell us that provision has not been made in the budget this year for the I. C. A. R. to carry on its activities and that unless we pass this Bill, its work may be brought to an end. Whose fault is that? Let me ask my Honourable friend, Sir Girja Shankar Bajpai, whose fault is it that no provision has been made in the Budget? Is it for the Government to assume that the Bill will be passed by this House? Is it for the Government to say in regard to this important item of work, which has been continuing for some time, "We propose this year to make no budget provision because of course the measure which we shall place before quite amenable and to accept the measure which we shall place before it"? I submit with the greatest respect that we cannot allow Government, however good their intentions may be, to make assumptions of that kind. After all there is nothing new, there is nothing special this year in the position of the I. C. A. R. Its position this year is very much the same as it was two or three or four years ago. If Government felt it particularly necessary to make this particular change this year, then, surely, it was up to the Department to have brought this Bill forward in the Simla Session of last year. If they could not do that it was incumbent upon

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them, not to assume that this Bill would be passed forthwith, but to make budget provision for the I. C. A. R., a provision which would merely have become unnecessary if the House had passed this Bill. I know that in many respects—possibly in more respects than some of us like, but certainly in many respects—Government are very far from imitating the businesslike practice of commercial concerns, but I do think that the time has come when Government should at least imitate commercial concerns sufficiently to try to look ahead. I do maintain that the House has a right to expect that Government will once for all put an end to this business of coming along to the House with a taxation measure saying the matter is urgent and that the measure should be passed forthwith.

Sir, if I took my stand on the grounds of pure theory, I should have no hesitation in supporting the motion for circulation of this Bill for public opinion. But, at the same time, we do try in this Group to recognise practical necessities, and much as we blame Government for having put themselves in their present difficult position, we are prepared to meet their views to this extent that if Sir Girja Shankar Bajpai can, at this stage, assure us that Government propose to accept the amendment for reference to a Select Committee, which will at least ensure a certain amount of time for the examination of these important details, we shall not support the present amendment when it comes to the division lobbies. But if, on the other hand, such an assurance is not forthcoming, Government will leave us no option except to support this amendment which has been moved by my Honourable friend, Maulvi Abdul Ghani.

Dr. Sir Ziauddin Ahmad: Sir, some time ago, a person employed a servant and on being asked about the salary replied that he must earn it either by begging or by robbing. That is just the position of my Honourable friend, the Education Secretary. The Finance Department told them there was no salary for the Council of Agricultural Research that they should have it by begging or robbing and so he is now committing robbery on those who are interested in agriculture.

Sir Girja Shankar Bajpai: With the approval of the House.

Dr. Sir Ziauddin Ahmad: No, with the help of the Treasury Benches.

My Honourable friend's only argument was that some of the Provincial Ministers on the Council who were present at one of the meetings were in favour of this. But I may tell him that the position of the Ministers is different from that of Government. The Government are responsible to their parties and to their legislatures where their actions may be questioned, but a Minister, in his individual position, is responsible only to himself. Nobody knows what opinions a particular Minister gave, but we know definitely that our representatives on the Council of Agricultural Research did not support this motion, because they did not like it. Therefore, it is only fair and just that we should give an opportunity to the Provincial Governments to express their opinion before we pass a measure like this. My friend, Mr. Griffiths, asked how they chose these 23 items for taxation? My reply is that they put the names of all agricultural items in a box and by lottery these 23 items were chosen. They were conscious of their shortcoming and they noticed some important items may have been left out and so in a clause of the Bill they provided that they should have power to remove any of the items from the list or

add new ones to it. It is clear that they never approached this problem in a scientific manner. They did not calculate how much each item would earn and I expected the Education Secretary to tell us what each item would bring and what the total would be. It is just like what was done in the Second Finance Bill of 1931 when the customs duty on all commodities was increased by 25 per cent.

My friend spoke a lot about the Imperial Council of Agricultural Research but the prevailing opinion in the country is that it is no better than the rural uplift programme. At one time Mr. Brayne wanted to make Gurgaon an ideal place, but with his transfer the whole scheme of making it a model place disappeared. I am afraid that it may die out in the same way as the Village Uplift Movement died out. So I am not very much impressed with the account of this department's work as was given by the Education Secretary. I should rather like to have the views of the agriculturists themselves and the zamindars who are vitally interested and also of the Provincial Governments. So, unless we have these views and unless we have scientific and well-studied proposals, it is hard to support this.

We know of import duties and export duties and excise duties for revenue purposes and we also swallowed cess duty on certain commodities which require improvements. But I never heard of a cess duty on agricultural products which may or may not need any improvement. Therefore, no case has been made out at all and my Honourable friend perhaps brought forward this Bill because Congress Members are not here to vote it down. It is a fantastic proposal. I do not know in what manner each one of these particular articles will be improved by this cess, and no programme has been laid before us. Take bones, for instance. We do not know the condition of this industry. It is really the railways who stand in the way of the development of these industries by not giving them sidings or places for storing. I do not know how it is proposed to improve bones, and the same applies to all these articles. In the years 1931 to 1934 we had debates here about the export duty on hides and skins, and Government were so much convinced that they abolished the export duty by the certification of the Viceroy. When they were convinced that it cannot stand any export duty how is this new cess sought to be imposed now when there is so much curtailment of export? On the one hand is the Commerce Member who is putting all sorts of restrictions on export and on the other hand is the Education Secretary proposing an additional duty on an article which is already under difficulties on account of war conditions. These things should be carefully studied and not rushed through simply because the police in the shape of Congress Members are not here.

Mr. P. J. Griffiths: Are not the special police here?

Dr. Sir Ziauddin Ahmad: The police is the Congress Party and the special police is the conscience of my Honourable friends on the Treasury Benches. So both are absent and the Government are trying to rob the people and bring up a proposal of this kind. If the existence of this department was considered so essential by the Government of India why did they not put it as an item of expenditure? They might have added one more duty on a small article and collected seven or eight lakhs. It would have been easy for them. But the Finance Department is not convinced of the necessity of continuing this department from the public exchequer.

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If he thought that it was necessary for him to find money for the continuation of this department, it would have been very easy for him to do so. He found money for the Delhi University but he refused to find money for the continuation of this Imperial Council of Agricultural Research on the ground that the Government of India did not consider it was necessary or profitable to the country to justify their asking the taxpayer to find the money for it. Probably, the Government of India told my Honourable friend to go about the country and find the money if he wanted to continue the department, and this Bill is the outcome of the refusal of the Finance Department. I think it is a great moral crime if this Bill is pressed at this particular moment: they ought to accept the verdict of the non-official Members who are supposed to know the desires of the people much more than the official Members, and we should get an opportunity to find out the opinions of those whom we represent whether they do or do not want this Bill. I am for circulation of the Bill and not for rushing it through.

Mr. Muhammad Nauman: Sir, my Honourable friends have explained the position and practically all of them support the motion for circulation. I only want to say this, whether it is the desire of this Government to run this Agricultural Council also as a commercial institution. From the Statement of Objects and Reasons it certainly looks so. They say that certain commodities should be taxed for the benefit of the agriculturists for the advancement of which this Council exists so that it may be self-contained. There are already two Government Departments, Railways and Posts and Telegraphs, run on commercial lines and we have seen to our bitter experience that since their assumption by the Government there has been little or no relief even to the man in the street, not to speak of higher sections. This is the third Department introduced to us on same pretext. I do not know whether in the long run Government propose to run all their departments on commercial lines. Then, probably, even the high offices will be auctioned out to the best bidder and a plea will be made that every department must pay its own expense.

The most important question arising out of the principle of this Bill is whether it is not the duty of the Government to look to the development of the resources of the country. If they can conscientiously feel and say that the Agricultural Research Council is in the interests of the country, then what is the difficulty in providing funds? I will not repeat what Sir Ziauddin Ahmad has said so very ably regarding the reason why no provision was made in the Budget but I will say that the reason why you did not provide in the budget for this expenditure was because you were definite in your mind that you could compel the sanction of this House. If you can appreciate the sense of protest that has been made you ought to know that we have our great feelings of resentment about this matter. We have told you that this Bill must be circulated and a referendum taken from the people whom you are taxing.

As Mr. Griffiths of the European Group said, it is very strange that the Honourable the Secretary for Education should come before us with a piece of legislation which involves important matters of principle and expects us to study the whole pros and cons of it in five days. If we are to show our faces to our constituencies we cannot take any responsibility at all for this Bill which we have hardly had even time to study.

I hope that for this reason the Government will accept the motion for circulation. The Government can by virtue of their majority compel the House to ignore the sanction of the people and I do not know if that is their desire. If that is the intention of the Government, then I can only repeat the Urdu line which probably Sir Girja Shankar Bajpai will appreciate:

"Mujh se meri haaron ka poochna besood hay"

"Tum vehi akhir karoge jo tumhare dil men hay."

Which means: "It is no use asking us to say what we want, when you have decided to do what you will". Do not ask for our sanction; do not come with a Bill and do not make it appear as if you are doing everything constitutional when you have a certain advantage to ignore the opinion of the elected section of this House and which you can take and thrust the taxation measure on unwilling taxpayers.

I do not want to speak on the merits of the Bill. I have already said that one important principle here is whether the Council has to be run on commercial lines or not. The other principle is that we are going to tax our exports. In all countries exports have been developed and encouraged; and in this country, where if we cannot export any appreciable quantities of finished goods, we can at least export our raw produce. I find in the list attached to the Bill there are certain items of which I have some knowledge—hides and skins, for example. Sir Ziauddin Ahmad has already referred to the debates on this subject in this House between 1931 and 1935. I would say further that in 1936 the then Finance Member, Sir James Grigg, was convinced that the principle of the duty on skins was bad and had adversely affected the trade and so he removed it. Now, again, we find that Sir Girja Shankar Bajpai wants to tax that commodity and cripple skins and hides trade, which is run mostly by depressed classes and the Muslims. I shall not dilate on that point now as I shall have another opportunity when the Bill comes before the House again, but, at present, I want to impress this: will the Honourable Member explain to the House the average amounts of products in the list with tonnage and total export value. On what basis has he come to the conclusion that he will get only 14 lakhs, and not more? My own estimate is that he will be able to collect far more, but he has given us a small figure in order that the House may not be alarmed that a huge amount is being extracted out of the taxpayers. Sir, so far as I know, the total value of the export of skins alone is about three crores; the total value of hides is about a crore or thereabout, and the total value of seeds exported is about another crore and half, and all these commodities are those the bulk of which are exported in big quantities. There is no doubt that the export of these products has been affected very much recently by difficulties in obtaining freight and quota system and the trades in these commodities are not flourishing as they used to do about 20 years ago, but it cannot be said that they have at all deteriorated to such an extent as not to have no importance in export trade.

Then, Sir, another point is, where is the guarantee that the Agricultural Research Institute will be maintained at this figure of 14 or 15 lakhs? They may require another 50 lakhs tomorrow, and as Mr. Griffiths has very ably pointed out, there is a question of principle involved when we give sanction to this Bill, and as such we should have enough time to go into the question and to consult our constituencies and also to elicit the opinion of important bodies which are interested in the development of

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agriculture. If we find that the public hold the view that the Agricultural Research Institute and Council should be maintained, then, of course, we will be bound to give our sanction to its finance. Sir, I must say there is a general feeling that this Council is a white elephant, and it has not helped the development of agriculture in this country at all. There is a lot of propaganda carried on in favour of this department; it is a place, as Sir Henry Gidney once said, "where minutes are kept and days are lost". I do not know what advantages average agriculturist of this country has been able to derive so far. I mean ever since the establishment of this white elephant. To maintain this white elephant you want to tax the whole country, and the poorest of the poor may be affected. Later on, when opinions have been ascertained, if it is found that this Institute has been doing good work, that the peasants and agriculturists have reaped good benefits, we may agree to give our sanction, and then you can add even a few more items; but as things stand at present I do not think we shall be justified in giving our sanction to this measure. Of course, we can oppose this Bill, but at the moment we are only concerned with the question whether the Bill should be circulated for public opinion or not, and when opinions have been collected and placed before us, we shall be able to decide what line we should take in regard to this matter.

Mr. Huseenbhai Abdullahai Laljee (Bombay Central Division: Muhammadan Rural): Sir, let me first thank you for giving me an opportunity today to have my say on this matter, because before now I stood up for about a dozen times to catch the eye of the Chair and yet I could not get a chance to speak on this most important matter. I know this is a most unfortunate position for any Member who has not joined any Party in the House. However, I never had this experience in my life of 24 years in different legislatures. Here it seems one is forced to join one or the other Party to catch the eye of the Chair. However, as necessity has no law we will now have on every question to move an amendment in order to represent the views of our constituency.

Now, Sir, coming to the question before us, to my mind this is one of the most important Bills that we have had before us for some time. This Bill looks very simple and innocent as some people have tried to point out as such but it is not so. The issue before us is one wherein the Government want to do something new and the representatives of the people, who shout as the true friends of the poor agriculturists, do not show sufficient or any interest. In season and out of season it is said that a very large part of the population of this country are agriculturists, they are entirely dependent on agriculture, that the welfare of the agriculturists is our first concern and foremost concern should be shown to them and all that sort of thing, but may I ask in all earnestness whether this Bill does not really show the depth of the anxiety of the Government for the poor agriculturists? Now, what are you asked to do by this Bill? What do the Government want to do? They want to tax the agricultural products, practically all of them, excepting, of course, rice, jute and cotton. All the items have been put down in an alphabetical order in the schedule. Perhaps it would be wise if somebody on behalf of the Central Board of Revenue tell us as to why the first three items, namely, Bones, Bristles and Butter have been put when these have never been exported from this country and how have they been included in this. That is how things

are done to delude many, but ordinarily business men are not so foolish as not to look at these seemingly superficial things. I do not know what is meant by item No. 4 cereals, (other than Rice and Wheat), because in item No. 21 again wheat appears, whether this item No. 21 refers to Punjab wheat or Khandesh wheat or what. The experts who must have put down these articles must know the true position and that is that all the wheat is included.

Now, Sir, it is a well-known fact that the first care of every Government should be to see that the interests of the very large number of people who pay the most for the maintenance of the Government are protected. I contend, Sir, as representing the people of the Central Division of the Bombay Presidency, that a large portion of the revenue which the Centre and the Provinces derive comes from the agriculturists. If that is the position, what have the Central and Provincial Governments done to help the agriculturists? Of course, we know this much, that after years of agitation to improve the condition of agriculturists a Royal Commission was appointed, and after that Commission had made their recommendations, one would have expected that the Government would devote at least a few lakhs of rupees for the development of agriculture out of the crores and crores they get out of this country by way of revenue. Now, see what are they going to do for these 15 or 20 lakhs, and how for this small sum they have made bold to come forward here with a Bill like this? I ask what are all the taxes collected for? Again, Sir Girja Shankar Bajpai has just pointed out, there is in India over 280 million acres of agricultural land and about 250 million heads of cattle, but still this Government would not like to spend about 15 or 20 lakhs from the crores and crores of revenue they collect from the people for its development for agriculture? May I know, Sir, if they can't spend any moneys on agriculture, for what other better and important purpose are they going to spend our money?

My friend opposite alluded to the absence of the Congress Party in the afternoon. They were present in the morning and the Leader of the Opposition though an eminent lawyer he represents the agriculturists Opposition though an eminent lawyer he represents the agriculturists constituency's interest here and not the legal profession, similarly, I represent the Central Division, agriculturist constituency here and I am very sorry to find that, although he and his Party were here in the morning, although he and his Party claim that they represent 90 per cent. of the agriculturists, yet not one of them is present now when this and other measures of such momentous importance are before the House, during this Session. In a way I am glad that they have not come just now or they would have been very sorry. All the same, I ask once again in the name of the public, what are the Government going to do with our moneys if they are not going to spend 15 or 20 lakhs on the welfare of the agriculturist, what other duty than this all important one are they going to perform?

Let me now take another important question that arises. Every Government have always and ever been now waging great wars with only one object, and that is, with the object of finding markets. What is the meaning of finding a market? Throwing their own produce on others and getting out money from them. That is really the object. Your produce ought to be sold somewhere and encouragement is necessary for the purpose. My Honourable friend, Sir Girja Shankar, gave us just now some important figures. He spoke of eighty lakhs being spent by the British

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Government on agricultural research in England. May I ask, was any special Bill produced there? England is not an agricultural country. Out of four crores of people in England I do not think more than four lakhs are agriculturists and you find that Government which rules here are spending there 80 lakhs for the welfare of only four or five lakhs of her people. But here our Government is unable to spend 14 to 15 lakhs, and they want to tax for this purpose all the commodities. I admire their persistency. Again, you have got also to consider the commercial and business point of view. When you sell and export these articles, the Honourable the Finance Member will tell you that those who sell and export large quantities, enormous quantities of agricultural produce, do not and cannot earn even two per cent. and that out of that two per cent., invariably one per cent has to be given away to the other side. So this huge business is carried on with about one per cent.

The Leader of the European Group—I would call the British Group, because here we have nothing to do with the European community—will surely say that he is doing business, and many great firms even like Rallis and Volkarts are doing business, on one per cent, and what is their income and what amount of income-tax is paid by them? That will show what one per cent. really means, and what half a per cent. means. When the Finance Member has included four or five lakhs for the Delhi University for graduates in the Budget and even referred to it in his speech the same Member who is responsible for looking after all our money that he gets from the poor cultivators does not provide 15 lakhs, but it falls upon the Member who is to look after the welfare of the agriculturist to come forward with a proposal to tax the agricultural commodities is really very queer. Above all, you have also got to consider this, namely, under what circumstances your exports are being sold by your countrymen in foreign countries. Wherever you send your goods, wherever your business people are trading, there is nobody to help them, and in many parts of the British Empire your own merchants who sell your raw produce which is now going to be improved by this research—I do not know to what extent and as my Honourable friend, Dr. DeSouza, said how much will be the yield—they are treated as dogs there. No protection, no police, no judiciary, no Trade Commissioner or Consul. With this handicap 90 per cent. of the agricultural produce is being pushed forward, and to grudge to provide 15 lakhs to make special researches,—and that too after the Royal Commission came down upon you and forced the Government to do their first duty by the agriculturist,—they still bring forward a special Bill, and nobody on the opposite side comes forward and says that this is not at all fair and right is really a great misfortune of ours. I should like to congratulate the Muslim League Party on the fact that no less than six of their Members have been given a chance to speak on the subject. I also agree with every word that has been said by my Honourable friend, Mr. Griffiths. I would only say that it is not at all wise and prudent for the Government even at this time to bring in a Bill like this. The only fair and equitable and dutiable thing for Government is to withdraw this Bill and say that they do realise what their duty is; if they do not do it, let the Bill go out. Let even now the whole agriculturist people throughout India know how much care is being taken, let the commercial and business men know how the Government are bringing forward special Bills for everything. Let people know that for education, medical health, social work, for labour, for everything separate Bills will come, and that all money that is coming

now is earmarked for something which has been going on, and that for every and any improvement we must have a separate tax Bill. With these observations I submit that this Bill ought to be sent out for eliciting public opinion.

Sir Girja Shankar Bajpai: Mr. Deputy President, the Chair observed this morning that, in discussing the motion for circulation, one should avoid going into the merits of the Bill and should concentrate on the merits or demerits of circulation. With your permission, that is the objective which I propose to set to myself. But before I go on to that, there are one or two preliminary observations that I should like to make.

The Honourable Member from Etawah, Dr. Sir Ziauddin Ahmad, suggested that we had been as haphazard as one picking chits from a lottery, in selecting those items which figure in the schedule to this Bill. I do not plead guilty to that charge for a moment, but even if it were true, I should say I was in very good company, because my impression is that the learned Doctor himself picks his points for debate more or less in the same fashion. Turning to my Honourable friend, Mr. Griffiths, who made some very pertinent points, there is one that I should like to single out for special comment. He twitted us,—being in a position of greater freedom and less responsibility—he twitted us with being a Government not given to expedition. May I remind him that he was taken by "business" from Government, and as such, in my judgment there is much to be said for a Government which can reinforce business with men like Mr. Griffiths.

Mr. A. Aikman (Bengal: European): That's very rare.

Sir Girja Shankar Bajpai: It is simply because the business community has not the good fortune to approach the Government for officials in the numbers that it really needs them.

Moving on to what I might call the serious part of the discussion, the suggestion is that the Bill be circulated for the purpose of eliciting opinion. Whose opinion? (Interruption by Mr. Muhammad Nauman.) I did not interrupt the Honourable Member when he was speaking. The opinion of the Provincial Governments? The Provincial Governments are represented on the Governing Body by their Ministers. My Honourable friend, Dr. Sir Ziauddin Ahmad, did try to draw a distinction between Ministers and Governments, but I should have thought that under any democratic system a Minister represents the Government. In any case, we are not prepared to go behind the representative character of the Ministers. And inasmuch as the majority of the Ministers, that is to say, provincial representatives, present at the meeting of the Governing Body last July expressed themselves in favour of this particular measure, I submit that by circulation we are not likely to get popular and official Government opinion different in any large measure from what we have secured already.

Then, Sir, comes the next party—the agriculturist. What is the basis of representative government? Why have an elective system? Simply because the ministers are supposed to represent constituencies formed on a fairly wide franchise. That being the position, Sir, I submit that we are

[Sir Girja Shankar Bajpai.]

justified in assuming that the Ministers, when they expressed themselves in favour of the proposal which we have put before the House, took fully into account, the opinions of their constituents, namely, the agriculturists.

An Honourable Member: Not at all.

Sir Girja Shankar Bajpai: My Honourable friend is perfectly entitled to differ but I am expressing my point of view.

Then, the third point—made by my Honourable friend, Mr. Griffiths,—was that this Bill was introduced into the House only a week ago, perhaps less than a week ago, and the House is now being called upon to express a verdict upon it. It really cannot be done, because there has not been time enough to examine all the implications and complexities of the measure. Well, Sir, in the first place, I should like to point out that it is not because of our seeking that the Bill has come into the House rather late in the Session. There were one or two difficulties in getting the Bill ready and we could not overcome those difficulties earlier. Otherwise, the Bill would have been introduced earlier but the point that my friend, Mr. Griffiths, made, namely, that more time should be given to the House for the consideration of the Bill is a perfectly valid point, and I am quite prepared to see that it receives the careful consideration of Government. Now, the objective which my friend, Mr. Griffiths, has in view, in my humble judgment, cannot be achieved only by the process of circulation. As a matter of fact, if it is the House which has to have the time for a closer examination of the Bill, then I suggest the more regular and the more expeditious procedure is for the House to have a Select Committee which would go into this Bill. And I, on behalf of Government, am prepared to give the House an assurance now that if such a motion is made, Government will be prepared to accept that motion.

Now, Sir, that disposes of the main point as between circulation and immediate consideration of the Bill. But there are one or two other major points which I should like to deal with before I resume my seat. The first is the financial one—that Government wish to put this thing on a purely commercial or self-sufficient basis. That is not the idea. If my Honourable friend had done me the honour of listening to what I said in my opening speech, he would have observed that I said that Government would continue to pay, as they have paid so far, for the administrative staff of the Council which costs little over two lakhs a year. I also said that Government would continue to pay for sugar research, which in recent years has consumed a considerable sum of money. Government have not said that once this Bill is placed on the Statute-book, they will enter into a compact with themselves, in no instance, hereafter to entertain any proposal that may come from the Council for additional assistance. But the point to be borne in mind is this, that the demands of the Council have grown and the finances of Government have not progressively prospered. What is to happen in the circumstances? Either the work has to come to an end or as I already pointed out

An Honourable Member: Economy.

Sir Girja Shankar Bajpai: Yes, my Honourable friend will practise economy at the expense of Government servants but not at the expense of anybody else. Now, Sir, the point I was making was that either the work has to come to an end or other means have to be found for supporting and financing the Imperial Council of Agricultural Research.

Mr. Muhammad Nauman: The State should do it.

Sir Girja Shankar Bajpai: My Honourable friend says that the State should do it. He seems to assume that we are doing something now which has never been done before. In the first place, I have already explained that the State not merely has done it in the past to the extent of 85 lakhs of rupees but the State proposes to continue to do it to the extent of a considerable sum of money in the future also with regard to such matters as sugar and so on. But the other point to be borne in mind is that the principle of taxing agricultural commodities for the benefit of those particular commodities or research in those commodities has already been accepted by this House. I mentioned three instances. I mentioned cotton, lac and coffee. Where on earth is the heresy in our suggesting that we should now take power unto ourselves in order to tax certain other commodities?

Then, Sir, a great deal was said about the crushing burden that this impost would throw upon the commodities that are exported. I do not propose at this stage to go into every item that constitutes this list. I may say for the information of the House that the bulk of the 14 lakhs that we expect—incidentally, that is not an under-estimate, if anything it is an over-estimate—we expect to get it from oil seeds and possibly from hides. Now, what is the position with regard to oil seeds—let me say—groundnuts. The burden on the agriculturist will be 5.1 pies, a little over a pice, in other words, per maund of groundnuts exported. On linseed, it will be 5.8 pies per maund, on hides it will be 4.5 pies per 20 pounds. Honestly we might have our own particular points of view in order to develop an argument and that is perfectly consistent with the rules of dialectics, but in making an appeal, in all fairness, to the conscience of Honourable Members, I think I can claim that the figures I have given are not likely to have a cataclysmic effect upon the export trade in these particular commodities.

Sir Syed Raza Ali: Does the Honourable Member believe that the middleman will add on to the cost only the amount he has mentioned and no more?

Sir Girja Shankar Bajpai: If my Honourable friend were suggesting that there is no export of these commodities now and that it is the imposition of the export duty which will start exports, then possibly the exporter will have opportunities for manipulation. But, as it happens, the export trade is there all the time. And, according to such economic laws as I am familiar with, the result of levying the cess will be that, at the worst, this will, in its entirety, be a burden on the agriculturist but in all likelihood it will be distributed between the consumer at the other end, between the middleman in this country and the cultivator. That, I think, is much more likely to be the position than anything else.

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[Sir Girja Shankar Bajpai.]

Sir, I do not think it is necessary to elaborate any further point. We have already made it clear that the principle which we have adopted in this Bill already exists in the Statute. We recognise that the House has not had sufficient time to consider this and for this purpose we are prepared to accept a motion for Select Committee. But, for the rest, I think we should really be doing great harm to the cause of agriculture in this country and to the Imperial Council of Agricultural Research if we were to resort to a motion for circulation, merely for the sake of eliciting opinion, the trend of which can be confidently predicted already.

Mr. F. E. James (Madras: European): May I put a question to the Honourable Member? An apprehension has been expressed lest the money which is raised by the duty on these commodities will be, if not explicitly, perhaps implicitly ear-marked for research with regard to those commodities. We should like to have a very categorical assurance that this money will be used generally on problems of research without any reference whatever to the source from which it comes.

Sir Girja Shankar Bajpai: I can give my Honourable friend that assurance immediately. Ours is not a narrow approach to the prosperity of the agriculturist. We do not think that the agriculturist is benefited by spending a certain proportion of income from a certain source upon a particular commodity. We shall spend this money or rather the Agricultural Research Council will spend this money on those crops and those commodities which in their totality are expected to bring the maximum benefit to the agriculturist.

Dr. Sir Ziauddin Ahmad: I wish to ask one more question. A cess is always administered by a statutory private committee. Will this cess be administered by the Government of India or by a Statutory Board?

Sir Girja Shankar Bajpai: Sir, the cess will be collected by the agency of the Government and then it will be handed over to the Governing Body of the Imperial Council of Agricultural Research who will administer it subject to such conditions as may be imposed by the Government of India.

Maulvi Muhammad Abdul Ghani: Sir, in view of the assurance given by the Honourable Member and the fact that opinions will be collected through the administrative machinery, I beg leave of the House to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

Maulvi Muhammad Abdul Ghani: Sir, before I move my main motion, I seek the indulgence of the Chair to add a few names. I move:

"That the Bill be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Sir Girja Shankar Bajpai, Khan Singh, Dr. Sir Ziauddin Ahmad, Mr. Muhammad Azhar Ali, Shaikh Rafuddin Ahmad Siddiquee, Dr. R. D. Dalal, Pandit Krishna Kant Malaviya, Mr. Muhammad Nauman, Mr. Ramsay Scott, Mr. H. M. Abdullah, and the Mover, with instructions to report on or before the 21st June, 1940, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, I do not like to take up much of the time of the House. I was just going to say something on the merits of the Bill on the circulation motion, but I was afraid of the Chair and I could not do. The Schedule mentions twenty-three articles, but if you look at clause 3, you will find that the Government under the Bill wants absolute power to change it at any moment they like. Though there will be a Schedule, the Schedule can be changed at any time at the sweet will of the Government. Sir, certainly that is very dangerous, and it is not desirable at all on our part to agree to such a kind of thing. Let us have a hard and fast rule. Legislation ought not to be ambiguous; it should be in cut and dried form, and I hope the Select Committee, the motion for which I have just moved, will go into it and see that no hardship is caused to the agriculturist. Sir, one thing is missing from the Bill which my learned friend, Maulana Zafar Ali Khan, had brought to the notice of the House while speaking on the circulation motion, viz., that the imports are not being touched. Why? This means that the foreign articles imported into the country are not in a position to bear the burden of a cess as laid down in the Bill. Why? Why so much favouritism, why so much differential treatment? Why are the poor people of India going to be indirectly taxed and not the people of other countries? They must also contribute something for the benefit of the poor people here, and I hope the Select Committee will also take that into their consideration and see that something is done to tax the foreign imports. With these words I move my motion.

Mr. F. E. James: Sir, before you put the motion, may I move an amendment to the date? My Honourable friend in his original motion gave no indication of the date and he has now from the floor of the House given an indication; the date, I understand, is to be the 21st of June, I should like that for those words "the 21st of March" be substituted.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): "On or before"—those are the words.

Mr. F. E. James: There is a psychology about that date.

The Honourable Sir Muhammad Zafrullah Khan: If a report is to be laid on the table on or before the 21st of June, it must be done in the Session, otherwise, the direction cannot be complied with.

Mr. F. E. James: Supposing the report is laid on the table on the last day of the Session, then in point of fact that will be postponing the issue till the next Session?

The Honourable Sir Muhammad Zafrullah Khan: It will be laid on the table as soon as it is ready, and it cannot be laid on the table before it is ready.

Mr. F. E. James: Is my Honourable friend going to be Chairman of the Committee?

The Honourable Sir Muhammad Zafrullah Khan: Yes, but I regret my Honourable friend is not on this Committee.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That the Bill be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Sir Girja Shankar Bajpai, Khan Bahadur Sir Abdul Hamid, Seth Sunderlal Daga, Mr. P. J. Griffiths, Sardar Sant Singh, Dr. Sir Ziauddin Ahmad, Mr. Muhammad Azhar Ali, Shaikh Rafiuddin Ahmad Siddiquee, Dr. R. D. Dalal, Pandit Krishna Kant Malaviya, Mr. Muhammad Nauman, Mr. Ramasay Scott, Mr. H. M. Abdullah, and the Mover, with instructions to report on or before the 21st June, 1940, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

(Mr. Muhammad Azhar Ali rose to speak.)

Mr. Deputy President (Mr. Akhil Chandra Datta): Does the Honourable Member wish to oppose the motion?

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): It is not a question of opposing, but it is a question of honour to me that I should speak on this motion today.

Mr. Deputy President (Mr. Akhil Chandra Datta): Mr. Muhammad Azhar Ali.

Mr. Muhammad Azhar Ali: Sir, being a Member of the Governing Body and being an elected Member of this House, it was my duty on the first motion when it came before the House to have stood up and said something. But I thought that it was proper and better for me to speak on the Select Committee motion. The reason for arriving at that decision was that there is an impression in the House that perhaps their representative on the Governing Body does not do his duty properly. As my Honourable friend, Mr. Paliwal, who is a member of the Congress Party, is not here, it is my duty to explain to the House the circumstances under which this Bill was brought before the Governing Body of the Imperial Council of Agricultural Research. If I do not state the full facts before the House now, it will be a dereliction of duty on my part. It is a matter of regret to me that my friend, Mr. Paliwal, is not in the House now. Unfortunately, his whole Party is absent.

Sir, when this question came before the Governing Body, your representative was there as has been pointed out by the Maulana Sahib, and I gave him this hint and I am prepared to admit it. Your representative did not agree and did not give his consent to this Bill. It was a matter of great regret to everyone of us who were popular representatives on the Governing Body, whether they came from the Provinces or they were Ministers or they were the representatives of the Indian agriculture, that such a proposal was brought before that body. My friend, Sir Girja Shankar Bajpai, may be right in saying that some of the Ministers supported the proposal, but I am prepared to say on the floor of the House that two or three of the Congress Ministers differed amongst themselves. One of them supported the proposal and others did not support it. I am prepared to give the names, but I know that it is invidious to give names, and, therefore, I will not mention their names.

Sardar Sant Singh: What was the position taken up by the Punjab?

Mr. Muhammad Azhar Ali: I am not prepared to say all that. As the House knows, on the Governing Body of the Imperial Council of Agricultural Research, non-official Members count very little. There is a regular phalanx of officials on the Governing Body. There are the representatives of so many Departments, such as, the Marketing Department, the Husbandry Department, the Agricultural Department.

Sir Girja Shankar Bajpai: I hope my Honourable friend will excuse me for interrupting him, but in so far as the Governing Body is concerned, the Husbandry Department, as he calls it, is not represented on it.

Mr. Muhammad Azhar Ali: It is a very good point for a joke, but the fact remains that there are so many representatives of various Departments on the Governing Body, and there are only two of us to represent this big Assembly. Then, there are also the representatives of Indian States on it, and we all know the conditions that prevail in the Indian States. It is not for me to explain those conditions to the House. But I remember very vividly that those friends who spoke on this Bill said that it was a great pity that during the beneficent term of His Excellency Lord Linlithgow it was not found possible to grant a paltry sum of 25 lakhs to the Imperial Council of Agricultural Research. Every one remarked that the Viceroy had the interests of agriculture at heart and this he was saying from the moment he landed in this country and yet it was not found possible to grant a paltry sum of 25 lakhs especially when the Government are prepared to spend lakhs and lakhs and crores and crores on so many other things. Sir, we cannot understand the vagaries on the part of the Government when they refuse to sanction money for such objects as the present one. It is for the Government themselves to find out, if they are conscientious and if they are honest, why on occasions such as these they do not come forward to help the cause of India. We have on the Governing Body the Ministers from the various Provinces and also the representatives of practically all the big States. The representatives of the States could easily approach their own Governments and ask them to subscribe to the funds of the Imperial Council of Agricultural Research. Why should the poor Indian agriculturist alone be asked to bear this burden? We do not blame the Department or the Imperial Council of Agricultural Research for this transaction, but we simply say that it is the fault of the Finance Member not to have been able to find this small sum for the Council.

There is also an air of suspicion about the work of the Imperial Council of Agricultural Research, and it is my duty to enlighten the House on that subject also. As a member of the Governing Body, it was my duty to watch the interests of the people of India and to see how their money was being spent. If I had found that the money was not properly spent, it would have been my first duty to come to this House and point out to them what was happening. In fact, I am prepared to say on the floor of the House to convince my friends that the Imperial Council of Agricultural Research is safeguarding the interests of the agriculturist to a great extent.

Now, Sir, if the House will bear with me, I shall enlighten the House about the kind of work which we have done in that Governing Body. I should like to assure the House that we are not wasting our time there. I would never have remained on the Governing Body as the representative of the House if there was no work to be done there. I have noted down a few of the questions which the Imperial Council of Agricultural Research interested itself in. It was on the representation of

[Mr. Muhammad Azhar Ali.]

the Governing Body of the Imperial Council of Agricultural Research that the Government of India were induced to order an enquiry through the Tariff Board in regard to the question whether any protection should be given to the Indian sugar industry. As a result of this Tariff Board's recommendations, the Sugar Industry Protection Act, 1932, was passed. Now, Sir, do you think that it was ordinary work. It was really a great performance of the I. C. A. R.

Now, again take the efforts of the I. C. A. R. on the question of tackling the locust menace. Every one knows the great damage done by locusts to the crops in India. To tackle this pest meant a colossal work and till now nobody has attended to this work except the I. C. A. R.

Dr. Sir Ziauddin Ahmad: Every patwari was doing that work.

Mr. Muhammad Azhar Ali: The work which the patwari was supposed to have been doing is nothing compared to the scale on which the I. C. A. R. is doing this duty. It was owing to the swift action taken by the Council in concerting measures for the control of locusts and getting them as widely adopted as possible that lakhs and lakhs of rupees worth of crops were saved in 1929-30 and the following years. It was further, as a result of the research undertaken by it, that the Locust Warning Organisation has been permanently taken over by the Central Government. Can any patwari do this amount of work? No patwari could approach the Central Government to take up this work.

I need not say anything about wheat rust. That is a very big subject. I will say something which the I. C. A. R. has done with regard to rice. The I. C. A. R. has been financing a chain of research stations in India devoted to work on improving the varieties and yield of paddy and the connected manurial, cultural and irrigation trials. Varietal trials have resulted in the discovery of a large number of improved strains all over, both heavy yielding and of better quality. A number of improved varieties have been introduced. Assuming the improved varieties give ten per cent. more yield, the increase in the area under such varieties from 8,667,097 acres in 1935-36 to 4,569,994 acres in 1936-37 means an excess return of about Rs. 4½ millions a year, calculating at an extra yield of 25 maunds of paddy per acre at Rs. 2 per maund.

I come now to tobacco. By Virginia types replacing Natu types, the cultivators get an extra return of Rs. 200 per acre. In Guntur with 80,000 acres under Virginia types, the gain is 160 lakhs of rupees while for Mysore and all other areas combined, the gain will be Rs. 1½ crores annually.

Now, I come to the point on which my Honourable friend, Sir Girja Shankar Bajpai, had a joke, that is about animal husbandry. The work on the animal husbandry side is so designed as to give the stock breeder a better return on his outlay. Comprehensive research in regard to animal diseases, animal nutrition and animal breeding have benefited all parts of the country. For example, by improved measures designed to secure immunisation against rinderpest disease and to save animals from death from the rinderpest attacks, a saving of 110-5 lakhs may be estimated. By measures directed against the loss in milk yield due to foot and mouth disease a saving of Rs. 18-5 crores may be said to have been achieved. I submit, Sir, these are not small achievements. As I already said, if I found that no work was transacted in the

I. C. A. R. meetings, I would have at once resigned from its Governing Body. As I said in the very beginning, lots of money are wasted in other Departments of the Government of India. This Department, though it may be said to be a Department of the Government of India, yet this much I may tell you that there are representatives of the Indian States, there are representatives of the Provincial Governments, there is a representative of this Assembly to look after the business to a certain extent of the I. C. A. R. I, therefore, submit to the House that we are not wasting our time there. If it were so, it would be better to recall your representative from that Governing Body. With these remarks, I support the motion for referring the Bill to the Select Committee.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is: "That the Bill be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Sir Girja Shankar Bajpai, Khan Bahadur Sir Abdul Hamid, Seth Sunderlal Daga, Mr. P. J. Griffiths, Sardar Sant Singh, Dr. Sir Ziauddin Ahmad, Mr. Muhammad Azhar Ali, Shaikh Rafuddin Ahmad Siddiquee, Dr. R. D. Dalal, Pandit Krishna Kant Malaviya, Mr. Muhammad Nauman, Mr. Ramsay Scott, Mr. H. M. Abdullah, and the Mover, with instructions to report on or before the 21st June, 1940, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 8th March, 1940.

LEGISLATIVE ASSEMBLY

Friday, 8th March, 1940.

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

EXCAVATION AND CONSERVATION WORKS DONE BY THE ARCHAEOLOGICAL DEPARTMENT.

300. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. Nabi Baksh Ilahi Baksh Bhutto): (a) Will the Education Secretary kindly state if it is a fact that Sir Leonard Woolley, Archaeological Expert, considers that the excavation work in the Archaeological Department has been carried on in a haphazard manner in order to attain publicity and win cheap applause from the country?

(b) Is it a fact that the Expert considers that the Department is altogether lacking in men trained for the work they have to do?

(c) Is it a fact that the Expert is of opinion that the work done by the Department in recent years has suffered from lack of any coherent plan for its activities and that there is no one who is capable of giving training to the new entrants?

(d) Is it a fact that he recommends the appointment of another officer to advise the Director General to run the department on proper lines suggested by him?

(e) Is it a fact that the conservation work of the department has been praised by the Expert and that a substantial part of it is done by the officer whom the present Director General had superseded?

(f) Is it also a fact that the conservation work done by the Director himself at certain places has been condemned by the Expert?

Sir Girdja Shankar Bajpai: (a) No such allegation has been made in Sir Leonard Woolley's report.

(b) A statement to this effect is made in the report.

(c) The report refers to the lack of a coherent plan for the archaeological activities of the Department and states that training and tuition cannot be got in the Department as at present constituted.

(d) The report recommends the temporary appointment of an adviser to assist in the training of the staff and advise on archaeological matters.

(e) The report commends the conservation work of the Department and not that of any particular officer.

(f) No, the report criticises the policy of the department in regard to the conservation of excavated remains and not the work of conservation done by any particular officer.

Dr. Sir Ziauddin Ahmad: Is it not a fact that the Woolley report went so far as to say that a blind man cannot lead another blind man?

Sir Girja Shankar Bajpai: I have not come across that particular statement.

Dr. Sir Ziauddin Ahmad: With reference to part (e) of the question, is it not a fact that there is more expenditure in one particular Circle? If so, why?

Sir Girja Shankar Bajpai: If the Honourable Member will be so good as to specify the particular Circle, I should be in a position to say whether I can answer it now or not.

BAD CONDITION OF THE ROAD LEADING TO KALKAJI'S TEMPLE NEAR OKHLA, DELHI.

†301. ***Pandit Lakshmi Kanta Maitra:** (a) Will the Education Secretary please state whether the road leading to Kalkaji's temple near Okhla, off the Delhi-Muttra road, is in the charge of the Delhi District Board, or any other District Board?

(b) Is the Honourable Member aware that this road has been for some considerably long time, and is at present, in a very bad condition and unfit for any vehicular traffic?

(c) Is the Honourable Member aware that this temple is a very important one in this area, and attracts large crowds of devotees on a large number of days every year on occasions of festivals, etc.?

(d) Is the Honourable Member aware that these devotees go to the temple in all sort of vehicles, *tongas*, motor cars, lorries, etc., as it is a long way off from Delhi City?

(e) Will the Honourable Member please state whether the District Board levies any tax on the vehicles that pass over the said road?

(f) Will the Honourable Member please state the income to the District Board from this source during each of the last five years?

(g) Will the Honourable Member please state the amount of money spent during each of the last five years on repairs of this road? When were the last repairs carried out, and what was the cost thereof?

(h) What is the length and width of the road?

(i) What would it cost approximately to make the whole road tar-macadamised?

(j) What will approximately be the annual cost of maintaining this road in good condition?

Sir Girja Sankar Bajpai: (a) The road to the temple is in the charge of the Delhi District Board, excluding the portion of it serving as an approach road to Okhla Railway Station, which is in the charge of the Central Public Works Department.

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

(b) The District Board portion of the road was originally metalled at the expense of certain devotees of the temple, but the Board was unable to find funds to maintain it as a metalled road. It is not unfit for vehicular traffic.

(c) and (d). Yes.

(e) A sanitation fee is levied on vehicles passing over the road on the occasion of festivals to defray the cost of the additional sanitary arrangements.

(f) A statement giving the information is laid on the table.

(g) It is not possible to state the amount of money spent during each of the last five years on repairs to the road as the maintenance is paid for against a general estimate for unmetalled roads, and separate accounts are not kept.

(h) The road is 40 chains long and 10 ft. wide.

(i) The cost of reconstructing the road as a water bound macadam road and treating it with two coats of bitumen would be about Rs. 5,000.

(j) The annual cost of maintenance of this road as a bitumen surface road would be Rs. 400.

Statement.

The income derived by the District Board during the last five years is as follows:

1934-35			1935-36			1936-37			1937-38			1938-39		
Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
990	6	0	1,053	1	0	772	0	0	696	8	0	657	6	0

EXPIRY OF TERM OF THE DEPUTY DIRECTOR GENERAL OF ARCHAEOLOGY.

302. ***Dr. Sir Ziauddin Ahmad** (on behalf of Mr. H. M. Abdullah): Will the Education Secretary kindly state when the term of the present Deputy Director General of Archaeology expires, and whom Government propose to appoint to this place?

Sir Girja Shankar Bajpai: The term of the present Deputy Director General of Archaeology will expire on the 21st September, 1940. With reference to the second part of the question no final decision has yet been reached.

Dr. Sir Ziauddin Ahmad: Does the term of this officer expire in March or September? Has he been given an extension?

Sir Girja Shankar Bajpai: The Honourable Member's question was as to when his term expires and I have said it expires on the 21st September, 1940. As to whether he has been given any extension, I shall require notice.

Dr. Sir Ziauddin Ahmad: Is the Honourable Member so unfamiliar with the working of his Department that he wants notice for saying whether this officer has been given an extension?

Sir Girja Shankar Bajpai: My Honourable friend should appreciate the fact that there are more than 18 departments controlled by the Department of Education, Health and Lands, and I cannot say with regard to any particular officer whether he had extension or not.

Dr. Sir Ziauddin Ahmad: We draw our own inferences.

COMPLAINTS OF MUSLIM OFFICERS IN THE ARCHAEOLOGICAL DEPARTMENT.

303. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. H. M. Abdullah): (a) Will the Education Secretary kindly state if he is aware that Muslim officers in the Archaeological Department are insulted and humiliated by their Hindu subordinates and that such subordinates are protected by the Director General?

(b) Is it a fact that the same complaint was made by the Muslim Rights Protection Board, Lahore? If so, what action was taken by Government?

Sir Girja Shankar Bajpai: (a) No.

(b) No such complaint has been made by the Muslim Rights Protection Board.

Maulana Zafar Ali Khan: In view of the fact that the complaints are general and may not have reached the ears of the Honourable Member, does he propose to institute an inquiry into the matter?

Sir Girja Shankar Bajpai: If my Honourable friend will bring to my notice any particular instance or instances, I can give him an assurance that I will look into the matter myself.

Dr. Sir Ziauddin Ahmad: And appoint a committee of inquiry, if necessary?

Sir Girja Shankar Bajpai: I cannot say about a committee of inquiry.

SUPERSESIONS AND EXTENSIONS OF SERVICE IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

304. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. H. M. Abdullah): (a) Will the Education Secretary kindly lay on the table a statement showing:

- (i) how many Muslims were superseded in the matter of promotion to higher appointments;
 - (ii) how many Hindus were superseded by Muslims; and
 - (iii) how many extensions of services beyond the age of 55 were granted to Muslims and non-Muslims separately,
- in the Department of Education, Health and Lands during the last three years?

(b) How many representations, appeals, etc., were submitted by aggrieved Muslims in the Department of Education, Health and Lands during the last three years against alleged discriminatory treatment meted out to them in service and how many of them have been successful?

(c) Do Government propose to refer all these appeals to a European officer not connected with the Department for scrutiny?

Sir Girja Shankar Bajpai: (a) (i) to (iii). Two statements giving the information are placed on the table.

(b) No representations alleging discriminatory treatment were received. Five representations were received from Muslim members of the ministerial staff. One is still under consideration. The other four which concerned promotion to the First Division could not be accepted as promotion is made on merit and the claims of the clerks concerned were duly considered.

(c) No. I invite the Honourable Member's attention to the copy of letter from the Private Secretary to His Excellency the Viceroy and Governor General to the President, Muslim Rights Protection Board, Punjab, of which I placed a copy on the table of the House in reply to Mr. M. Ghiasuddin's starred question No. 968 on the 10th March, 1939.

Statements.

Promotions			Supersessions in consequence of promotions referred to in the previous column		
1			2		
Hindus	Muslims	Others	Hindus	Muslims	Others
1	..	2	..	1	..
..	1	..	..	1	..
1	..	1	..	1	..
..	..	1	1	..	..
1	..	..	6	4	1
1	..	..	6	8	1

Statement showing the number of extensions of services beyond the age of 55 granted to Muslim and non-Muslims in the Department of Education, Health and Lands, during the year 1937-38.

	No. of persons granted extension of service	No. of extensions granted
Muslims	1	1
Non-Muslims	4	One extension in the case of two men, two extensions in the case of one and three extensions to one.

APPOINTMENT OF A TEMPORARY ADVISER ON ARCHÆOLOGY.

†305. *Mr. Muhammad Azhar Ali: (a) will the Education Secretary be pleased to state whether Sir Leonard Woolley has in his report on the Archæological Department recommended the appointment of a temporary Adviser on Archæology?

(b) If the answer to part (a) be in the affirmative, what action do Government propose to take in the matter? Do they propose to appoint such an officer as Director General to avoid duplication of expenditure? If not, why not?

Sir Girja Shankar Bajpai: (a) Yes.

(b) The re-organisation of the Department has been postponed on account of conditions created by the war. With reference to the second part of the question there is no proposal to appoint the adviser as Director General. The main function of the adviser will be the training of the staff and he could not carry out those duties in addition to those of the Director General.

†306*—09*.

IMPROVEMENTS IN GOVERNMENT QUARTERS IN NEW DELHI

†310. *Bhai Parma Nand: With reference to the reply to starred question No. 68, given on the 12th February, 1940, will the Honourable the Labour Member kindly state:

- the number, separately, of officers' bungalows and clerks' quarters which are being improved;
- the number of *khaskhas tatties* which are proposed to be supplied to each type of bungalow and clerks' quarters;
- the reason why roof conditioning is not being carried out in clerks' quarters; and
- the reason why only kitchens in orthodox clerks' quarters are being provided with wire gauze doors, while all the doors and windows in other types of quarters are being so improved?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) 332 officers' bungalows and 2,490 clerks' quarters.

(b) *Khaskhas tatties* are being fitted to the doors and windows on two sides of each of the clerks' quarters to face the prevailing wind. The number in each quarter will vary according to its type and situation. The details of the *khaskhas tatties* to be provided in officers' bungalows have not yet been settled.

(c) Because the provision of *khaskhas tatties* gives better results at less cost. In fact the question of undertaking roof conditioning even for officers' houses is being further considered.

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

‡These questions were withdrawn by the questioner.

(d) The provision of wire gauze to all doors and windows in the clerks' quarters was considered, but on financial grounds it was decided to fit them only to the doors and windows of the kitchens.

COMPENSATION TO CLERKS PERMANENTLY LOCATED IN NEW DELHI.

†311. *Bhai Parma Nand: Will the Honourable the Labour Member kindly state:

- if it is a fact that the clerks permanently located in Delhi will henceforth be paying rent for their residential quarters for twelve months in the year instead of five or six months as was done previously, in addition to rent-free quarters or house rent allowance for their stay in Simla; and
- if it is proposed to compensate the clerks in any way for the extra financial burden imposed on them by their permanent location in Delhi; if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes, in the case of members of the Secretariat staff who were recruited before July, 1931.

(b) A representation on the subject is under consideration.

IMPROVEMENTS IN, AND CONSTRUCTION OF MORE, QUARTERS IN NEW DELHI.

†312. *Mr. Muhammad Azhar Ali: Will the Honourable the Labour Member please refer to the reply given to starred question No. 68, asked in this House on the 12th February, 1940, and state:

- the number of officers' bungalows on which it is proposed to spend Rs. 2,82,000 for providing wire gauze doors, windows and refrigerators;
- the number of officers occupying those quarters during the coming summer;
- who will be in residence of the officers' bungalows during the absence of the officers proceeding to Simla;
- the number of orthodox and unorthodox quarters constructed for the ministerial establishment in each type, viz., A, B, C, D, E, etc.;
- the number of ministerial establishment allotted those quarters;
- the number of ministerial establishment not allotted quarters; and
- the justification in spending any portion of Rs. 2,82,000 on officers' bungalows which will remain unoccupied during the summer?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) 332.

(b) 58 approximately.

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

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(e) They will be available to any officers who apply for their temporary allotment for the summer.

(d) to (f). A statement giving the information is laid on the table.

(g) The justification lies in the fact that as the allotment rules operate, it is not possible to say which bungalows will be occupied during the summer, and that with the restriction of the Simla exodus, most of the bungalows will now be occupied until late in April and again from early September onwards.

Statement.

(d)	Class	Orthodox	Unorthodox
	A	23	
	B	125	32
	C	332	95
	D	1,246	98
	E	277	153
(e)	2,986		
(f)	1,337		

PROMOTIONS TO ASSISTANT'S GRADE IN THE LABOUR DEPARTMENT.

†319. *Mr. Muhammad Azhar Ali: Will the Honourable the Labour Member please state:

- the total strength of the first, second and third division clerks in the Labour Department as it stood on the date of its re-organisation;
- the number of vacancies that occurred in the first division since that date;
- the number of new posts created in the first division since that date;
- the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- the number of vacancies filled by appointing outsiders through the Home Department; and
- in how many cases a departure from the fifty-fifty per cent. rule was made in the matter of filling up the vacancies referred to above?

The Honourable Miwan Bahadur Sir A. Ramaswami Mudaliar:

First Division	..	..	24
Second Division	..	..	19
Third Division	..	..	21
Total	..	..	64

(b) Three.

(c) Nil.

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

(d) One.

(e) Two.

(f) None.

PROMOTIONS TO ASSISTANT'S GRADE IN THE LEGISLATIVE ASSEMBLY DEPARTMENT.

†314. *Mr. Muhammad Azhar Ali: Will the Honourable the Leader of the House please state:

- the total strength of the first, second and third division clerks, separately, in the Assembly Department as it stood on the 1st May, 1930;
- the number of vacancies that occurred in the first division since 1st May, 1930;
- the number of new posts that were created in the first division since 1st May, 1930;
- the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the 1st May, 1930?

The Honourable Sir Muhammad Zafrullah Khan: (a)—

First Division Assistants	..	..	17
Second Division clerks	..	..	24
Third Division clerks	..	..	Nil

- Two—one left vacant in pursuance of the economy campaign.
- One
- One by promotion from the second division.
- One through the Home Department.
- None.

PROMOTIONS TO ASSISTANT'S GRADE IN THE POLITICAL DEPARTMENT.

†315. *Mr. Muhammad Azhar Ali: Will the Honourable the Leader of the House please state:

- the total strength of the first, second and third division clerks, separately, in the Political Department as it stood on the date of its separation from the External Affairs Department;
- the number of vacancies that occurred in the first division since that date;
- the number of new posts created in the first division since that date;

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

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- (d) the number of vacancies in the first division filled by promoting either second division or third division clerks;
- (e) the number of vacancies filled by appointing outsiders through the Home Department; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies referred to above?

The Honourable Sir Muhammad Zafrullah Khan: (a) The total strength of the first, second and third division clerks in the Political Department as it stood on the date of its separation:

(1) First Division	..	..	..	29
(2) Second Division	..	..	..	32
(3) Third Division	..	..	..	10

- (b) Eleven.
- (c) Nil.
- (d) Four.
- (e) Five.

(f) None. Two men were confirmed under Rule 21(b)(i) of the Ministerial Establishment (Recruitment, Promotion and Seniority) Rules from the subordinate offices with the concurrence of the Home Department.

DEMAND FOR "C" TYPE UNORTHODOX QUARTERS IN NEW DELHI.

316. *Pandit Krishna Kant Malaviya: (a) Will the Honourable Member for Labour please state the number of applicants for each of the following types of Government quarters who have been waiting for allotment of quarters at New Delhi for the last five, four, three and two years:

- A, B, C and D orthodox clerks quarters, and
- A, B, C and D unorthodox clerks quarters?

(b) Is he aware that for all types of quarters on the orthodox side one has to wait for one to two years only for securing a quarter and so is the position in regard to A and B type of unorthodox quarters?

(c) Is he also aware that for securing the allotment of a 'C' type of unorthodox quarters at New Delhi, one has to wait for four to seven years, if not more?

(d) Is he further aware that, as a result of the recent amendment of the rules, many of the applicants for this type of quarter's will suffer most and may not get quarters throughout the remaining period of their service, or until they become out of class for that type of quarters?

(e) Is he further aware that, as a very few quarters of each type will fall vacant hereafter and almost none of the 'C' type, the applicant for these type of quarters will have to wait indefinitely as compared to other class of applicants?

(f) In view of the hardship that is going to entail on the applicants of 'C' type of quarters and others as a result of the recent amendment of the rules for allotment of Government quarters, whereby none will be ousted from his quarters until he is given a higher type of quarters, is the Honourable Member prepared to remove the condition of permitting a change in

classification only after four years from unorthodox to orthodox and vice versa, or at least once in their case at this time? If not, what are the difficulties?

(g) What does he propose to do to minimise the difficulties of applicants for this type of quarters?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) The information is not readily available and its collection would not justify the labour involved.

(b) No.

(c) and (e). No particular limit of years can be given but it is the case that applicants have to wait several seasons.

(d) The Honourable Member is referred to my reply to part (d) of question No. 164.

(f) and (g). I am prepared to consider the question of permitting clerks to change their classification from unorthodox to orthodox and vice versa owing to the amendment of the rules, but no such change can be effected immediately as the allotments for the winter season 1940-41 have already been made.

ROOFING OF THE OPEN COURTS OF "D" TYPE QUARTERS IN NEW DELHI.

317. *Pandit Krishna Kant Malaviya: (a) Is the Honourable Member for Labour aware that it has been decided to cover the open court in the centre of 'D' class orthodox clerks quarters at New Delhi and that work is to be started from April next, and will continue till August?

(b) Is he also aware that when such sanctions are given, instead of starting the works from French Square, Raja Bazar or Market Road sides, the Central Public Works Department, have such works started from the Talkatora side which is mostly in the occupation of the staff of the Central Public Works Department, Accountant-General, Central Revenues, Director General, Posts and Telegraphs and others? Will he please state why work should always start from Talkatora side and not from any other side?

(c) Is he aware that this time again the work connected with the roofing of the open courts of 'D' type quarters is proposed to be started from the Talkatora side?

(d) Is he aware that the occupants of 'D' type of quarters will be required to vacate their respective quarters for about a month in order to carry out this work?

(e) Why were the questions of providing all the improvements in the quarters not considered and carried out before stopping the move of the Government of India staff to Simla?

(f) Is the Honourable Member prepared to see that this work, as well as all improvements sanctioned by Government hereafter, are carried out in the quarters meant for the Government of India Secretariat staff first and not from Talkatora side? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

(a) Yes.

(b) No, there is no such practice.

(c) It is proposed to start the work from the Talkatora side.

(d) Yes, in batches. Those having to vacate will be given other quarters whilst the work is in progress.

(e) The provision of hot weather amenities in quarters was a matter in which it was desirable to have the views of those concerned and it was not feasible to consult them before a decision in regard to the move was reached.

(f) No. The suggestion is not practicable, since no particular quarters are reserved for the Secretariat staff.

PROVISION OF WIRE GAUZE DOORS AND ROOF CONDITIONING OF QUARTERS IN NEW DELHI

319. *Pandit Krishna Kant Malaviya: (a) Will the Honourable Member for Labour please state why no wire gauze doors and windows are being provided for the sitting and other rooms of clerks' quarters, while all the doors of bungalows are being fitted with wire gauze doors?

(b) What are the total numbers of bungalows and clerks quarters for which Rs. 1,82,000 and Rs. 67,000, respectively, are being spent for putting up wire gauze doors?

(c) What are the reasons for allocating less than half of the amount to be spent for bungalows for this purpose for so many hundreds of clerks quarters?

(d) Why was it not considered desirable to have roof conditioning carried out in the clerks' quarters?

(e) How much will it cost per officers' bungalow for roof conditioning, and how much for providing wire gauze doors and windows?

(f) Is he aware that a major portion of the Secretariat staff who are being permanently located at Delhi as a result of the decision of the Government to stop the Simla move, have been going to Simla for the last ten to twenty-five years and, due to this sudden change, there is a danger to their health and life during the scorching heat of May to August, if they are treated differently and are not provided with all the facilities?

(g) Does he propose to have roof conditioning, wire gauze doors for every room, and a sufficient number of *khaskhas tatties* with automatic sprinklers, provided in all the clerks' quarters meant for the Secretariat staff who are being left behind at Delhi from next summer? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a), (c) and (d). The Honourable Member is referred to my reply to parts (b) to (d) of starred question No. 310.

(b) Bungalows 332.

Clerks' quarters 2,107.

(e) A statement giving the information is laid on the table.

(f) Yes. The answer to the second part of this question is in the negative.

(g) No. The cost would be prohibitive.

Class of bungalow	Statement	
	Cost per bungalow for roof conditioning	Cost Per bungalow for Providing wire gauze doors and windows
	Rs.	Rs.
A	221	723
B	135	615
C	120	458
D	118	409

PROVISION OF AUTOMATIC SPRINKLERS IN QUARTERS IN NEW DELHI

319. *Pandit Krishna Kant Malaviya: (a) Will the Honourable the Labour Member please state the total number of officers and ministerial staff quarters at New Delhi in which *khaskhas tatties* will be supplied?

(b) What are the number and sizes of *khaskhas tatties* that will be supplied in each class of bungalows and quarters?

(c) What arrangements are being made for sprinkling water on the *khaskhas tatties*? Are automatic sprinklers being provided in the bungalows or quarters or both? If so, in which type and class of bungalows and quarters respectively? Are Government aware that these *khaskhas tatties* will not be of any use without such arrangements?

(d) Is he prepared to have the automatic sprinklers also fitted up in all types of quarters? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Provision is being made for the supply of *khaskhas tatties* to 2,386 clerks' quarters. No final decision has yet been reached in the case of officers' bungalows.

(b) The Honourable Member is referred to my reply to part (b) of question No. 310.

(c) Automatic sprinklers are not being provided in clerks' quarters nor have they been sanctioned for officers' bungalows. Automatic sprinklers are not essential. *Khaskhas tatties* are ordinarily watered by hand.

(d) No. The cost would be prohibitive.

EXEMPTION OF AN OFFICE OF THE ARMY HEADQUARTERS FROM THE PURVIEW OF THE MINISTERIAL SERVICE EXAMINATION.

+320. *Mr. Surya Kumar Som: (a) Will the Honourable the Leader of the House please state whether it is a fact that one of the offices of the Army Headquarters is exempt from the ministerial service examination of the Federal Public Service Commission?

(b) Was the object of this exemption to bring in graduates in commerce who were considered to be better fitted for the nature of work of that office?

(c) What is the total number of temporary and officiating lower division clerks in that office, and how many of them are (i) graduates in commerce with trade or business as one of their subjects, (ii) other graduates in commerce, (iii) graduates in arts, etc., and (iv) non-graduates?

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

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(d) Do Government propose to review the qualifications of all the temporary and officiating clerks in that office with a view to seeing that the exemption granted to the office is not utilized for retaining, appointing or promoting persons without recognised commercial qualifications?

(e) Do Government propose to take steps to the effect that when a sufficient number of graduates in commerce are not on their waiting list, they should circulate their requirements to the various colleges of commerce affiliated to the statutory universities in India?

The Honourable Sir Muhammad Zafrullah Khan: (a) It is presumed that the reference is to the office of the Director of Contracts, which is now under the control of the Supply Department. If so, the answer is in the affirmative.

(b) No.

(c) 117 as follows:

(i) 19.

(ii) 21.

(iii) 75.

(iv) Two.

(d) and (e). No.

UNSTARRED QUESTIONS AND ANSWERS

PAYMENT OF WAGES OF WORKERS IN THE GOVERNMENT OF INDIA PRESS NEW DELHI

62. Mr. Muhammad Azhar Ali: Will the Honourable Member for Labour please state whether it is a fact that the workers of the Government of India Press, New Delhi, are paid their monthly wages, earned during a month, on the 6th and 7th of the following month on the ground that the Payment of Wages Act prescribes payment of wages within seven days after the wage period? If so, will Government be pleased to state why the last dates prescribed in the Act should only be adhered to in making payment to the workers and why they cannot be paid on the first and second like the clerks employed in the said Press who are also governed by the Payment of Wages Act?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The wages of the industrial employees fluctuate from month to month on account of piece-work, overtime, holiday attendance, etc., and cannot, therefore, be calculated until the expiry of the month. The computation of wages and the preparation of pay bills take a few days and payment is made as soon as these formalities have been completed. The clerical staff draw salaries on fixed scales. Their pay bills can, therefore, be prepared before the end of each month.

PAYMENT OF WAGES OF WORKERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI

63. Mr. Muhammad Azhar Ali: Will the Honourable Member for Labour please state whether it is a fact that at the time of making payments to the workers of the Government of India Press, New Delhi, in

the month of January, 1940, they were required to be identified, although they had served the Press for over 20 years and had been receiving their wages every month without trouble, and that as a protest the workers of the Reading Branch did not receive their wages? If so, will Government be pleased to state why the workers in the Government of India Press, New Delhi, were treated in such a manner?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The incident referred to occurred in December, 1939, and was the result of the enforcement of a Departmental rule that the staff should be identified before their salaries are disbursed. The rule had fallen into disuse, and its re-enforcement caused resentment. On hearing of the incident, the Manager agreed to recommend the amendment of the rule so as to require identification only in cases of doubt, and the staff then accepted their pay. The rule has since been amended.

PROMOTIONS TO ACCOUNTANT'S GRADE IN THE GOVERNMENT OF INDIA PRESSES.

64. Mr. Muhammad Azhar Ali: (a) Will the Honourable Member for Labour please state whether it is a fact that a departmental examination for Accountants of the Printing and Stationery Department was held in June last and that only a very limited number of men from various Government of India Presses and Branches were nominated? If so, will Government be pleased to state why the examination was open to a few candidates only and not to all?

(b) Is it a fact that from the Government of India Press, New Delhi, five men were allowed to sit in the said examination, whereas not more than one each from the Government of India Presses at Simla and Aligarh was allowed to sit for the same? If so, will Government be pleased to state the reasons for giving the New Delhi Press a higher quota in this respect?

(c) Is it a fact that the Controller of Printing and Stationery has, after seeing the result of the examination, decided to promote men to the posts of Accountant according to the marks obtained in the examination, ignoring seniority in service on the ground that the posts of Accountant have since been declared selection posts?

(d) Is it a fact that according to his decision a lower division clerk in his office, who has rendered only about five years service in the Department, will be promoted to the post of Accountant in the Presses and Branches of the Printing and Stationery Department in preference to other qualified accountants in the Presses and Branches who have very long service in the Department? If so, will Government be pleased to state whether they are prepared to set aside the Controller's orders in the matter, and promote men according to length of service, as is done in other Government Departments with due regard to communal composition of the staff?

(e) Is it a fact that no candidate who appeared from the Calcutta offices of the Printing and Stationery Department has come out successful and as such in leave vacancies the Accountant's posts are filled by unqualified men? If so, why?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes. As only three or four vacancies in posts of Accountant are expected during

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the next ten to fifteen years, the selection of candidates was confined to a limited number of persons who, by reason of their proved aptitude for accounts work, were considered fit to appear at the examination.

(b) Yea. The intention was to select one or two candidates only from each Press for the examination. The number of candidates from the New Delhi Press was, however, increased to five to include the existing Accountant for whom the examination was compulsory and two additional men to secure representation for the minority communities. No suitable candidates belonging to the minority communities were available in the Aligarh Press and only one candidate from the Simla Press offered to appear at the examination.

(c) No. The matter is under consideration.

(d) Does not arise.

(e) The reply to the first part is in the affirmative. As regards the second part, orders have recently been issued for the exclusion of posts of Accountant from the clerical establishment for purposes of the leave reserve. This will enable the Controller to fill leave vacancies by the transfer of qualified men from other presses or branches, if necessary.

Dr. Sir Ziauddin Ahmad: Sir, I am told that Mr. Umar Aly Shah did not withdraw his question No. 306. So will that question be answered now?

Mr. President (The Honourable Sir Abdur Rahim): There is in office a letter written by Mr. Umar Aly Shah on the 3rd instant to the following effect:

"I hereby desire to withdraw questions Nos. 306, 307, 308 and 309 standing against my name and set down for answer on Friday, the 8th March, 1940. Please do the needful and see that the questions are not answered on that date."

The Honourable Member has apparently forgotten that.

THE GENERAL BUDGET—LIST OF DEMANDS.

SECOND STAGE.

Mr. President (The Honourable Sir Abdur Rahim): As a result of the arrangement agreed to between the different Parties, the Chair will now state the order in which cut motions will be moved by the different Parties and the time allotted for the purpose. The Muslim League Party will discuss certain demands, the numbers of which have been circulated to the House, today and on Monday, the 11th instant up to 12-30 P.M. The Congress Nationalist Party will begin their motions on Monday, the 11th March, at 12-30 P.M. and go on till 5 P.M. on that day. The European Group will discuss their motion on Tuesday, the 12th March, till lunch time, and the unattached Members after lunch on Tuesday till 5 P.M. As regards the time for speeches, as usual fifteen minutes will be given for speeches other than those of the Mover and the Government Members: the Mover will have twenty minutes and the Government Member twenty minutes or even more, if necessary.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I request you, Sir, to allow the second cut motion to be moved first, and the first motion to be moved later?

Mr. President (The Honourable Sir Abdur Rahim): Yes. Which one is that?

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): It is cut motion No. 51 on page 6 of the Final Printed List.

DEMAND No. 12—EXECUTIVE COUNCIL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That a sum not exceeding Rs. 1,27,000 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, 1941, in respect of 'Executive Council'."

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

"That a sum not exceeding Rs. 1,27,000 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, 1941, in respect of 'Executive Council'."

Importance of initiating a decisive policy of training Indians to undertake the defence of the country and of establishing a Defence Advisory Committee.

Sir Syed Raza Ali: Sir, I move:

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

I hope, as a layman, I am not rushing in where experts would fear to tread. Honourable Members will remember that I had tabled a Resolution on the entire subject of defence that was to be taken up on the 27th of February. I did not move that Resolution as it was feared that it was open to two objections: the first objection was that there was a reference in it to Dominion Status of the Westminster Statute variety, and my Party held that it was not safeguarding their position if a member of their Party used language which might even by mistake be taken to mean that our Party acquiesced in that position. The second difficulty arose out of the language I used about the defence control being handed over to Indians within a fixed time. That also is a very knotty problem, and it was likely to give rise to controversies of a rather heated character. For these reasons I withdrew my Resolution. The present motion fortunately is free from those objections.

I do not propose to tire out this House with any figures which, as a rule, are uninteresting. The position, as Honourable Members remember, is that our defence is divided into three arms,—the Army, Navy and Air. The most important of these, having regard to the type of the forces and the money that we spend on it, is the Army. In the Army, Indianisation was introduced in a very cautious manner in 1917; and it has had, I am afraid, a chequered career. A very important Committee, presided over by Sir Andrew Skeen, was appointed about 18 years ago and it produced a very important report. The time at my disposal will not allow to read out any important passages—and this report abounds in such

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passages—to this House. All the same, the object of the Committee which had on it some very distinguished members, including the Chairman, Sir Andrew Skeen himself, was to Indianise the army in right earnest. Unfortunately, effect was not given to the recommendations of this Committee and the recommendations were considerably whittled down. Today, I believe the position is that something like the equivalent of 16 units are to be Indianised. We have established a military school at Dehra Dun; unfortunately the arrangements made there have been considerably disturbed by the present war. But, before the war, the position was this: that something like 60 recruits were supplied annually by Dehra Dun and these recruits were posted after their training to one of the 16 units, or the equivalent of 16 units, I should say, that were proposed to be Indianised. A very important change, to which I will just refer in passing, was contemplated in 1935 and introduced shortly after, and that change was this: that whereas in the non-Indianised units there are two classes of officers, the first consisting of Viceroy's Commissioned Officers and the second consisting of officers holding their commissions from His Majesty, the King, these Indianised units have only one class of officer, all of whom hold the King's Commission. It is not possible for me, owing to the limitations of time, to point out the inherent disadvantages and weaknesses of that scheme. I may, however, point out that Indian opinion was strongly opposed to the introduction of this scheme. The scheme, unfortunately, was all the same introduced.

Now, the position is this, that these officers who take their training at Dehra Dun are posted to the units which are either Indianised or will be Indianised soon. I speak subject to correction, but my information is that the units concerned have almost completed, not wholly, but almost completed the process of having Indian officers, and we will soon be faced with the question as to where the officers, who have taken their training at Dehra Dun, should be posted. On account of the war, I believe, that problem will not be an urgent one; but, soon after the war, we will be faced with that problem, and I suggest very strongly, though I do not want to use any language which during present conditions is likely to be misunderstood either in our own country or in countries abroad, that this process of Indianisation is very very slow and inadequate. My point is this, that as our land forces consist of the Indian army on the one hand, and the detachments of British army which come out to India and stay for three years, the definite, decisive and settled policy of the Government should be to Indianise the entire Indian army. Let the detachments of the British army, whose number comes to about 55,000,—this information is two years old,—let those detachments come out to India,—I have not a word to say against those detachments of the British army being stationed in India till such time as we are in a position to expand the Indian army sufficiently to replace the British detachments by the Indian army itself. That time seems to be far off; it seems to be so distant that it is not visible not only to the bare eye, but even to my eyes though I am using glasses; therefore, I won't talk about it, but I feel that having regard to the declared policy of the Government and their profession, it is the duty of the Government of India and of His Majesty's Government to settle a scheme definitely without any equivocation to have all the Indian army regiments officered by Indians. That is the most important point. I shall say only a few words on this point and then pass on to the other two points. The most

important point is this, that it was decided in 1917, 23 years ago, that India should have self-Government by gradual stages. In spite of that declaration, it was not till, I believe, the 10th of January, 1940, that a definite statement was made by the Governor General in Bombay to the effect that India would have full self-Government as soon as possible. That took 23 years. The question of the army was first raised in 1917 when for the first time King's Commissioned ranks were granted to Indians during the war. That also took 23 years. Why can't the Government decide as to what their definite policy in India should be? To me, Sir, it seems that the time has come, in fact it is overdue, when a definite statement to this effect should be made.

Now, on the question of expenditure, I may say that one of our difficulties at the present stage is this, that the scales of pay of Indian officers, as the House is aware, have been reduced, with the result that there are two Majors of about the same position, one Indian and the other an Englishman, posted to Indian regiments, and they get different scales of pay; that is to say, an English Major gets more than the pay of an Indian who gets a smaller scale of pay according to the new scales recently introduced. I am not one of those who hold the view that Indians while serving in their own country and their own people should draw fat salaries,—I am all for reducing the scales of pay; but let there be no invidious distinction. If you Indianise the Indian army, and if all the Indian army is to have Indian officers and nobody else, there is no reason why the scales of pay should not be reduced, because thereby you will be effecting a large saving in expenditure. In Japan, I understand, the pay of a Major is somewhere in the neighbourhood of Rs. 160. Now, if a Japanese Major can live on Rs. 160 a month, there is no reason why an Indian Major should not be able to serve in his own country on a much smaller salary than he is getting now. Why should Indian Majors get Rs. 800 or more which they are getting now? But we must remember that it is very humiliating really to see that two men doing exactly the same work should be paid at different scales. My point is this, that if you courageously decide on the policy of having the entire Indian army in course of time of course,—I don't mean today,—if you decide on having the entire Indian army officered by Indians, that will effect a very large saving so far as our defence budget is concerned.

Then, another point that I would like to make is that the system under which Viceroy's Commissions have been abolished in those units which have been or are to be officered by Indians works a great hardship. I am afraid, Sir, time will not permit me to go into this question in greater detail but the question is, has it led to increasing the efficiency of these Indian units? Sir, today the obvious effect of this change,—I do not call it a reform,—because it is not a reform, but a change,—the obvious effect of this change is that all those Indians,—I mean the rank and file offering themselves as recruits who want in course of time by hard and honest work to become Subedars, Subedar Majors or Jemadars,—prefer going to a non-Indianised unit to going to an Indian Unit, and for very good reasons, and that certainly leads to Indianised units becoming less efficient than they were when they had two classes of officers, namely, the Viceroy's Commissioned Officers and the King's Commissioned Officers. These are the facts, and I don't think any arguments are required to explain the position. The position is really so unassailable and strong that I think the point is

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obvious. All I ask the Government to do is to take their courage in both their hands.

Sir, I know that a Committee was appointed which sat in Simla and recorded evidence. I felt very sorry for it and it was very hard that I witnessed the process of this Committee solemnly going through the farce, if I may say so, of recording the evidence. A real reform should not be afraid of itself. If you really want to have truly and genuinely an Indian army, you cannot possibly have it officered by Britishers. I do not want any British officers to remain in this country. I do not want certain detachments of the British army to serve in India: the point is so obvious. That Committee was shelved owing to the intervention of the war. Sir, I am not for tinkering with the problem. I am not for Government saying: "Two more units will be thrown open or four more units will be thrown open to Indians." I believe the strength of the Indian army in India two years ago was somewhere in the neighbourhood of 1,55,000. I want all this army to be officered by Indians. Let us see what the effect of what I am suggesting to the House will be? The effect will be that if today the total British recruitment, which is, I believe, something like 120 second Lieutenants a year, is stopped, it would take 26 to 28 years before the entire Indian army was officered by Indians. That would be the effect. These facts stare us in the face, and, in view of these facts, I would urge a very strong plea in favour of a courageous declaration that in future more military colleges should be opened because that is very important. One Military College at Dehra Dun cannot possibly cater for our requirements and our needs. As a war measure, a training school has been established at Belgaum, where only Britishers are trained. Sir, we are in the midst of war and you are welcome to train British officers at Belgaum, but there is no reason why some more colleges for training young educated Indians who are up to the mark should not be opened.

I now come to the second point. As regards the Air Forces, the House will remember that about four weeks ago my motion was adopted by this House with the help of this Government for which help I render my thanks to them. I do not think it is any use going over the same ground except to enable myself to make one observation, and it is this. I think the policy that has been adopted by the Government of India with reference to the constitution of the Air Force is much more courageous than that which they have unfortunately consistently applied to the land forces. If they did nothing more than to copy this, namely, to apply to the land forces with reference to the Indianisation the same policy as has been applied to the Indian Air Squadron, then the results would be much more encouraging than the results which have been obtained by the efforts of the Government of India during the last 25 to 30 years or, shall I say, 60 or even 80 years.

The question of the Indian Navy is the last question that I would like to touch. As long as India is within the British Commonwealth of Nations the question of the invasion of India by any maritime power is very remote. The British Navy is there to defend us. When I say that, I do not mean that Indianisation of the Royal Indian Navy should not be speeded up. There is ample scope there, but the problem is not at all so urgent as it is in the case of the land forces.

Lastly, I come to the Committee that I have urged in my Resolution. Sir, this Committee is not going to start any inquisition. I do not want a War Council. I do not want something like the Defence Committee which they had in England some years ago. All I want is to have a small Committee of three non-officials, two of whom should preferably, if possible, be Members of this House, to see that the Government's policy was properly enforced.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Sir Syed Raza Ali: That is the last thing that I wanted to say. This proposal about the Committee need not frighten anybody. 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."

Sir Muhammad Yaqin Khan (Agra Division: Muhammadan Rural): Sir, the matter which has been tabled to be discussed is "the importance of initiating a decisive policy of training Indians to undertake the defence of the country and of establishing a Defence Advisory Committee". I will confine myself to this matter and I will not at the present moment discuss the matter which stands in my name, for which I hope to get another opportunity. I do not want to mix up the two things because the cut motion under discussion by itself covers a very wide field and I am sure nobody can do justice to it in 15 minutes. Sir, I do not want to say anything which may embarrass the Government at the present time, neither do I want to give an opportunity to the German broadcasting station to broadcast false rumours as they have been doing for purposes of their propaganda. I would like to say very briefly two things which are really necessary.

In the first place, I wish to say that a definite policy should be adopted for training Indians to defend their own country. The Government have not adopted any definite policy up to now. I do not want to go into the details of the Indianisation of the Indian Army because that is not the only way of training Indians to defend their country. Sir, we know that our country can be defended by three kinds of armies,—the air force, the land army and the navy. As was explained very clearly in his broadcast speech by His Excellency the Commander-in-Chief some time ago, our defence is not confined to the shores of India or to the frontiers of India but our defences go far beyond. And if we want to defend our country properly, we should not confine our attention only to the armies which invade us through our frontiers or attack us by the sea but we have to prevent this army from attacking us a long way off on account of the new methods of warfare which have now come into existence. The modern warfare is teaching us a lot of things and we have to be careful for the future as to how we defend our country. From this point of view, the Government have not come forward with any suggestion as to how they are going to defend this country. How are they going to teach Indians to defend their country? It may be some units will be Indianised but that will not be sufficient. How are the Indians to keep the enemy away beyond Aden? How is the enemy going to be kept beyond Singapore? Not by stationing a few regiments there. That is not what the Indians require. Indians require that they should be trained in the navy properly, to defend from

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the sea. They want to be trained properly in the air to combat the foreign airmen and we want certainly to be able to defend our frontiers from all sides. We have to revise our ideas in the light of the facts that come to our knowledge in the course of the present war. We see war is going on in Finland, Germany and France. The two armies are standing side by side without attacking each other. That may be our position too. We want something more than that. We want our Indians to be trained. A definite policy should be laid down by the Government. How are you going to teach Indians in the present warfare, in view of the lessons which the present war is teaching us? It is very difficult for any one on this side of the House to lay down a definite policy that such and such a thing should be done because the war is only teaching us lessons. It has not taught us all the lessons which the war is going to bring and, therefore, it is very difficult for any layman to say that so and so should be the only policy. It is for the Government to accept this principle—that they are going to lay down a definite and clear policy for training Indians to take their proper share in the defence of their own country.

We find nowadays that young British officers are really wanted for home purposes and recruitment may not be so easy and possible for the Indian armies. If the war drags on for a longer period than is expected, if it takes the shape of a world war then England will be required to send all her men to Europe and other parts of the world and we want a clear cut policy as to how Indians are going to be trained to defend their country. My Honourable friend, the Mover, did not have the time to develop this portion of the cut regarding the appointment of an Advisory Committee. He only said that it should not frighten any side but as I have got some time I want to develop that point a little further. I think a Defence Advisory Committee is the first and foremost right of the country, because as long as Indians do not feel that they have a share in the defence of their own country, they cannot have the same idea as an Englishman has got when he defends his own country. Indians feel that they are not treated properly and that they are not taken into confidence. The defence is left entirely in the hands of the British people and not in the hands of the Indians. If an Advisory Committee is set up, that will give confidence and a kind of feeling to the Indians that they are trusted at least so far as the defence of their country is concerned, the country which they love more than anybody else. It may be very good that the British Government is defending this country but their idea of defending the country is totally different. Their feelings are different from the feelings of the people of this country. The feeling of the people of this country is the same as the feeling of the English people when they are defending England. This war and the war that may come in future may reveal to us many things for which we may not be prepared and even this war is going to teach us many lessons. We do not know them yet. Indians are fully patriotic in this matter. There may be a handful of people who may be against it but the majority of the country want to take up their position side by side with England. They do not want that the British should leave this country now. They want that the country should be protected with the help of the British. They value it. The more the war teaches us lessons, the more we appreciate it and we know that the country in its present state cannot be defended even for a week without the help of the British. If they leave us from one side, we may be attacked from the

other side and our shores and frontiers will not be safe from the aggression of even a small State. All we want is that we may not remain in this tutelage for ever.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

Sir Muhammad Yamin Khan: I shall finish soon. We want to take our place side by side with the British in defending our own country. The Advisory Committee which will be set up will advise the Government every time as to what steps the army should take and in every country there is a defence advisory committee. Of course you may have the army experts who may give you the army point of view but this Defence Committee, composed of the civilian population, will serve as a sort of intermediary. They will interpret the people's point of view to the Government and the Government point of view to the people, which is very necessary for a Government of the present type. (Interruption.) I have no time to reply to the interruptions of the Honourable gentleman. It is for this purpose that I think Government should accept the two policies which have been laid down in this cut. I know the Honourable Member will not be in a position to announce it just now but at least I hope that a reply will come from him that full representation will be made and an announcement, laying down a clear policy, will be made as soon as possible. I support the cut.

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official): Sir, I am very glad that my Honourable friend, Sir Raza Ali, has moved this cut, coming as he does from such a province the Muslims of which Province take very little interest in recruiting.

An Honourable Member: No, no. You don't want them.

Captain Sardar Sir Sher Muhammad Khan: I strongly resent my Honourable friend's remarks that the Indianisation Committee of which I have the honour to be a member was a farce. I hope he will withdraw these words; otherwise he should prove that that Committee was a farce, the personnel of that Committee was wisely selected and many members of the Committee have served the army with distinction.

Sir Syed Raza Ali: Sir, on a point of personal explanation, I meant no reflection whatsoever on the individual members of that Committee, none whatsoever, but I do say that the policy which was responsible for creating that Committee and bringing such other things into being was a farce.

Captain Sardar Sir Sher Muhammad Khan: As a matter of fact, that Committee has not finished its labours yet, it was just half way through when the war broke out. So I don't understand how my friend has made up his mind as regards some policy which he did not like. I, being a member of that Committee, hope that my friend would not pass such remarks that the Committee and the personnel of that Committee were a farce.

An Honourable Member: That is the verdict of the country.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, last time when my Honourable friend, Sir Syed Raza Ali, moved his Resolution and then withdrew it

Sir Syed Raza Ali: I did not withdraw,—I never moved it.

Pandit Krishna Kant Malaviya: Despite what he says, he did not withdraw the Resolution, but he certainly moved it

Sir Syed Raza Ali: I never moved it, I never withdrew it.

Pandit Krishna Kant Malaviya: I told him then in the course of my speeches regarding development of aviation that so far as the policy of the Government of India is concerned, it is definite, it is well-known, unless we refuse to see what is visible, without specs, with these eyes that God has given us. So far as the Honourable the Mover's speech today is concerned, I thought he was going to speak about the training of our youths so that they might be able, in the near future, if any contingency should arise, to defend their hearths and homes. But as he advanced further, I found that his whole defence consisted in one thing and one thing alone and that was the Indianisation of the army. Sir, if this brings him any happiness, if this gives him any pleasure, if this gives any satisfaction to him, he is welcome to it, but I want to tell him that while he has grown grey in the service of the motherland and while he has rendered good service to his countrymen, still there might not be the same warmth in his blood as is to be found in the blood of the youths of this country, and I tell him, Sir, that moving out motions like this, and speaking on this subject, and the making of speeches begging for a share in the defence of our own country are galling to those who are really serious in defending their country. It is painful to those who really want to defend their country but who find that they are perforce being kept away from it. Sir, these youngsters do not like to be told always, every day, in season and out of season, that there are practical and financial difficulties in the way, that the material which is available is not good, is not fit or is not up to the standard or mark. I know my friend is persistent in doing whatever service he can render to his country, but I know this much that, with all his good intentions and with all his goodwill, unknowingly, unconsciously, he is hurting the youths of the country who know what is in store for them

Sir Syed Raza Ali: How?

Pandit Krishna Kant Malaviya: Because they see and which you cannot see; because they know that this Government is not going to train them to defend their country, because they know that the war is going on, because they know that in Turkey even girls and ladies are being trained in order to be able to defend their country, because they know that in Great Britain, youths, both girls and young men, above the age of 19 have been taken away from their schools and are being trained to render some service in the defence of their land, because they know that fourteen thousand youths in Australia are going to be trained this year in order to become pilots, because they know that twenty-five thousand youths are going to be trained in Canada from all over the Empire but even amongst

these 25,000 not one Indian can find a place. Do you know what all this means? You may move Resolutions, you are cold-blooded, you do not see the degradation in it, you do not see that our self-respect is hurt.

Sir Syed Raza Ali: What do you want me to do? Tell me?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better address the Chair.

Pandit Krishna Kant Malaviya: The Honourable friend should try to stand on his own legs and not beg the Government to do, which they will never do. I wanted to say this, that it is most painful. I know that the Government, as on the last occasion, will stand neutral and that my Honourable friend will have the satisfaction of seeing the Resolution passed. I know that Government would not like to oppose this Resolution and proclaim to the world that even during the war the Government were not prepared to train Indians.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Government will do nothing.

Pandit Krishna Kant Malaviya: It might be a good thing for our Honourable friend, who is easily satisfied. I want to tell him that not only will the Government remain neutral so far as the voting is concerned, but so far as action is concerned also, Government will remain neutral. What is the good of moving a cut motion then? We had had our own Government in eight Provinces or more. Practically all the Provinces have their own Provincial Governments. I want to know whether the Congress Governments, when they were in power and before they resigned, did anything to train their youths for the defence of the country?

Dr. P. N. Banerjee: They had not the power.

Pandit Krishna Kant Malaviya: I would be told, as my Honourable friend, Dr. Banerjee, tells me that they had not the power, but I know that where there is a will, there is a way. If I had been the Chief Minister, which is not possible

Dr. P. N. Banerjee: Why not possible?

Pandit Krishna Kant Malaviya: If I had been the Chief Minister in one of the eight Provinces, I would have, in spite of the Governor, tried to train our youths and given them military training. Of course, there would have been a tussle and I feel that that would have been a good occasion for getting out of the ministry or even for sticking to the chair and compelling the Governor to take action. My friend is an Honourable Member of the Muslim League, he has his own Ministers in the Punjab, in Bengal, in Sind, in Assam. What is there to prevent these Ministers from training our youths? I say where there is a will there is a way. If these friends of mine are really serious that our men should be trained for the Army, for the Navy and the Air, if they want that our youths should be trained to defend their own country, let them go to their own Ministers in Bengal and the Punjab. Compel them to start

[Pandit Krishna Kant Malaviya:] the military training of their youths, and let us see who stands in their way. Then there would be a cause for fight, and we shall know who tenders his resignation on the issue. (Interruption.)

Bhai Parma Nand (West Punjab : Non-Muhammadan): They have stopped volunteers in the Punjab.

Pandit Krishna Kant Malaviya: Of communal organisations. That was a good thing to do instead of encouraging bloodshed all over the country.

Dr. P. N. Banerjee: Has the Khaksar movement been stopped?

Sardar Sant Singh (West Punjab : Sikh): No, no.

Mr. M. S. Aney (Berar : Non-Muhammadan): The military part of that is stopped, but every thing else is allowed. (Interruptions.)

Pandit Krishna Kant Malaviya: Even when discussing the defence of the country, a most important subject over which every one of us feels here—even when discussing such a subject we cannot rise above this communal organisation or that communal organisation, and still we want to defend our country! If this is the way we want to defend our country and feel that our youths should be trained to defend our mother land, there can be no hope for us. It was reported in the press a few days back that the Russians are having roads ready from some place, I forget the name, in Turkestan or whatever it was, up till Afghanistan. The day the British and French enter the Dardanelles, my Honourable friend, the Defence Secretary, knows that Russia will invade Turkey and then we will know where we stand. Then we will see. Let the British and the French enter the Dardanelles then see what happens.

An Honourable Member: Don't talk like that.

Pandit Krishna Kant Malaviya: Only then we will realize what war means and what awaits us. Then we will know what unpreparedness for defence means. Our British friends are anxious to keep us in bondage not for today, not for tomorrow but for all time,—for so long as they can keep us down. Let us recognise these facts. In the end I would tell my Honourable friend, the Mover of the motion, for God's sake, do not move such motions, which degrade us not only in our eyes and the eyes of those sitting on the opposite Benches, but in the eyes of the world.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Sir Syed Raza Ali: May I know whether my friend opposes my cut motion?

Dr. P. N. Banerjee: He does not oppose

Pandit Krishna Kant Malaviya: I sympathise with the resolution, but there is no hope for it. I know that these cut motions are not going to effect any change except to degrade us in our own eyes and the eyes of the world. What is the use of moving these motions? Don't we know that the policy of this Government is a definite one? They are not going to do anything; if I were in their position I would do the same. I do not blame them, they are as good men as we are.

An Honourable Member: Who?

Pandit Krishna Kant Malaviya: Those friends who are sitting there on the Treasury Benches are as good human beings as we are. If I were in their position I would do the same thing. If India were in the place in which England is today and England were to be in the place in which India is today, we should act in the same way as they are doing. Self interest first, everything afterwards.

Dr. P. N. Banerjee: We won't.

Pandit Krishna Kant Malaviya: I am a mere human being; I am not a superman. I am an ordinary mortal.

Sir Syed Raza Ali: If my Honourable friends believe in non-violence, how could he act like that towards the Treasury Benches?

Pandit Krishna Kant Malaviya: As I said, I am not a mahatma, I am an ordinary mortal. I can only act as an ordinary human being does. I have no complaints to make against these friends, I have no grievance. I suffer what I am fated to suffer, and what I cannot remedy.

An Honourable Member: You are talking like a mahatma.

Pandit Krishna Kant Malaviya: I am talking like a man and hope that when it comes to action, we will act like a man.

Mr. F. E. James (Madras : European): From what I can gather from the rather discursive remarks of my Honourable friend who has just resumed his seat, the main burden of his speech was that he does not claim to be an avatar or a mahatma. Of course, with that claim the whole House will whole-heartedly agree. But then I should like to bring the House back to the particular subject which it is supposed to be discussing. I would express our appreciation of the studiously moderate tone of the Member who moved the cut and of Sir Muhammad Yamin Khan who supported it.

Dr. P. N. Banerjee: Does moderation pay?

Mr. F. E. James: It pays particularly in a time like this.

Sir Muhammad Yamin Khan: Very much.

Dr. P. N. Banerjee: Let us wait and see.

Mr. F. E. James: I would say immediately that no one can fail to have the greatest possible sympathy with the desire of Indians to take an

[Mr. F. E. James.]

increasing share in the defence of their own country. If I may indulge for a moment in a personal reminiscence, the first occasion on which it was my privilege to meet Indians was in France in the year 1915, and the whole of that year I moved almost side by side with Indian cavalry regiments, and before I had any intention of coming to this country I learnt, as every one else must have learnt who has had similar experience, to appreciate the courage and gentleness of those troops who were magnificent representatives of this country. When I came to India later, I felt that I had already made a link. That link I am glad to say has never been broken. I have had the warmest friends among some of the most gallant soldiers which the Indian Army has ever produced.

When, however, we come to the particular point of this motion, which is to discuss the importance of initiating a decisive policy of training Indians to undertake the defence of the country, we come up immediately against the practical difficulties of war time. I have no doubt that my Honourable friend, the Defence Secretary, will tell the House as to what is being done in training Indians to undertake the defence of their country. A great deal is being done in various directions, I will not anticipate what he has to say; but as far as initiating a decisive policy is concerned, let me suggest to the House that the short time needs of war emergency must take pre-eminence over any long time policy, however desirable it may be, of Indianisation which can be carried out in time of peace. The emergency is here, and while I would advocate increasing opportunities being given, at every possible stage, for training Indians in the various land, air and naval forces of this country, I would beg the House to remember that it is not practicable at the moment, faced as we are with the emergency of the war, to do what we might wish to in the more spacious days of peace.

There is no doubt at all that my Honourable friends may argue, as my Honourable friend, Sir Syed Raza Ali, did argue, that the war gives the most amazing opportunity for a decisive policy of taking steps to train Indians. Well, Sir, I am not sure actually that he is right. From the financial point of view there are difficulties, for example, in the sudden extension of the air forces, also in the great extension of the forces at sea. As far as the Indian Army is concerned, which I understand is to come under more detailed examination in a subsequent cut, my broad generalisation applies particularly. You cannot in a time of emergency expect anything but the immediate needs of the emergency to be predominant. It is perfectly true that the war is already giving increasing opportunities of service in India's defence forces. I was very glad indeed to observe the announcement of the Government of India in regard to the extension of the territorial system, particularly in parts of India where the increase in the territorial forces is more specially welcome. There have been opportunities for extension in the land forces. We have heard in this Session already of the training which is being given on as extensive a scale as India can at present afford in regard to the air forces.

Sir Syed Raza Ali: Fifty men under training.

Mr. F. E. James: My broad general observation on that narrow aspect of this cut is that to the immediate emergency of war, everything else must give place.

Now, the other point which he made was about the appointment of a Defence Advisory Committee and here, I think it is due to the House that I should explain the views which we hold on this now. We have previously expressed the view that it would be a good thing to have some machinery of a consultative character which the Government of India might use in bringing representatives in part from the Legislature in touch with some of the defence problems of the country. But quite obviously in war time that machinery would not be advisable and we would not be prepared to recommend its establishment at the present time. I do say that there is a need in this country for much greater publicity being given to the activities of the defence forces than has been given at least in the past. This is not a private war, this is not Mr. Ogilvie's war, it is not even the Commander-in-Chief's war. Wars now-a-days are not merely fought by the defence forces; they are fought by whole peoples. Therefore behind your defence forces, you should have as far as possible the interest and support of the whole population. Now, there is a great lack of what I would call conscious propaganda work which will bring home to the people in the remotest parts of India, from North to South, the real work of the Indian Navy, the Indian Air Force and the Indian Army. We have from time to time brought this to the notice of the Defence Department and I should commend to that Department the policy which is now being adopted by the Punjab Government in making available to the remotest villages knowledge about the progress of the war, pointing out the part which India is playing in that progress. As the House will realise that part is no mean part; it is a very great part and India's contribution is wider probably than ever before. Therefore, may I put it to the Honourable the Defence Secretary that while he may not find it advisable, as indeed it is not advisable now, to establish a Defence Advisory Committee, he will tell the House that Government are taking rather special steps in the direction of making as widely public as possible the activities of the various arms in India's defence forces. If he will do that, then I am quite sure, as a matter of fact he will do much more in that, than by the mere appointment of a Defence Advisory Committee. I would add to this that I, for one, appreciate what is being done through the radio broadcasts in Hindustani from France, the eye-witness' account of the movement of troops, the arrival of troops in France and the conditions of life of Indian troops in Egypt and Singapore—all that is excellent. This is not enough. The great arm of the cinema should be used and there should be in all programmes of films that are sent into the villages, in these travelling cinemas there should be attached to these programmes shorts and news reels of the life of the Indian soldier, the Indian navalman and the Indian airman. In that way even the remotest of the populations of this country would feel that they are taking a part in a great struggle for the freedom not only of other countries but also of this country.

Sardar Sant Singh: Sir, I am very grateful to my Honourable friend, Mr. James, for having given a reality to the debate on the cut motion that is before the House. But I am afraid that I agree to differ with him on the main conclusions which he has arrived at on the data which are substantially correct. Here in this cut motion, the Honourable Member, Sir Syed Raza Ali, has claimed for a decisive policy of training Indians to undertake the defence of the country and of establishing a Defence

[Sardar Sant Singh.]

Advisory Committee: Mr. James contended that war emergency must take precedence over long term policy and he has told us that the immediate need of the Defence Department is to adopt measures which may go to win the war. These are exactly the reasons which strengthen my position when I say that if war is to be won and if the emergency is such, and it is so, that emergency must take precedence over the bureaucratic traditions that have been governing this country so far.

When we are asked to give nearly one-half of our revenues for the purpose of defence it is forgotten that we are to spend it as well and must have a voice in its spending. The Finance Member has devoted four pages of his budget speech to the Defence Department. Granting the need for increased taxation, will he have our views on the spending of that money too? That is the principle we want to establish. If in this emergency when Englishmen are engaged in a life and death struggle with their enemies they refuse to take us into their confidence although they want us to pay for that emergency, it is not consistent with fairness, justice, equity and good conscience.

Mr. F. E. James: And jurisprudence.

Sardar Sant Singh: Yes, and with jurisprudence. If Canada is a place where air pilots can be trained, why not India? Canada has no borders to defend and is quite a safe place.

Mr. F. E. James: Is not the safety of Canada the very reason for selecting it?

Sardar Sant Singh: If that is the reason, then why keep your army on the borders of India at all? I thought it was the unsafe place where you train men for defending their country. I think the real reason for selecting Canada is racial and if our conclusion is unfounded, proof to the contrary must come. This emergency should be utilised for training Indians to defend their country. The communication lines over the seas and over the land are becoming dangerous and will become more so in future. Therefore, it is essential for India to be self-sufficient in the matter of her armaments, army officers as well as production of munitions and other materials for the successful conduct of a war. That is our reason for wanting to know about the expenditure of this money. It is very well to talk of approaching the remotest villages and imparting information about war. But it is overlooked, when such an argument is advanced that all such information is looked upon with suspicion when it comes from sources that are known to be interested. We are their elected representatives and have their confidence, and we cannot tell them how this money is spent. Whereas people sent by interested parties will be looked upon with suspicion. Therefore, we say that the elected representatives of the people who enjoy their confidence should go and tell them that the money is safe in the hands of the Defence Department.

Government of India want us to pay additional nine crores of rupees for defence purposes this year. The people of the country are justified in demanding their right to be taken in confidence. If a civil officer can be the head of the Defence Department in England, why not here? My

friend, Mr. Ogilvie, is an officer of the British Civil Service. Why cannot an Indian take charge of this Department? Cannot Indians work as advisers to the department in defence matters? It is absurdly unconvincing to take shelter behind the plea of lack of expert knowledge or so—etc. India had a big army before your occupation and without any of your special training there have been big leaders of armies. India had successfully solved the problem of the tribal areas which the present Government have not been able to do with all the training and scientific methods of its Generals. If we are given the opportunity we can make as good soldiers and officers as any other people can. We cannot willingly permit things to go on in the way they are going on today. We want you to consult us; we want to see that the money is being spent primarily in the interest of India and Indians should get the same opportunity as foreigners are getting today. And, therefore, we want that an Indian Defence Advisory Committee should be immediately established. There is a difference between Members of Parliament in England and Members of the Legislature here. The former are taken into confidence and associated with the administration by the executive government, although matters of strategy are of course left to technical experts. But as regards direction of policy we want to have the same voice as Members of Parliament have in their country.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Sardar Sant Singh: Then, there is the point about the expenses incurred by expanding the borders of India. Indian armies have been sent to places like Egypt, Suez, Aden, Hong-Kong on the plea that it is for the defence of India. The other day I said that these zones were perhaps described in the Chatfield Committee's report. If these are zones for the defence of the Empire, let England pay for all this. If we permit such pleas without examining them we may be told that Indian defence extends to Timbuctoo. We must examine for ourselves how Aden, Suez, Hong-Kong, Malaya, etc., form the natural boundaries of India where Indian troops should remain in order to defend India. In the other House, the other day, during the course of a debate, an illustration was given that nobody waits for the dacoits to come and invade his house before he acts and it was contended that one should go ahead and meet them. That is a fallacious argument. We must be told that the dacoits are coming. Dacoits are not coming. If England and France are at war with Germany, Germany has not declared war against India. As a matter of fact the war is being fought for the purposes of England and France and if we are to help in the war we must be told that that war is our concern as well. And for that the only thing we want is that when we are made to pay taxes we must also be allowed to have our say how the taxes should be spent. This is a most moderate demand which any people can put.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Sardar Sant Singh: Therefore, I will say only this much, that this is the time when an advisory committee should be set up which could function with the Defence Department.

Major Nawab Sir Ahmad Nawaz Khan (Nominated Non-Official): Sir, I admire my friends, Sir Syed Raza Ali and Sir Muhammad Yamin Khan, for their very moderate and well-argued speeches and their plain talk on this cut motion. They have said rightly that Indians require really good training in the Army and Navy and Air Force for the defence of India. This desire of theirs is very well-known to the British Government. Even more than us, the British Government is careful and desirous of the safety of the Indian Empire. Therefore, the first and foremost duty of all of us who have a keen interest and desire for the safety and advancement of India is to support the British Government wholeheartedly and co-operate sincerely with that Government, because, in this respect, their interest and our interest is one and the same

An Honourable Member: But where is the co-operation? That is what the motion requires and demands.

Major Nawab Sir Ahmad Nawaz Khan: I am not talking of details, I am talking on the principle; and Sir Syed Raza Ali and Sir Muhammad Yamin Khan have very rightly said that this is the time when more training should be given and more colleges for training Indians should be started. This is one of their proposals. But other gentlemen will come forward with other proposals and in this way there will be a hundred and one proposals in this matter. There are many such proposals going on in England also and other places because the interest of Great Britain in the defence of India is far greater than it is for many of us here individually. ~~As Sir Muhammad Yamin Khan has said very plainly, I will also say that there is a vast number of Indians who still believe honestly that India cannot remain in safety for one day without the support and protection of Great Britain. . .~~

Mr. M. S. Anay: Sir Yamin Khan did not say that.

Major Nawab Sir Ahmad Nawaz Khan: This is quite clear from the hard facts that our top leaders in India in spite of their long and honest efforts cannot settle even such an ordinary and easy question as music before mosque or cow-killing, but they go on still blaming one or the other community. We cannot settle our differences or maintain peace even over ordinary matters. How can we then believe that if India is attacked by a first class foreign power, these leaders will agree to defend India? They will go on arguing, and in the meantime the invader would come and say "Surrender"; and our leaders will say "We are consulting, consulting," and there is no mutual settlement yet. Our leaders will go on saying, we want safeguards here and safeguards there and the committees will never agree on any point. These things are also known to Government and are much better known to our leaders than to myself who belongs to the North-West Frontier Province, where people know more about war than about the hypocrisy of politics. It is becoming well-known all over the world now that the first class powers in Europe are arming against each other and so are even the smaller states there. This fact that India is in need of defence is known not only to us but in a better and greater form to the British Government. They also know that our army is not quite efficient and it is the British Navy, Air Force and Army that is protecting us and for that reason Sir Raza Ali has very wisely said that he does not like to criticise the maintenance of the British soldiers in India or any decrease in its

numbers; he merely wants that the Indian Army should be made more efficient and Indian officers should be given better and proper training for the defence of India. We are very ignorant of many things required for training; we know much less of these things than those who are accustomed to know these things and have experience of them. . . .

Sardar Sant Singh: May I ask the Honourable Member, who is a Major, whether he is a less efficient army officer?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not interrupt.

Major Nawab Sir Ahmad Nawaz Khan: I have as much right to say what I think as Sardar Sant Singh has. As I say, for many reasons the British Government are more careful and eager to maintain an efficient army and bring the standard of the army here up to the mark, because they know very well that, if, God forbid, India is attacked by any two first-class powers it will be the Indian Army really which will have to play the greater part in protecting India along with the British army and under British officers. Our main stay for the defence of India really is the Indian Army, which consists of our land forces, the navy, the strong air force and other branches. Therefore, the best course for all patriotic Indians to adopt in this matter is to support the British Government and to co-operate with them, so that the object which we Indians have in view may be achieved quickly, and not to paralyse the Defence Department by criticisms of their actions. If we go on opposing and paralysing the Government, we shall be acting against our own interest and setting back the hands of the clock of progress.

My friend, Sardar Sant Singh, asked why should the Indian Army be sent to far off places like Aden, Hongkong and Egypt? Evidently he does not know the reason. It is because he is living in the most fertile district of Lyallpur where there is greater safety. He thinks that our army should not be sent to distant places. He must know that if India's battles are fought a thousand miles away from our own homes, then our homes, women and children are free from the horrors of war. If Sardar Sant Singh thinks that the battles of India should be fought on the Indian soil itself, then no one knows the loss of property and how many thousands of Indians will be killed. . .

Sardar Sant Singh: I neither said it nor meant it.

Major Nawab Sir Ahmad Nawaz Khan: That is why the British Government have very wisely and prudently extended the frontiers of India to such places beyond the real frontiers.

Then there is another important question which we have to seriously consider and it is the question of money. Money is the chief thing required nowadays, and therefore, I wish that the Indian Legislature, whenever the question of the Indian defence comes up here, should liberally support the Government. On the one hand you want to cut off the defence budget, while on the other hand you want to improve the efficiency of the army. I really cannot understand the logic of this argument. If the Indian Army should be made really efficient, there must be sufficient money to train them and to make them efficient. Without efficient training how can we produce an efficient and up-to-date army, and without a large sum and expenses how can we give efficient training and keep an efficient Army. You cannot

[Major Nawab Sir Ahmad Nawaz Khan.]

make a good house or start a good institution without sufficient funds. Now, England has already given us so much large amount of money for the defence of India. She has also given money to smaller and weaker nations, because those small nations have men to fight but not enough money for their training and for supplies. I wish that each Indian should in this House fully support the principle that we should support and co-operate with the Government when they ask for funds to make our army more efficient. We should not paralyse and oppose them. We should support the Finance Member and the Army Budget so that our army may be maintained at a high level of efficiency.

Mr. President (The Honourable Sir Abdur Rahim): Today being Friday, the House will adjourn till a Quarter Past Two.

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. M. S. Aney: Sir, the motion before the House moved by my friend, Sir Raza Ali, is of a very limited and modest character. He only wants to discuss the importance of initiating a decisive policy of training Indians to undertake the defence of the country and of establishing a Defence Advisory Committee. In view of the limited nature of this motion, there should not be much opposition from any quarter of this House, but, somehow, I find that, from the speeches made by my friend, Mr. James, as well as another Honourable Member over there, even this limited demand made by the Honourable the Mover is not acceptable to them as they anticipate considerable difficulty in accepting it in times like the present.

Before I make any observations on this motion, I should like to invite the attention of this House to certain matters which, in my opinion, are very important from the point of view of the discussion of military questions. Sir, there was a time, I remember very well, when the defence budget was under discussion or when important questions of policy affecting the defence of India were under consideration, His Excellency the Commander-in-Chief used to show us the courtesy of being present in the House and also of giving us the benefit of his views and his experience on all these vital questions, but, somehow, since a long time, this practice has been discontinued, and I am very sorry that even when there is war on and when the country is looking up to the Defence Department for light and enlightenment, it is not thought proper to depart from an unfortunate policy which he has adopted in this matter. I feel this House would have been benefited considerably if it had the advantage of the views of His Excellency the Commander-in-Chief on the motion which is under discussion now.

Now, Sir, having made a reference to His Excellency the Commander-in-Chief, my friends of the Muslim League will excuse me if I also make a reference to the distinguished Leader of that Party. It was the privilege of this House generally to be treated to a very well informed speech on defence questions by my friend, Mr. Jinnah, the Leader of the Muslim League Party,—I do not know whether he is in Delhi now. . . .

An Honourable Member: He is not.

Mr. M. S. Aney: but we very much miss his absence today particularly when his Party is moving a very important cut. . . .

An Honourable Member of the Muslim League Party: What about the absence of the Congress Members?

Mr. M. S. Aney: Nobody is more sorry than I myself for the absence of my friends on those Benches, because I know that there are some among them who have made a very careful study of these questions, and their views today would have been of the greatest value to us, but, unfortunately, we are discussing these questions today in their absence.

Now, Sir, having said this much, I now turn to reply to some of the objections raised by my friends. My friend, Mr. James, said that he had considerable sympathy for the motion before the House, but he asked the House to remember that the emergency must have precedence over, what he was pleased to call, long time reforms in the matter of defence. Reforms in defence must be undertaken, if they are to be of any use at all to the country, when there is an emergency. That is the main reason why the people demand reforms in the matter of defence. Defence measures are not undertaken merely to maintain a costly army for purpose of show. They are required because they should be of use to the country in times of emergency like the present one so that we may be in a position to tide over difficulties confronting us. Therefore, Sir, in my opinion, the present is a most opportune moment to undertake the defence measures so as to put the Indian Army on a more efficient basis, and to suggest that because there is an emergency and it should have precedence over all other questions is not a sound argument. In fact, while my friend expressed his sympathy for the motion, he virtually withheld his support to it. I do not know how the present emergency is going to stand in the way of considering the problem of training Indians for the defence of the country. If these questions are not to be considered now, what is the proper time for tackling these important questions? I feel, Sir, that the very fact that there is this emergency should make the Government feel the necessity of taking greater interest in these questions. That is how I feel in this matter. Therefore, those who put forward the argument of emergency and maintain that because of the emergency we should not tackle these questions seriously now, have really not realised the importance of the motion before the House.

When we are considering the question of expanding the facilities for training Indians for the defence of the country, we are entitled to know what the Defence Department is contemplating to do in this matter. We were told many times by the Honourable the Defence Secretary that nowadays the old army was of little use, that the wars were fought by mechanised arms and so on. So let us understand what the training of Indians in the use of mechanised units and machines really means, and what difficulties stand in the way of training the Indians in all these various branches of the army. If a country is to be equipped with a proper army, an up-to-date army, then it is not merely a question of sending a few boys to a particular school which will complete the training of Indians in this matter. You have to train them so as to form them into units of a mechanised army, and, therefore, the country should be properly equipped with all the necessary up-to-date and modern appliances of warfare. It means that you must be in a position to equip the army with all the modern machines of destruction,

[Mr. M. S. Aney.]

and for that you should not be dependent on any other country. I will include in the question of training Indians for the defence of the country all the other allied questions like equipping the country with all the up-to-date factories for manufacturing those machines of destruction which are required to wage modern wars. Is this country to depend entirely on foreign countries for the supply of these machines and equipments in times of difficulty? If so, it will be obvious to anybody who gives the least thought to this question that this country will find itself entirely helpless, because even the means of communications are being interrupted, and with the best of intentions of England to supply the necessary materials to this country, we will be able to get nothing.

An Honourable Member: Have you not got the Spinning Wheel?

Mr. M. S. Aney: We shall spin that subject some time later, and not now. We are now dealing with the question of producing more deadly weapons than the spinning wheel. So let us approach this question with a little more seriousness and in a spirit of earnestness, and not in a spirit of joviality.

Now, Sir, if this country is to have a fully equipped army of its own and the youth of this country is to be properly trained in the use of modern arms, then the question will be not merely of imparting some training only but one of equipping the whole country with all the necessary mechanical equipments without which mechanised armies cannot come into existence.

Now, Sir, I will deal with the second point in regard to the expenditure to be incurred by the country. Some reference to this question was made by one of the Honourable Members who preceded me, and so I feel I must refer to it. If there is any time when the Government is generally recklessly liberal over its expenditure on the army, it is the time of war. On other occasions of course they have got other demands on their purse, and, therefore, on account of these demands they feel impelled to curtail their expenditure as much as they can on the army. So the question of expenditure should not stand in their way if they seriously look into the matter and decide to equip the army in the manner I have suggested. Apart from the money which the Government get from the Indian taxpayer and out of which a large portion is already being appropriated to army expenditure they can also tap other sources for having a most efficient and modern army in this country. I do not understand why the Government should not raise a loan for the purpose of having a truly Indian Army. If they can take contributions for the prosecution of the war from the Princes and others, I am sure if the Government of India make up their mind to have a full fledged Indian Army like the Air Force, Navy and all the rest of it, they can make an effort by approaching the ruling Princes of India, and I have no doubt that they will make very liberal contributions. Only the Government of India have to make an effort in this direction, there must be seriousness and a strong will on the part of the Government, and money will be easily forthcoming. . . .

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has two minutes more.

Mr. M. S. Aney: Very well, Sir, I shall finish in one minute. My contention is this, that if the Government think that the question of funds is

the only thing that stands in their way of creating a first class Indian Army, I think they are not taking a correct view. If they can get liberal voluntary contributions for carrying on the war in Europe from the ruling Princes of India, I am sure an appeal from the Government will elicit a very good response, and all classes of people including the politicians, even Congressmen, the Muslim Leaguers and others will support such an appeal by persuading the people of the country to make very liberal contributions so as to have a thoroughly well equipped Indian Army for the defence of this country. What is wanted is a strong determination on the part of the Government of India to have an up-to-date Indian Army officered by Indians for the defence of this country. Sir, we cannot tolerate the idea of being helpless in case the British Army is entirely engaged in the war. There is already trouble, and if that grows, we do not know what is in store for us and for them also. So it is better that we should be fore-armed, and, therefore, I feel that the motion before the House which is a very modest one should be accepted by the Government. Of course, I should prefer to have a different kind of Defence Committee than the one suggested by the Mover of the Resolution; and not merely a Committee composed of two Members of this House and of somebody else who may not understand the questions or the true needs of this country on defence matters. Anyway, if the Government want to make a beginning of their own accord, let them do so, but let us have a Committee which will have an effective voice in the control of defence expenditure when the war is on. With these few words, Sir, I support the motion.

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

Mr. Huseenbhai Abdullabhai Laljee (Bombay Central Division: Muhammadan Rural): Sir, I feel that my friend, Sir Raza Ali, has rendered a great service to this Empire by moving this motion, and now it is for the Government to seize the opportunity. If the Government of India had trained a large number of Indians in India and Indian officers for the army in 1914, there would not have been the last Great War then nor could Germany have thought of the present war in 1939. Sir, much has been said about the martial races, their training, efficiency and so on, but we all know how other countries, England, America and even China when they have no large standing armies even then when needed they have brought into existence large armies within a couple of years who have been pronounced to be fit for all kinds of fightings in the field. There are all the classes of their people in their army in those countries. It is also a fact that at the time of the Great War we had hardly 150,000 Indian soldiers but very soon, within a short time, we had a large army prepared and how well did it soon become efficient, and a real army has been already said by my friend, Mr. James, who was pleased to give it that good credit which its performance deserved. I must thank my friend for giving credit where it is due.

Sir, as a business man I only rely on facts, and in spite of what some of our friends may have been saying as regards their experience in the army and about their efficiency and so on, I look to facts, and those facts are that within three years, from 1914 to 1917, Great Britain put in lakhs of British and Indian people in the field who fought in a manner that brought credit to the country and to themselves. We also found that our poor Indians can turn out to be as good and efficient soldiers as any within

[Mr. Husenbhai Abdullabhai Laljee.]

three years. If that is so, I will make bold to say that to make a good soldier it requires a training of two or three years. I will now give you a personal example and you will excuse me for it. Very recently a young man belonging to a good English firm who are our good old friends and who is only 21 years of age has been asked to join the army and he has been taken to Belgaum. He has hardly been there three months and he will probably, within the next month or two, become a second lieutenant. This young man came to India, when he was 14 years of age, for three months. Then he came again at the age of 17 and was three months here. Now he has been in India for only eight months. This young man has been playing with my boys. They had often been going together on excursions, and I may tell you this, that he himself admits and says, and so also the parents of the boy, that some of my boys are really strong in physique and almost equal in every other respect to this young man. But it is most regrettable that neither my son nor the son of any Indian within three months, while in our country this young man can. This young man tells us, "Why don't you go for training to defend your country?" And we have to say with all shame that in our own country we are not allowed to do so. Within three months this young man will be a second lieutenant. Is there then I ask any truth in what we are told with regard to training, efficiency, martial races and what not? The whole point is there is a peculiar policy laid down for us, which policy may have been right, which policy my Honourable friend, Mr. Malaviya, says, he would adopt if he were also in power. But I say that that policy was a great mistaken policy, and if at all it were in any way right, it may have been some thirty-five years ago.

The world has changed a great deal. It is impossible now to believe that anything can be kept out of the people of any part of the world. All improvements, all science, all education, military training, naval or otherwise,—they are all well-known to the people. It is a mistaken idea to think that by keeping them in the dark you will be able to rule and then only you will be able to gain your object. It is only by co-operation, by avoiding bitterness, and treating everybody equal in the country in which you reside, that you can make headway, that you can make a long stay there, a good stay there for yourself and for others. Otherwise, what happens? The same thing as has been happening now. Every nation is coming out to fight with each other, to conquer or to exploit other people. I repeat that it is high time that an attempt was made in this country to train a large number of people. Let them not be in the regular army, they need not be kept as a standing army, but you can train them, and I assure the result so far as this Great War is concerned, the moment you have 15 lakhs of Indians trained in this country, you can surely expect not only from Germany, but from the world at large anything but regard to the benefit not only of India but of Great Britain herself. It has been said often that you have got to keep Indians out of the army because you think your business, your investments here will only be protected if you are in power and unless you hold the army doors closed against us. All that is a great mistaken policy, what is required is to be true to your friends. But even supposing it were true, I ask the House what are the total imports of Great Britain in India? Only 35 per cent., and if you

will allow Indians to develop their industries, it will take some years before they can capture the 65 per cent. of foreign trade. So, be friends with us, encourage us, co-operate with us, be honest with us and there will be no bitterness. But for that 30 per cent. or 32 or the most 35 per cent. of your trade you want to say, "We won't allow you to save yourself, we will allow everybody to exploit you for the sake of protecting our one-third share." That is intolerable and a great mistaken policy. It is not in the interests of the masses of India nor I make bold to say of the masses in England.

Take the instance of the sugar industry. For years together there was no encouragement given. (Mr. J. D. Boyle tried to interrupt.) Please do not interrupt me. But when our Government gave some protection recently, some lakhs and crores of rupees have been saved in this country and thereby also the British manufacturers have been able to sell their stores and machinery. At that time and even now none of the British Colonies were bringing in sugar here. It was only the Dutch and other European beet growing countries. Still the Government had been for years allowing them and others to exploit, to the tune of 65 per cent., this country by all imports from other countries. It is here again that the great mistake lies. If the economic fair interests of India were fairly and squarely to be looked into, I am sure there will not prevail ill-feeling between us and there would be no need to come forward with all sorts of excuses, to keep us out of Government or from army for our defence.

I again ask now after stating these facts, could not India within a year or a year and a half give training to a very large number of young men? Could not India get about 5,000 Indian officers trained if needed immediately within three or six months if you could have 300 young English men trained at Belgaum within three months to become second lieutenants? The facts are there. I do hope and trust that something will be done soon and in time to abolish this mistaken policy. Live and let live. Work with us in co-operation. You have large sums invested in this country and we want an offensive and defensive alliance. It will be that the first choice of Indians will be with the people of Great Britain who have got vested interests in India. Remember when Great Britain wanted an offensive and defensive alliance with France, it cannot be that India does not want an offensive and defensive alliance. In that case, I repeat, the first choice will fall on Great Britain, provided that the latter look fairly for their interests only and no more, that is, of all Europeans and if there is a fair and square deal with India. Let Englishmen come forward and tell us, "If you agree to join us, to help us, we shall help you and honestly work with you and you can have tomorrow the army you want".

Take now the instance of the naval forces. Very recently many of the ships have been commandeered by Government. We had some ships in Indian waters. They have been found useful for guarding what you might call the Indian coast in our own interests and guarding the English interests in India in commerce, trade and industries. The ships were manned by Indian crew and by Indian officers. I understand that all the Indian officers have been removed. Surely, as engineers, second in command, third in command they could have remained there, and they would have been useful. Why do you act like this yet? I cannot understand.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

Mr. Huseinbhai Abdullahai Laljee: I will finish in a minute. With regard to the Air Force a lot has been said and I really thank my Honourable friend, Sir Syed Raza Ali, for his having done a service the other day by bringing up this question before us. Very recently, an important instance has happened. It was announced in England that those Indians in England would be given commissions in the Air Force. But, Sir, again, there was one thing therein and that was that it was announced that for and during the prevalence of the war it will remain. Why so? What is the good of that? Is that not discrimination? Is that not showing want of confidence? Does it not show that only during exigencies you want our services and not always? I do hope and trust that in the broader interests, in the interests of the people of India and of Great Britain this policy will be changed and that we shall soon have a large number of people trained to be able to take their place in the war if and when needed and you will find that it will result in the best interests of both. With these words I support the motion.

Mr. C. M. G. Ogilvie (Defence Secretary): The main part of the Honourable the Mover's speech was devoted to the details of Indianisation of the defence forces, particularly the Army, and on that subject I propose to touch very lightly indeed, as I understand another cut motion is shortly to be moved by Sir Muhammad Yamin Khan on that very subject. Sir Raza Ali's cut motion is divided into two parts. The first was to initiate a decisive policy of training Indians to take part in the defence of their country. The first thing I have got to say about that is that I listened with the greatest care to the speeches of all Honourable Members and I could not find anything very decisive in anything that they said as to what was to be done.

Mr. M. S. Aney: That is for you to decide.

Mr. C. M. G. Ogilvie: I will do my best to do so. No concrete suggestion was made as to what this policy should be. I do not want Honourable Members to think that I am criticising them for failure to make such concrete suggestions. I regard that, in the circumstances in which we stand, as a sign of great wisdom. Now, what we are actually doing to train Indians in the defence of their country, I think, is fairly well-known to most people but I will summarise the steps that have been and are being taken.

In the first place a start has been made with the formation of a national army. With the foundation of an Indian Military College and the bringing of the officers trained therein under an Indian Army Act, the first step has been taken towards bringing the Indian Army, both officers and men, under an Indian Statute. The progress of Indianisation in the last few years is, I think, well-known to every one. I won't dwell any further on that for the moment. As regards the Navy, great changes have taken place since the beginning of the war. The service has been very greatly expanded and a great number of additional officers and men have been taken on. All the men and the bulk of the officers are Indians. There are many more ships than there were and admirable work is being done to

keep India's ports and harbours free from the possible menace of surface raiders, mine layers or submarines. The expansion in the army has not been as great as it was or anything like as great as it was in the latter years of the Great War but in that connection I would remind the House that there was no very great expansion of the Indian Army for the first two years of the last war. In fact, the really great expansion did not begin until the war was nearly three years old. What the expansion may be in the future neither I nor anybody else can possibly say. It depends upon the course the war may take and that at present cannot be foretold. There has, however, been a considerable degree of expansion to meet possible contingencies. In particular, the Territorial Army has been brought up to strength. A large proportion of it has been mobilised and is now fit to take the field, if necessary, with the regular troops. In addition, fresh battalions of the Territorial Force are being formed and if the need should arise, more will be formed. As regards the Air Force, I spoke at length about that the other day. I do not think that I need repeat what I said then. We are, however, endeavouring to increase the Indian Air Force and I hope that the comparatively near future will show what we have been able to do in that respect. Now, the question, to quote my Honourable friend, Sir Muhammad Yamin, is this. Is this the proper share that India should have in her defence? Some went further than others and seemed to think that it was not and that India's contribution should be very much larger. Well, with that idea as an ideal, I am unfeignedly at one. If India could have a vast Navy, a vast Air Force and a mighty mechanised army, no one can say, at the present time, that it would not be for the good of the world.

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): And officered by Indians?

Mr. C. M. G. Ogilvie: . . . and, as you say, officered by Indians.

I will not weary the House with the financial details that I have been in the habit of doing in an endeavour to point out the difficulties in the way of India standing on her own legs in the matter of defence but, I feel, that I must say quite categorically that in the existing circumstances of India and the world, no scheme which is within the limits of practical politics could possibly be devised which would achieve such an end. I think that it is an enormous tribute to the financial administration of this country that Honourable Members should consider that such a thing is possible.

Sir Syed Raza Ali: Not at present but certainly after the war.

Mr. C. M. G. Ogilvie: They do not realise that vast as this country is, enormous as are its coast line, and its land frontiers and teeming as its population is—I believe in all probability the largest population in any country of the world—its income is not perhaps much greater than that of Australia, with a population of six and a half million. Well, that the financial administration of the Government should have been able to disguise that fact so extraordinarily well is, I think, the finest tribute to it which can possibly be paid. Then, to continue with the possibility of evolving a new defence policy, possibly, though I am not quite clear on that point, designed to make India self-sufficient in the matter of defence, if that is the ideal, no one can deny that that is our objective, very far away it is

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

true, and that everything we are doing is calculated to move towards that end instead of further away from it is incontrovertible. In so far as our resources permit, we have done everything that we can to make India self-sufficient in the munitions of war, and though I cannot say that that has been or can be entirely achieved, I can confidently inform the House that an immense advance has been made. His Majesty's Government have, of course, contributed most generously to that end. I said that I remembered a year or so ago that the changes which time has brought have made the maintenance of modern defence forces a burden which is almost beyond the power of even a wealthy, industrialised country. In the old days, even a hundred years ago, the matter was entirely different. Up to comparatively recently, India could and did afford to maintain an army comparable not only in men,—it is still comparable in that,—but in equipment, with the army of any other country. But now, even as regards army equipment, unless we put the most appalling strain on the people of this country, we cannot go very far on our own resources, and as you know, His Majesty's Government have helped us most generously, without that help, we should not be in the position in which we very fortunately are today.

My Honourable friend, Mr. Aney, talked about the possibility of raising immense loans from the people of this country for the creation of great forces. I do believe that the people of this country have the victory of the Allies in this war at heart, and that they would undergo great sacrifices in order to bring the day of victory nearer. On the other hand, it must be remembered that India, though fairly rapidly progressing in riches, is still largely an agricultural country, and the extent to which vast burdens can be imposed upon her people depends ultimately upon that fact. Again, to conclude my remarks upon the evolving of a new and radical policy, as my Honourable friend, Mr. James, so rightly said, even though we could think of what policy to pursue, this is not the time to do it. We do not know, as my Honourable friend, Sir Muhammad Yamin Khan, pointed out, what lessons this war will have to teach us. At the end of it we may find our position in every way entirely different to what it is now. We must work for the moment, we must do the best we can to win the war: and we cannot evolve a radical change of policy in the absence of information of the more important factors involved. Again, when my Honourable friend, Sir Raza Ali, was moving his cut, he said that he had decided not to move his Resolution on very much the same subject because—I think I am right in saying—he did not wish to compromise the attitude of his Party upon the question of the grant of Dominion Status to India. Well, Sir, I maintain that it is quite impossible to cut the question of defence out of its context and to treat it apart from the great unsolved problem of India's future which is in front of us all.

Sir Syed Raza Ali: Will the Honourable Member expand his remark? I do not know what he means? We have no opportunity to raise this question except through these motions?

Mr. F. E. James: You are the only one in the dark.

Mr. C. M. G. Ogilvie: I turn now to the question of the Advisory Committee. The Honourable the Mover had not the time to develop at any

length this part of his thesis. He did, however, say—if I have recorded him rightly—that a committee of three non-officials should be appointed to see that Government's policy is properly enforced. Well, I do not know whether that could in any circumstances be a practicable proposition. It is the Government's function, it is for Government to see that its policy is enforced; they are not to rely upon non-Government agencies to do that for it. However, I think almost a year ago I dealt at length with this question in a speech before this House and I then pointed out that there are two aspects to the question of appointing in any shape or form a standing defence advisory committee,—one was constitutional, and the other was practical. On the constitutional side, the authority responsible for defence, under the constitution as it exists here and now and with which alone I am concerned, is the Governor General in Council, and that responsibility he can neither share nor shelve.

Sir Syed Raza Ali: Let Mr. James hear this!

Mr. C. M. G. Ogilvie: Then the Honourable Sardar Sant Singh in this connection appeared to be labouring under a misunderstanding as to the functions of members of Parliament in the United Kingdom. I can assure him that neither they nor the members of any other legislature have a voice in the framing of a defence policy. In the formulation of defence policy, such a thing has never even been thought of. That is the work of the Executive Government. When there is an Indian Parliament which is fully responsible, I do not think that you will find that the Indian Ministry of the day will accept advice or control as to the policy it is going to pursue from anyone outside its ranks. At least, they will not do so officially.

As regards the practical uses of such a Committee, they are, I submit, very few, especially, as the Honourable Mr. James pointed out, in time of war it is rather difficult to see on what subjects the Advisory Committee could be consulted, if they had to be kept apart from the secrets of strategy and mobilization, and most defence questions are bound up in one way or another with them.

Mr. M. S. Aney: May I interrupt the Honourable Member for a minute? There was an idea of having a Consultative Committee. What functions would it have played had it come into existence?

Mr. C. M. G. Ogilvie: I should be much obliged if I am allowed to 3 p.m. make my speech in my own way.

I do not say that there are no uses which informed civil opinion may not have. I do not say also that there are no uses which it has not got. It has. Government have for example always been ready to appoint *ad hoc* Committees on any subject on which the opinion of Members of this House could be of value. And should such questions arise again, it will undoubtedly continue to do so. Also, as I pointed out before, there is nothing to stop Honourable Members from making any suggestions that they think fit either from the floor of this House, which many of them do, or sending them either as individuals or as a group, in which case I can guarantee of their most careful consideration, but that they should be able to advise or, as some Members said, even exercise control in matters of policy, such as, new expenditure, and so forth, is frankly impossible.

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

On questions of administration, on the other hand, that is entirely a different matter, and there, of course, they have now many opportunities. The Public Accounts Committee, for example, goes very fully and in immense detail into the expenditure which the army has incurred.

Dr. P. N. Banerjee: That is a post-mortem examination.

Mr. C. M. G. Ogilvie: Though, as the Honourable Member says, it is a post-mortem examination, the results have usually been surprisingly good. No blame has been attached to anybody. I fear, then, that, though I do sympathise most thoroughly with the view that India should stand on its own legs, for reasons I have given I have no course open but to oppose the cut, in the form in which it has been moved.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is: "That the demand under the head 'Executive Council' be reduced by Rs. 100." The Assembly divided:

AYES—22.

Abdul Ghani, Maulvi Muhammad.
Aney, Mr. M. S.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Chattopadhyaya, Mr. Amarendra Nath.
Essak Sait, Mr. H. A. Sathar H.
Ghiasuddin, Mr. M.
Ghulam Bhik Nairang, Syed.
Laljee, Mr. Huseinbhai Abdullahai.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.

Murtaza Sahib Bahadur, Maulvi Syed.
Nauman, Mr. Muhammad.
Parma Nand, Bhai.
Rafiquddin Ahmad Siddiquee, Shaikh.
Raza Ali, Sir Syed.
Sant Singh, Sardar.
Som, Mr. Suriya Kumar.
Umar Ali Shah, Mr.
Yamin Khan, Sir Muhammad.
Zafar Ali Khan, Maulana.
Ziauddin Ahmad, Dr. Sir.

NOES—43.

Abdul Hamid, Khan Bahadur Sir.
Abdul Hamid, Khan Sahib Shaikh.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Bajpai, Sir Girja Shankar.
Bewoor, Sir Gurnath.
Boyle, Mr. J. D.
Campbell, Mr. D. C.
Caroe, Mr. O. K.
Chambers, Mr. S. P.
Chapman-Mortimer, Mr. T.
Chatterji, Dr. Rajah Sir S. R.
Clow, The Honourable Sir Andrew.
Daga, Seth Sunderlal.
Dahal, Dr. R. D.
Delpat Singh, Sardar Bahadur Captain.
Dumasia, Mr. N. M.
Gwilt, Mr. E. L. C.
Ismail Ali Khan, Kunwar Hajee.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
The motion was negatived.

Khan, Mr. N. M.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. O. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable, Sir Reginald.
Miller, Mr. C. O.
Muazzam Sahib Bahadur, Mr. Muhammad.
Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.
Ogilvie, Mr. C. M. G.
Oulnam, Mr. S. H. Y.
Pillay, Mr. T. S. S.
Rahman, Lieut.-Col. M. A.
Raisman, The Honourable Sir Jeremy.
Scott, Mr. J. Ramsay.
Sen, Rai Bahadur G. C.
Shahban, Mian Ghulam Kadir Muhammad.
Sheehy, Mr. J. F.
Sher Muhammad Khan, Captain Sardar Sir.
Sivara, Rao Sahib N.
Spence, Sir George.
Zafarullah Khan, The Honourable Sir Muhammad.

Indianisation of the Indian Army.

Sir Muhammad Yamin Khan: Sir, I beg to move:

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

Sir, it was in 1922 that I moved a Resolution before this House that the Indian Army should be officered by Indians alone and that recruitment to the officers ranks of the Indian Army should be confined only to Indians. That was a definite proposal as long ago as 1922. It was in February on a particular day in 1922 that I moved this Resolution and on that day I had the support of the entire House with me. The debate was postponed to a further day about eight or nine days later. On that day, the then Commander-in-chief, the late Lord Rawlinson and the Defence Secretary of those days, Mr. Burdon, now Sir Ernest Burdon, came to the House and threw a bombshell against my Resolution. They announced the Indianisation of eight units and that announcement changed the position entirely. Some of the Honourable Members who did not understand the full import of that announcement were led to think that that was a great achievement for India and I was asked from all quarters of the House to withdraw my Resolution. I did not do so. I took up my position that though it was a very alluring announcement, I should stand justified before future generations and not to the Assembly of that day. Since then, my Resolution had been taken up by many Honourable Members of this House and I have been practically supported in that Resolution every year since then. This Resolution sometimes formed part of cut motions on the budget from different parties. The Independent Party of the Assembly took it up for some years. The Party which I had the honour to lead—the United India Party—sometimes took up this question. I should like to make one announcement to the House which will please all Honourable Members and that is that my Honourable friend, Captain Sir Sher Muhammad Khan, also voted in favour of my Resolution and against the Government. His single vote decided the question against the Government. This would show the force behind this motion.

Now, Sir, this war has revealed that young graduates and undergraduates in England are not so easily available for careers in India as they were during peace time. If the war goes on protracting for some ten years, what will happen to India, nobody can tell. But if the war goes on for ten years very few English people will be found for regiments stationed in India as most of the British youths will be required in England for its defence and for the European war. It may be said that at that time Government will recruit Indian Officers for the Indian Army but that will be an emergency and temporary measure. My policy is different; I want the Indian regiments to be officered only by Indians. If that policy had been pursued, since 1922, every Colonel in the Indian Army would now have been an Indian. It is the policy which has been responsible for Indians not having been trained for these posts. To remove a possible misunderstanding I must here pay a tribute to British Officers for their great part in training Indian regiments. They have maintained the traditions of the army and we cannot minimise their good qualities and sterling abilities. The Indian Officers have always trusted them and junior Indian Officers are always willing to work under senior British Officers. That is my impression gained from personal contact with many of these people. My scheme was not one of segregation and though the eight-unit scheme was announced as being the outcome of my Resolution, that was not my plan. I wanted that Indian Second Lieutenants working

[Sir Muhammad Yamin Khan.]

under officers with a tradition of their own should rise to the highest places after acquiring the necessary army discipline. I still take that stand. I think India must be defended by Indian regiments officered by Indians and not officered indefinitely by Britishers only.

Indian Officers played a great part in the last war and showed their abilities and they will do so again. We had many distinguished people. An Honourable Member of the other House was the first Indian to lead even a British Army, because he was the only senior officer left. People with good qualifications have joined as privates and made their way through the Viceroy's Commissions ultimately to the King's Commissions. There is an example on your very left in the Marshal of this House who distinguished himself in the late war. And there are many other examples which prove that Indians, if properly selected, can rise to the highest positions like people of other countries. The policy now pursued of selecting a few people for training at Dehra Dun is not a proper one and that is why you hear that people with the proper qualifications are not coming forward. The qualifications laid down are such that persons having them will not come forward. You want people with military traditions and also sufficient money to join this school at Dehra Dun for training. I do not mind which class capable Indian Officers come from, but, surely, the best boys will be found in classes who cannot afford to pay for this education. I have always advocated that the best selections can be made from among the sons of Viceroy's Commissioned Officers, but they have not sufficient means to pay for higher education. From their very childhood, when they ride horses and handle guns, they imbibe the military traditions of their forefathers and decide to follow that profession. My friend, Mr. Hussain-bhai Laljee, spoke of the boys of businessmen but my opinion is that they will not be able to do justice to the army. Of course, there may be a few who will be a credit to the army but their tradition is one of business. From a boy's infancy he is taught by his father how to make five pice out of four and how to become rich, whereas the other boy does not care for money but for military glory. He knows how to shed his blood. We read that when the first man in the Nizam's family besieged Golconda he was hit on the shoulder by a cannon ball, and it was fractured so much that the shoulder bone was crushed to pieces: when Aurangzeb went to visit him in his camp he found surgeons were joining the pieces together and yet this man was holding a cup of coffee in his other hand and sipping from it and looking cheerful, though he died two or three hours later. He never lost his spirits. That was the training he had.

Without going into the merits or demerits of any class, I do not want to be understood as pleading for any particular class: I am pleading for Indians as a whole; and if the Government say that some classes are not fit, I am saying, here is a class to which they cannot object; I say that classes which are admitted by them to be suitable should be given this training; and if this is done I hope that my Honourable friends will not say "We do not benefit and, therefore, you should not benefit." If they take up that position, then the cause of India will always be lost through internal bickerings. If my son is not fit, I shall certainly be happy if he is not taken. I have pressed this matter for the last eighteen years before this House and I do so again now, that the Indian Army should be completely Indianised and I may say that I am perfectly certain that the military classes are as loyal to the British Crown as any Englishman can

be: you will never find any disloyalty in the Indian Army and in the Indian Officers: you should rely on their loyalty and devotion to work as much as you do on yourselves. Therefore, preventing young Indians from getting into the military has really been telling very hard on the minds of many of us

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has one minute more.

Sir Muhammad Yamin Khan: and though I myself have no opportunity, I do not want that my children should be stopped from taking to a military career when they know that their ancestors distinguished themselves in the past; and I hope that all Honourable Members' children will be given the same opportunity and also those boys of the military classes who cannot afford to send their boys for training. I also want to make it clear that the object of my cut motion is that British boys should be left for the British Army and Indian Officers should be recruited for the Indian Army. I am not proposing by my cut any reduction in the strength of the British Army: that is not my object

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Sir Muhammad Yamin Khan: So, I move my cut.

Mr. Deputy President (Mr. Akhil Chandra Datta): Cut motion moved:

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

Dr. P. N. Banerjee: Sir, I had no desire to participate in the debate on this question, but certain observations which fell from the Mover of this motion have compelled me to say a few words. A great deal has been made of traditions in the Military Department. I do not think that is the correct view which should be taken of defence policy in this country. There have been, it is true, soldiers recruited from certain provinces, but in the interests of the defence of the country, it is necessary that recruitment should be from all the provinces. A preponderance in the army of one particular province or of one particular community is not good for the country as a whole. As regards martial traditions, we all know that the English people have no martial traditions; but when they are called upon to do their duty as fighters they make very good soldiers. In 1914 I was in England when the last European war broke out. At first there was a paucity of recruits; but when an appeal was made to the patriotism of the English people recruits came in large numbers. That is what should be done in India. The army should be thrown open to all the provinces and to all the communities inhabiting this country. My friend, Sir Muhammad Yamin Khan, told you that he did not want that the British forces here should be reduced. I am entirely opposed to that view. I do think

Sir Muhammad Yamin Khan: What I said was this: that this cut motion does not go into that question and that is why I do not want to go into it on this motion.

Dr. P. N. Banerjee: Whether this cut is intended for that purpose or not, I strongly hold the view that the whole of the army in India should be Indianised from the top to the bottom. If that is not done, India will never be able to achieve the freedom which is her goal.

As regards traditions, in some of the arms, for instance, the air force, there are no traditions at all; and, if larger recruitment is made to that force, the residents of all the provinces, the United Provinces, Bihar, Bengal, Madras and Bombay will be able to participate in the defence of the country. It is high time that the restrictions which so far have existed were done away with. It is a mistake to suppose that Bengalis and Madrassis and Mahrattas never fought any battles. (Interruption.) The Mahrattas are a martial race, but what is the proportion of Mahrattas in the Indian Army at the present moment? Their number is very small in proportion to the fighting strength of that race. It was with the help of the Madrassis that the province of Madras was conquered by the British and it was with the help of the Bengalis that Bengal was conquered by the English.

Captain Sardar Sir Sher Muhammad Khan: No.

Dr. P. N. Banerjee: You do not know history. That history which you read is not worth reading. Read correct history.

Captain Sardar Sir Sher Muhammad Khan: Will you please quote the book?

Dr. P. N. Banerjee: I will give you many instances. Come to my place and I shall show you. There were generals whose names are well-known, who fought on both sides at the battle of Plassey. There were Bengali Hindu generals on the side of Sirajuddowlah and there were Bengali Hindu fighters on the side of the British.

An Honourable Member: Mir Jafar was there.

Dr. P. N. Banerjee: Yes, who sold his country to the British. The time has come when we should not say anything about traditions but we should allow the inhabitants of all the provinces to participate in proper proportions in the defence of their country.

As for training, nothing has so far been done. A few minutes ago the Secretary for the War Department made a very halting speech. The excuses which he gave were of a very lame character. I do not know, if the war is not the proper opportunity for giving training to the Indians in the Military Department, what better opportunity could occur. This is the best moment, the most opportune moment, when you can appeal to the patriotism of the people and ask them to come forward and defend their country. If you do not do that, you will fail in your duty.

But we should not rest content with having a standing army, which may be called a paid army. We should have a large national militia which should be composed of the ordinary residents in every part of the country. This national militia should be brought forward to defend the country in times of distress. But, so far, this matter has been sadly neglected. The territorial force which exists in the country is merely a nominal one and the treatment which has been accorded to it is far from satisfactory. The

distinction that is being made between the auxiliary force and the territorial force is a very invidious one and that distinction should be forthwith abolished.

If all this is done, then and then only will India be prepared for proper defence. It will be a disgraceful thing if Britain allows India to remain in her present helpless condition for any further length of time. The mischief that has been done to India has been extremely hurtful to her and any further mischief done to her will not redound to the credit of Great Britain.

Mr. Umar Ali Shah (North Madras; Muhammadan): I support this cut motion moved by my Honourable friend, Sir Muhammad Yamin Khan. There are two lakhs of soldiers in the Indian Army, of which 50,000 are British soldiers, and the latter go by the name of the army of occupation. This is good neither to the army nor to the Government, nor to the country. For loyalty, for civilisation and good behaviour an army of occupation is not good. Then, there are 150,000 Indian soldiers in the army but they are not trained in the scientific methods of warfare. Nor are they officered by trained Indian officers. India has 40 crores of people and to have only 150,000 soldiers in India is not sufficient in the present international situation. Our army does not know how to use the various scientific weapons. My point is that potential enemies are growing in number day by day, and unless our army is Indianised we cannot be saved. India is not an ordinary country, it is more or less a continent. From Cape Comorin to Peshawar it is 2,500 miles and there are 7,000 miles of sea coast, and if anybody invades India, our condition will be pitiable unless our army is Indianised. The manhood of the nation is being muzzled day by day. We do not know how to use war weapons, etc. Our efficiency, our martial spirit have all been suppressed. If our army is Indianised we can save our country, our women and culture and so many other things. If we survey the history of the world, we do not find a single instance where the security of a country has been permanently guaranteed by an army of occupation or by an indigenous force officered by outsiders. No one questions the proved loyalty and virility of the people of India. In the present stage in our national history, it is the bounden duty of the British people and Government to equip Indians in the arts of warfare, and thus enable them to protect their hearths and homes. This is in accordance with international morality, and the declared policy of Britain in India. The world situation is not good. Our present army is not sufficient to protect us. Germany has swallowed Poland. Russia is trying to swallow Finland; and if any great power attacks us, we cannot save our country. For the safety of civilisation our army should be Indianised. With these words, I support the motion.

Pandit Krishna Kant Malaviya: I admire the patience, the persistency, the perseverance and the optimism of my Honourable friend, Sir Muhammad Yamin Khan. I thought that after the debate that we had in the morning and the reply that was given by the Honourable the Defence Secretary, my friend would give up the idea of moving this cut motion. As it is, Sir, my speech of the morning stands vindicated. The Government are not going to do anything, and my friend, the Mover, spoke like an official who does not know what purpose he had in view. His speech was neither flesh nor fowl nor good red herring. As a matter of fact he said

[Pandit Krishna Kant Malaviya.]

things which would have been better left unsaid. He stood for martial and non-martial races and then what I found was that he proved himself to be a back number. I am sure he does not represent the views of the Muslim League. With the situation as it is today, I feel that our demand should be for the nationalisation of the army. He is yet talking of Indianisation and a few more Indians and a few more Indian officers. After the speech of the Honourable the Defence Secretary, he should have come to the conclusion that nothing like that even is possible.

So far as the speech of my esteemed friend, the Defence Secretary, is concerned, with all due respect to him, I might be permitted to say that he might have well finished the speech in one sentence—I oppose the Resolution. No fresh argument was advanced. He said there are practical difficulties, there are financial difficulties, the Government are doing all they can, the Government are devising a plan to do more and that 'we are doing all that is possible' and so on and so forth. We have been listening to this sort of lecture for ages and I do not know for how long we are going to hear this sort of reply from the Government Benches and from the Honourable the Defence Secretary. The plain question that we should ask ourselves and not the Defence Secretary is: 'Are we going to defend our country?'

Sir Muhammad Yamin Khan: You know the reply.

Pandit Krishna Kant Malaviya: I know that but the point is what are we going to do? Are you really serious? Do you really want to defend the country and do we really need any permission from any Defence Secretary for defending our own motherland.

An Honourable Member: Yes.

Pandit Krishna Kant Malaviya: We feel that it is our country and it is our duty to defend it.

Sir Muhammad Yamin Khan: How will you do it?

Pandit Krishna Kant Malaviya: Provide yourself with weapons or fight with your fists.

An Honourable Member: Do you want us to pray and spin?

Pandit Krishna Kant Malaviya: Simply praying or spinning is not going to win Swaraj but spinning even will teach you self-reliance and to give up begging at other peoples' doors. Get arms. Ask your Ministers to provide for you military training and secure for you arms and go on with it in spite of what the Defence Secretary says. That is the way to do it. If you want permission, you can go on begging for it till doomsday. You are not going to get it by simply speaking in this House and delivering speeches.

Mr. M. Ghiasuddin (Punjab: Landholders): I am sorry to find that rather an unfortunate turn has been given to the whole debate owing to misunderstanding and the question of martial and non-martial classes has been brought in which I consider is outside the scope of this cut motion. The cut motion, as I understand it, urges for the Indianisation of the

army, which means the replacement of the British officers by Indian officers. Nothing more and nothing less. I am afraid my Honourable friend, Pandit Malaviya, is in a very pessimistic mood these days. Nothing but counsel of despair has been coming from that side. His way of thinking is that nothing can be achieved by these Resolutions. I can assure my friend that this is the only weapon we have got and to a very limited extent the use of this weapon has shown results though we would like it to achieve more but all these Resolutions have not gone in vain.

Sir, in a way I pity the Honourable the Defence Secretary in the sense that for the most part he has to answer for the misdemeanours of his predecessors and with all his good intentions—he may have good intentions—I have an open mind on that but, surely, his predecessors did not have those intentions and it has been proved by many Honourable Members that their replies have been of two kinds—either evasion or speak downright and say 'take it or leave it and be damned'. That has been the attitude of the Government of India in terms. The whole mischief arises from the fact that from the very beginning the officership of the army in India has been the preserve of the younger sons of the gentry of England. Somehow these people got in and they took every precaution to see that they are not dislodged from their position. It may not be the intention today but it has been the intention since 1880. About three years ago I had an occasion to read the despatches sent by Lord Roberts which were published later on and they are in the Library of the House. There the Noble Lord openly says that 'we do not want Indianisation because we are superior people and we are going to be where we are'. The same sort of thing that Hitler says today was openly said in those days. The whole trouble was this. Otherwise what is the reason? On the Civil side we see people are taken in the Indian Civil Service and some of them, I am glad to say, occupy very high posts today, like my friend, Sir G. S. Bajpai, who is sitting there. No start was made in the army. Otherwise there would have been Indians who would have risen at least to the rank of Major General, but because they did not want the Indianisation—because, either they did not trust us or they did not want to be dislodged from their financial position, therefore, every sort of hitch was put in the way. Now, not only that, but the English officers of the Indian Army were pampered in another direction, and the segregation of the units, that is, Indianised units, units to be officered by Indian officers, etc., came out of those feelings—that no Indian should be ever in a position to command, that no Indian should ever become senior in rank to an English officer and that was the feeling at the root of it. Therefore, this segregation came, with all its bad effects and with all the heart-burning and everything; that was the only reason why two kinds of commission were evolved,—that is, the Indian Commissioned Officer and the British Officer, and that is why all the conditions of service were made separate for Indians and for British officers. The conditions of service for Indian officers were made so intolerable that a good many youngsters, who would otherwise have gone into the army to make a career of it, hesitated to come because there was differentiation in every thing. For instance, the pay of the Indian officer, his status, his power of command, all these things were such that no self-respecting youth would like to come and be subjected to all those humiliations. Now, I think, after the Indianization, we were treated to another thing and that was this. You will be remembering, Sir, that the predecessor of the Honourable the Defence Secretary speaking on the floor of

[Mr. M. Ghiasuddin.]

"this House said that Indians have not so far proved good officers, 'we are making this experiment, and we will see whether the experiment succeeds or not' and all that sort of thing. This remark was resented very much by the Honourable Members of this House and they said that they were not prepared to accept the Government of India as their judges to judge whether the experiment was successful or not. The fact is that India has had a history in which they have provided their own Generals and who have commanded armies; they had good soldiers, and their soldiers gave a very good account of themselves in the last war, and now this thing was trumped up that we are to be judged whether we could make good officers or not. It was all wrong and exception was taken to this theory and I am glad that next year some amends were made and now we hear no more of this word 'experiment'. Sir, in the long run it is going to be very difficult for the Government of India to find English officers. They were talking of experiment and all that about a year ago. Now, why is it that they are issuing emergency commissions? That means that this phrase 'experimenting' and all that has gone to the wall,—and that is a healthy step and I am sure that those young men who have come forward in this hour of need to offer their services will be well treated and their claims will be duly considered after the war is over and that permanent places will be found for them and I hope the pace of Indianization will be accelerated and that it will be the declared policy of the Government to go forward with it and that no experiments and judging and all that will be heard any more.

Sir Syed Raza Ali: Sir, I have to say only a very few words on this motion. Sir, this morning I have had two disappointments. My disappointment No. 1 has been my Honourable friend, Mr. P. E. James, and my disappointment No. 2 is my Honourable friend, the Defence Secretary. Sir, we have often been advised by our friends of the European Group, of which my Honourable friend, Mr. James, is a shining light, that we should learn to take a long view and not a short view on this question, but the advice that has been offered to us is just the contrary. We are asked to take a short view and not a long view on account of the war through which Europe and Britain and most of the countries of the British Commonwealth of Nations are passing. Sir, surely my Honourable friend, Mr. James, cannot have it both ways. He must make up his mind and just take either a long or a short view; it is not possible to have a long view at one time and a short view at another time as it may suit my Honourable friend or the European Group. We strongly dissent, Sir, from that view. Any observation in this connection that I would like to make is this. My Honourable friend, Mr. James, has stated several syllogisms today. The major and minor premises have been generally correct, but the conclusions have been invariably wrong. That is what his position has been this morning.

Now, coming to my friend, the Defence Secretary, I would say that I was very strongly surprised at the speech that he made. He wants us, non-officials, to put a concrete scheme before him and leave it to him or the Government to decide whether they are going to agree or not. May I remind this House of what I was told by the Right Honourable Arthur Henderson in Geneva in 1929? The Labour Party had come into the Government just a few months before. We had a long talk and he said: "This is the secret of Government. If you deal with permanent officials,

and try to convert them to your own point of view, you will find very considerable opposition. They will say, 'this simply cannot be done, it is not possible' but tell them that they have got to do it; and if they still do not feel inclined to agree with you, tell them that there is no other way of escape, they have got to do it. And when you ask them to do it, howsoever difficult the task might be, there is no doubt that nobody can do it better than the permanent officials. That is the position. My position is this. It is not for me to put up a concrete scheme before the Defence Secretary or the Government of India. It is for this House to suggest what this House and the country and the people want, and it is for permanent officials to give a practical shape to our desires and our policies.

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

Sir, I will draw the attention of the Honourable Members to page 23 of the Skeen Committee's report. Here it is laid down that by the year 1945, you must have the British and Indian officers of the Indian army half and half; 50:50. We are now on the threshold of the year 1940, and what is the percentage? It is a very small fraction, indeed. That is, in fact, the point which I very clearly enunciated while moving my cut motion, but I am afraid no attention has been paid to it. We do not want to make any proposal before Government accepts this. Look at the Skeen Committee's report and at least put the recommendations of that Committee into force and raise the number of commissioned Indian officers. I mean, those who are holding the King's Commission, to the limit of 50 per cent. Sir, I support the motion.

Mr. C. M. G. Ogilvie: Sir, the debate has ranged freely over a very wide and extremely difficult subject. The Honourable the Mover appeared to confine questions to Indianisation of the officer ranks of the Indian Army and certain other Honourable Members wished to go far beyond that and others, again, found fault with the general lay-out of the army and the way in which it is recruited. I intend to stick as closely as I can to the terms of the cut motion as moved by Sir Muhammad Yamin Khan. It was clear from various trends which the debate took that, whether they realised it or not, some of the Honourable Members were aware at least sub-consciously of one of the very grave difficulties which confronts Government. That is, that though everybody is all in favour of Indianisation, we often find that they are not talking or thinking of the same type of "Indian" and that Indianisation carried out in one manner or another would arouse most whole-hearted condemnation from large sections of public and political opinion. Government also feel this difficulty and they have done their best to solve it and hope that time will see a reasonable solution. The army must, as I think most Honourable Members will probably concede, be limited to those classes who have proved to be the best military material in bulk, that is to say, the enlisted classes. They may vary somewhat from time to time but as a general rule, I suppose, Honourable Members would concede that the best material should be used in the first instance, and, if you can afford a much larger army, to go on with the slightly less good material and so on, but to have a small army composed in equal proportions, according to provinces, of every caste, caste and creed in this sub-continent would be to have no army at all. It simply could not be done. Hence, you are faced with this problem, an army composed of a necessarily limited number of classes and a

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demand for the opening of the officer ranks to the entire country. Well, as certain Members have pointed out, the enlisted classes are not as a rule very forward in matters of education and stand a poor chance in open competition and in the examination room with others who are more fortunate both financially and in the places where they live. High Schools and Universities are not at their doors. Government, therefore, decided to combine the two systems. It was obvious that the enlisted classes must have a proportion of officers belonging to their own classes. Therefore, a proportion has always been taken from amongst them and has been trained to be officers at the expense of the State. There have been doubts in the past expressed as to their capacity to absorb the necessarily high degree of education which is demanded in a modern officer. Those doubts, I am glad to say, appear to have been completely solved. The institution of the Kitchner College at Nowgong, to which these young men go for a period before they enter the Indian Military Academy, has enabled them to start on an equal footing with the young University graduates, and our recent experience of the Indian Military Academy, Dehra Dun, has shown that they can hold their own with them in every way. On the other hand, Government have always agreed that though you may get a better bulk supply of sepoys from one community than another, you may get excellent officers from any community and, therefore, 50 per cent. of the annual vacancies which are normally open are reserved for an entirely and absolutely open competition and anyone from any province and belonging to any community can compete in it. The work both at the Indian Military Academy and in the regiments has been admirable. The training that these lads have been given is so good that as a result now of some years of experience, we can say that young Indian boys drawn from all parts of the country, belonging to enlisted classes and non-enlisted classes, coming from remote hamlets and great cities, are being fused together into an admirable officer class. It is a work, I think, of which those responsible may well be proud. Considering the different types of country and community and culture from which they come, the achievement must be ranked as a notable one.

Much may be said on the subject of the advance of Indianisation. So far what has been done, as I have indicated, has been very successful. We have every hope that in regiments where British officers have disappeared and where Indians are now in command they will show themselves as competent and fit in every way as those who taught them well.

On this subject I should like to say a word or two on a word which I much dislike "segregation". I find that this kind of word is used without any real examination as to its meaning in its context, but that is a sort of term of abuse like the word 'bureaucratic' or 'Imperialism'. It does not really mean anything at all. There has been no segregation.

My Honourable friend, Sir Muhammad Yamin Khan, said, that he wanted the whole of the Indian Army to be Indianised—a perfectly legitimate ambition. Government decided that in the first instance, part of the army should be Indianised, that is to say that recruitment of British officers for the part of the Indian Army, not the whole of it, should be stopped and no more British officers should enter that part which has been Indianised. The British officers who were in those regiments remained there but no more were posted to them. What Sir Muhammad Yamin wants done for the whole has in fact been done for a part.

Then, I think my Honourable friend, Mr. Ghiasuddin, said, that the difference in the commissions was due to a desire to put Indian officers in the position of inferiority. I cannot too strongly reject that statement. The reason was this. After a prolonged discussions about it in which many, both from the side of the Government and the army and many from the other side took part, it was decided that it would be best to abandon sending young Indian officers to Sandhurst, but to have an Indian Military Academy for India and to make a start with an Indian National Army. That having been done, it followed not only naturally but inevitably that an Indian commission must result. What has happened in the Dominions? Officers recruited and trained there were responsible to the Dominion Government and being governed by the Dominion Acts, but they could not exercise automatic control or command over His Majesty's troops. Exactly the same thing here in India must necessarily follow. In order to create the beginnings of an Indian National Army, this was the first necessary step,—that is to make a start with bringing both officers and men, under an Indian statute that was the first step. However there happened to be British troops stationed in this country and necessary arrangements have been made to allow officers with Indian commissions to exercise powers of command over them where necessary. Nothing more, I submit, could be expected or should be done. The same speaker went so far as to say that life was made intolerable for young Indian officers. That, I think, can be contradicted absolutely flatly. I think, with rare exceptions, the young Indian officer has been happy in the army and again, with extraordinarily rare exceptions, has been on the best possible terms with his British comrades. A fact which is proof, if any proof is required, is that the army career is now obviously becoming more popular than it was in the past. For a time it is true we were disappointed with the response. Recently matters have been getting better. In spite of all difficulties, the response for the last examination was good and to the offer of emergency commissions extremely good.

Other Honourable Members touched on the question of pay. It is true that Indian Commissioned Officers receive less pay than their British comrades. At the time it was decided that it would be fair to pay young Indian officers approximately the equivalent of what their British comrades receive in England when serving in their own country. Well, that decision may not in all respects have been quite right. India may in some respects be a more expensive country than England. It is possible that there may have to be some revision of those rates of pay in some way or another. But like many other problems, that will have to wait till the end of the war by which time the conditions of life in general and of service in the army in particular may have been very radically changed.

I was very glad to observe that none of the speakers on this cut motion in urging acceleration of Indianisation reverted to the demand for the application of a time table. Perhaps what I have said is sufficient to show that the problem is a very difficult one and cannot be solved by the automatic application of a time table. The war, as of course in this respect as in others, makes the future extremely uncertain. What the Government have done, as far as the Defence services in India are concerned, is to give emergency commissions only till the end of the war both to British and Indian. In addition to the regular intake of cadets

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at the Indian Military Academy, which has not been disturbed. Government consider that the proportion at least of the young Indians entering the army should have had the benefit of the magnificent military education available there. In regard to them the course has only been shortened to 1½ years. As regards others, the numbers are not fixed, but depend upon the demand. Five months' course of training has been laid down. In both cases, no fees will be charged. Those who go through the full 1½ years' course at the Indian military academy will not pay anything, but they will on the other hand be paid, Rs. 60 a month only, it is true, but that is sufficient pocket money. The others of course get their pay as second lieutenants when they join. At the end of the war no one can tell what the required proportion between British and Indian may be, but by granting emergency commissions only until then we have left the field as open as we can. That, Sir, is all I have to say.

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

"That the demand under the head 'Executive Council' be reduced by Rs. 100."
The motion was negatived.

Forward Policy of the Government of India in the North-West Frontier Province.

Maulana Zafar Ali Khan: Sir, I move:

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

I wish to raise a discussion on the forward policy of the Government of India in the North-West Frontier Province. The question of this province and the policy adopted by the British Government in regard to this province has been as old as the British Government and, going beyond that, I may say that it is as old as the hills. Mighty empires have flourished in India, invaders have invaded India and the Pathan tribes were there in this province. Nobody could subjugate them and they remained independent. They were independent at the time of Alexander the Great and during the time of the Buddhist kings whose reign extended right up to Samarkand. They were independent even during the Moghal period and not even Akbar and Aurangzeb could subjugate them. Then came the Sikhs after the downfall of the Durrani Empire and there was a constant struggle between the Sikhs and these tribesmen but the Sikhs could not overpower them and they remained independent. Then in 1849 came the English and annexed the Punjab; and with the Punjab the territory comprising the six settled districts of Peshawar, Hazara, Bannu, Dera Ismail Khan and Kohat came into the possession of the British and the land beyond that within their zone of influence. The struggle continued and from 1849 right up to the present moment this trans-frontier tribesman remain independent. During the past 40 years, according to my absent friend, Mr. Gadgil, the Government of India have spent something like 400 crores by way of constructing strategic roads and railways and pursuing their military adventures in tribal territory. But the money so spent has been wasted. The North-West Frontier Province today is a comparatively small area of 28,000 square miles and a population of 50 lakhs, 25 lakhs in the properly settled area and 25 lakhs in the tribal belt occupied by the trans-frontier tribesmen and some of the States like Swat and Dir. They

are a homogeneous people. Ethnically, linguistically, culturally and from the point of view of religion they are one people, fully capable of governing themselves and England made the mistake of her life when assuming the reins of government in this country she crossed the Indus and occupied the North-West Frontier Province and undertook to see that she was the guardian of these freedom loving tribesmen. The question of Afghanistan was allied to this question. Afghanistan was within the British zone of influence up to the time of the late Amir Habibullah Khan and she used to receive a subsidy from the British Government. But then there came a change over the people of Afghanistan. Ghazi Amanullah Khan with his distinguished General Nadir Khan appeared on the scene and as a result of the third Afghan war complete independence was conceded to Afghanistan and she was a free nation among the comity of nations. Before these happenings the military Jingoism of India, according to Lord Curzon, wanted to force themselves into the transborder territory. I had the privilege of being acquainted with Lord Curzon. I translated his monumental work on Persia and I met him and as his translator I know something about his imperialism. I can say without fear of contradiction that although he was a great Imperialist Pro-Consul, he was, comparatively speaking, a moderate statesman so far as frontier problems were concerned and he was not an adherent of the forward school. His controversy with Sir Mackworth Young and General Lockhart and others in those days which has come down to us in the form of history is proof positive of the fact that Lord Curzon wanted to prevent his fiery lieutenants from penetrating, whether pacifically or by force of cannon, into the heart of this tribal land. But whenever there was a small minor foray and once it got into the hands of the soldiers they made it a military expedition on a large scale and so money was spent and blood was spilled and there was great loss. At an earlier period some of these military adventurers in India wanted to go even beyond the Sulaiman Range and have a scientific line of defence. What was that scientific line? That scientific line was Kandahar to Ghazni and Ghazni to Kabul. But the second Afghan war showed that it was absolutely impossible for them to have this scientific line. This reminds me of a well known couplet of Sadi:

"Tawan be hatq firu-bur' ustakhan-idarushit

Wday shikam bedarad chah bigrad under naf"

In plain English, it means: "You can swallow a rough bone; but once it is embedded in your bowels, it cuts up your bowels." You wanted to conquer Afghanistan and you found it a hard nut to crack. Similarly you came to know later on that it was a very difficult thing to conquer the tribal area, to conquer Waziristan, to conquer Tirah. You have known it to your cost. I remember sometime ago there was a talk of annexing Tirah; our military authorities pointed out that although it would be a very nice thing to have Tirah, it would cost 30 crores of rupees, which we had not got in our coffers at the present moment, and it would also cost a large number of lives, and even then there would be no permanency about it. This was their policy and this policy has been handed down from father to son, from one race of imperialists to another race. Our Congress friends are quarrelling with the British Government in India, because they were not consulted in respect of the war raging now in Europe—the mortal combat between France and British on the one hand and Germany on the other,—Do they know that the opinion of India was not invited on another war nearer home, not on the gigantic scale as it is going on in Europe but on a miniature scale, but still costing them money and numbers of men?

[Maulana Zafar Ali Khan.]

War is going on on the section of hilly territory known as the Ahmedzai salient across the Kohat and Bannu borders. They are fighting the Waziristan people. Why? They tell us these tribesmen are gangsters and kidnapers and ruffians, and rascals and scoundrels; as if there was no scoundrel or gangster in Mexico or the United States of America or among the civilized people of Europe and all gangsterism and all kidnapping and all rascality was concentrated in the tribal territory. If you go to that simple land where nature is seen in its original form, and come into close contact with the Waziris, the Bhattanis, the Mahsuds and the Muhmands you will find them a lovable people. They do occasionally kidnap some of the British subjects and raid sometimes into British territory. But why do they do it? It is not their habit. They do it because you go into their country, you want to subjugate them; you want to make them your subjects, whereas these people love their homeland more than their lives. They say "Let us alone." They say "Live and let live." But you do not believe in that principle. I have seen these people. They never drink, they never commit adultery: the honour of women-folk is safe with them; and they are not addicted to those vices which are the glory of western civilisation. God save them from this civilisation. My friend Sardar Sant Singh says that these Bhattanis and these Waziris have been kidnapping Hindus because they are fanatics. I will remind him, not in my own words, but in the words of a great Congressman who has compiled a big report in which he has collected some statistics. These figures will open your eyes and the eyes of . . .

Sardar Sant Singh: When did I say that?

Maulana Zafar Ali Khan: Sir, I am glad he disavows it. There are a number of critics who say that these Mahsuds and Waziris kidnap Hindus, they are 'Ghazis' and they look upon the Hindu as his easy prey. The fact is that from 1928 to 1936 in Bannu and Dera Ismail Khan the numbers are: Hindus killed—18; Muslims killed—38; Hindus wounded—8, Muslims—29; kidnapped Hindus—82 and Muslims 27: probably these critics want that the proportion should be Hindus 27 and Muslims 82—That would have been so if only the Muslims were as rich as the Hindus are: (Interruption.) You are always for votes whether for majority or minority; but my principle is the principle of the Koran:

"*Kam min fiatin qalebatin ghalabat fiatan kasirah*" — which, rendered into English, means:

"Often you have seen in the history of the world a handful of men have overcome a large number of people. That is my principle." (Interruption.)

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member go on with his speech?

Maulana Zafar Ali Khan: I shall not enter into any controversy with anybody, but I was criticising the forward policy of the British Government in India and the rank folly of those who are in charge of this policy of carrying on this war at a moment when England is engaged in a life and death struggle with Germany and Russia on the western front. We want men to be sent to the western front. Extend your help, if you can, to Finland and Lithuania and Esthonia and Latvia and other countries which are in danger of being engulfed by the forward march of Germany. But

you do not go there: you come and spring a surprise upon your neighbours: If you had only assured them that you do not want to interfere with their liberty, if you had only pacified them, if you had spent one-tenth, one-fortieth, even one-hundredth of what you spend on a single day in the great war, if you had spent that money on hospitals and schools and providing them with social amenities, they would have been your friends. But you have a peculiar knack of turning your friends into your foes. That is the habit of the Englishmen and those who are responsible for the conduct of the administration in this country. I must point out that the Muslims of India are feeling keenly the attitude which the British Government have adopted in the North-West Frontier Province. There is a universal demand—I believe in it and the Congress joins in this demand and even the Hindus Mahasabha and the Nationalist Party will join us—that this war in Waziristan must be stopped at once. . . .

Sardar Sant Singh: By one party or by both?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not interrupt.

Maulana Zafar Ali Khan: It can be stopped, and it is the height of statesmanship to see to it that some conditions are now evolved out of which peace could be established. What do you want? You want peace on the borderland. Peace can be obtained very easily.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

Maulana Zafar Ali Khan: In that one minute I would suggest to the Defence Secretary, and in this connection I would also address the Honourable the Finance Member, that the most expedient and wise policy for the British Government in regard to Waziristan and in regard to the North-West Frontier would be to carve out an autonomous buffer state from the coast of Makran right up to Chitral with a population of 80 lakhs. Give them a subsidy, make them self-sufficient, and they would form your defence against a possible march of Russia towards the south. Afghanistan and this new state that you would carve out would mean that India would be safe. I have put these ideas before you. Think over them and you will find that ultimately you will stand to gain and not to lose, by adopting this course. You must remember the world is changing. A great change has come over the world. There is no longer the talk of the Crescent versus the Cross, those days are gone. Today Turkey is a friend of England. The Muslim block of States under the Saadabad Pact comprises Afghanistan, Persia, Turkey, Hejaz and the whole of them are on the side of England. You want to enlist the sympathies of the Muslim world, how is it you are invading a territory of Muslims? Go and tell Haji Mirza Ali Khan, the Faqir of Ipi, whose word is law in Waziristan,—tell him that England is not inimical to Islam, and that you want to cultivate friendly relations with the Islamic world in the North-West.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

[8TH MAR. 1940]

Maulana Zafar Ali Khan: Only one word more. I want an assurance from the Defence Secretary that this war that is going on in Waziristan is not intended to subdue Waziristan and deprive the Pathans of their liberty, but that it is only a disciplinary measure, and that directly the war is over the British forces would leave Waziristan in the position in which it was before. With these words, I move my motion.

Mr. President (The Honourable Sir Abdur Rahim): Our motion moved: "That the demand under the head 'Executive Council' be reduced by Rs. 100."

The Assembly then adjourned till Eleven of the Clock on Monday, the 11th March, 1940.

LEGISLATIVE ASSEMBLY.

Monday, 11th March, 1940.

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.

MANUFACTURE OF OPTICAL INSTRUMENTS FOR THE ARMY IN INDIA.

†321. ***Mr. Lalchand Navalrai:** (a) Will the Defence Secretary be pleased to state if any optical or range-finder instrument, medical and surveying spectacle lenses, spectacles and frames, are imported in India from abroad for army purposes? If so, from which countries and how are purchases made, whether by calling tenders or directly?

(b) Is there any firm in India manufacturing optical instruments for the army? If so, for what value and on what terms?

(c) What arrangements have Government made to ensure regular supply in time of war?

(d) Is it a fact that on the outbreak of war British Government and the Government of France prohibited export of any kind of optical goods, and is it a fact that on that account prices of these optical articles have gone up and some of such articles are not procurable in India?

(e) What steps do Government propose to take to establish this industry in India, at least, for army purposes? If not, why not?

(f) Are there any opticians in the army service in India? If so, what is their salary and what minimum qualifications do they possess or are required to possess?

Mr. C. M. G. Ogilvie: (a) Practically all optical and range-finding instruments required for military purposes are imported from abroad. They are mostly obtained from the United Kingdom through the Director General, India Store Department.

(b) and (e). The Mathematical Instruments Office in Calcutta, which is a part of the Survey of India, and some private firms, manufacture some optical instruments, but mainly from imported materials. Their output is very limited, but orders are placed with firms in India when their products are satisfactory. Since no optical glass is manufactured in India, the industry does not seem a very suitable one for the attention of Government.

(c) It is not in the public interest to reveal these arrangements.

(d) The answer to the first part of the question is in the affirmative and it may be assumed that the prohibition of export by England and France has been a contributing cause to any shortage of, or increase in the price of, optical goods.

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

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

ADMINISTRATION OF THE ECCLESIASTICAL DEPARTMENT.

†322. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Defence Secretary please state:

- whether it is a fact that the subject "Ecclesiastical" is now being dealt with in his Department, and that some years back this subject was in the portfolio of the Commerce Member;
- whether it is a fact that when the Honourable Sir Muhammad Zafrullah Khan took charge as the Commerce Member, the subject was transferred to the portfolio of the Honourable Member in charge of Industries and Labour, and that when the Honourable Sir Muhammad Zafrullah Khan was given the portfolio of Labour, the Ecclesiastical Department was transferred to the Defence Department; if so, what were the reasons for that;
- whether it is a fact that when the late Sir Muhammad Shafi was appointed the Education Member, the Ecclesiastical Department was transferred from his portfolio to the portfolio of the Honourable the Commerce Member; if so, what were the reasons for that; and
- whether it is a fact that the Ecclesiastical Department has always been in the portfolio of a Christian Member of the Executive Council?

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

(b) Yes. The transfer was made because the majority of the churches and chaplains maintained by Government are military; because the majority of the persons entitled to the ministrations of chaplains are in military employ; and because 'Ecclesiastical' like Defence is a reserved subject.

(c) No.

(d) Not invariably, but it has usually been the case.

GIVING OF EMERGENCY COMMISSIONS TO THE ARMY IN INDIA RESERVE OF OFFICERS.

†323. *Mr. Lalchand Navalrai: (a) Will the Defence Secretary be pleased to state whether it is a fact that Army in India Reserve of Officers can be called to army service in case of emergency such as exists at present without general mobilization being declared? If so, why have the services of these officers not been requisitioned before giving emergency commissions?

(b) Is it a fact that a press note appeared in the press in the second week of February, 1940, to the effect that Army in India Reserve of Officers are eligible for the grant of emergency commissions between the ages of 20½ to 35?

(c) Are Indians, Anglo-Indians and British subjects of pure European descent placed on an equal footing as regards age limit, so far as the grant of these emergency commissions is concerned?

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

(d) Is it a fact that Indians and Anglo-Indians can be enrolled for cavalry, infantry and supply (R.F.A.S.C.) only between the ages of 21 and 26 and as Engineers between the ages of 21 and 35, while for British subjects of pure European descent the age limit has been put between 20½ and 25 for every branch of the service? If so, will Government explain why this distinction has been made on a racial basis, and whether the result of this distinction will be to deprive Indian and Anglo-Indian Army in India Reserve of Officers who are ready to enlist themselves for immediate service in the war from doing so?

(e) Is it a fact that every year considerable expenditure is incurred by Government in imparting training to the Army in India Reserve of Officers in the shape of pay, travelling and other allowances, retaining fee, etc.? If so, will Government state whether they intend to ask for volunteers, as laid down in the Army in India Reserve of Officers Regulations, as well as for emergency commissions from among the Army in India Reserve of Officers between the ages of 20½ and 35 in the same manner as the Army in India Reserve of Officers who are British subjects of pure European descent?

(f) Are Government aware that most of the Indian and Anglo-Indian Army in India Reserve of Officers are in suspense about their future, and that they will feel a sense of grievance if preference is given over them for emergency commission to outsiders who have had no training at all? If so, what do Government propose to do to remedy this state of affairs?

Mr. C. M. G. Ogilvie: (a) to (f). I lay on the table a statement containing the required information.

Statement

(a) Only those officers of the Army in India Reserve can be called to army service in an emergency short of general mobilization who have voluntarily accepted a liability to be so called.

If all officers of the reserve had been called to army service on the outbreak of war, no reserve of trained officers would remain against any unexpected change in the course of the war.

(b) Government have issued no press note on this subject, but a note, not emanating from Government, did appear in the Press, which was misleading in the matter of age limits.

(c) and (d). The age limits mentioned by the Honourable Member are substantially correct.

For each community the age limit has been fixed for the present at a level intended to provide numbers required at the age considered most suitable by the military authorities. This age limit may fluctuate from time to time in accordance with requirements. In the case of Europeans, it was originally 21 to 30. The numbers of potential Indian candidates are however very great and it has not so far been found necessary to alter the age limit initially set down in their case.

All officers of the Army in India Reserve who wish to obtain emergency commissions may volunteer for them on the same terms as members of the general public.

(e) The reply to the first part is that a certain expenditure is incurred yearly by Government on the Army in India Reserve of Officers. The reply to the second part is in the negative.

(f) Government hope that officers of the Army in India Reserve who have not yet been called up will realize that they are included in the plans for the defence of their country and that their role though at present passive is necessary, and that they will be called up when the need for trained officers of their categories arises. The latter part of the question does not, therefore, arise.

COMPENSATORY ALLOWANCES AND AMENITIES TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.

†324. *Bhai Parma Nand: (a) Will the Honourable the Home Member kindly state if any memorials have been received on behalf of the ministerial establishment of the Imperial Secretariat asking for certain concessions, compensatory allowances and amenities in connection with the stoppage of exodus to Simla?

(b) If so, will he state what requests have been made, and which of them have been acceded to, and which have not been accepted and the reasons therefor?

The Honourable Sir Reginald Maxwell: This question should have been addressed to the Honourable Member in charge of the Department of Labour.

STRENGTH OF THE ARMY

†325. *Bhai Parma Nand: Will the Defence Secretary please state:

(a) the numerical strength of Hindus, Muhammadans, Sikhs and Gorkhas in the Regular Army on the 1st September, 1939; and

(b) the strength of the Reserve and the Indian States Forces, communitywise, on the 1st September, 1939?

Mr. C. M. G. Ogilvie: (a) and (b). It is not in the public interest to reveal the figures.

METHOD OF RECRUITMENT OF OFFICERS IN THE PREVENTIVE SERVICE OF THE CUSTOMS DEPARTMENT.

†326. *Mr. Lalchand Navalrai: (a) Will the Honourable the Finance Member be pleased to state on what system the officers in the preventive service of the Customs Department are recruited? Are there any qualifications fixed for their appointment?

(b) Do Government propose to make these appointments by competitive examination by Public Service Commission? If not, why not?

(c) Will the Honourable Member be pleased to state how many preventive officers, and of what denomination, are there at present in the Customs Department at Karachi and to state their qualifications, date of appointment and the present salaries?

(d) Is it a fact that the Customs House at Karachi gets several applications from B.As., and M.As., Hindus and Muslims, and yet there is no restriction in taking up Matriculates or persons of even less academic qualifications in the preventive service, and do Government propose to stop this method of recruitment? If not, why not?

The Honourable Sir Jeremy Ralsman: (a) The system is one of selection by heads of departments, i.e., by Collectors of Customs. A minimum educational attainment is required and candidates must further comply with the general rules as regards age, community, medical fitness, etc.

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

(b) No, Sir. Though a minimum standard of education is necessary, it is essential that candidates should possess other qualities specially suiting them for their future employment. These qualities are not capable of assessment by academic examination.

(c) A statement is laid on the table.

(d) Academic qualifications are given their due weight, along with the other qualities to which I have already referred.

Particulars of Preventive Officers (permanent and temporary) in the Karachi Customs House

No.	Name	Race or Caste	Educational or other qualifications	Date of appointment	Pay
					Rs.
1	Mr. E. McCabe	European	Departmental	1-6-1915	350
2	" W. C. Webbe	Anglo-Indian	Senior Cambridge and Departmental.	25-4-1916	350
3	" S. G. Critchell	Do.	Departmental	23-4-1921	330
4	" A. J. Gomes	Do.	European High School and Departmental.	1-5-1921	330
5	" B. D. Sajani	Hindu	Matric and Departmental.	2-7-1921	330
6	" E. B. Braganza	Anglo-Indian	Departmental	4-7-1921	330
7	" H. P. Kirpalani	Hindu	F. A. and Departmental.	4-10-1921	330
8	" Khanchand Pothumal	Do.	Vernacular Final and Departmental.	10-1-1910	320
9	" J. E. Flatman	European, Domiciled in India.	Departmental	20-4-1921	330
10	" Hassanally	Muslim	Matric and Departmental.	23-4-1921	270
11	" A. G. Brydone	European, Domiciled in India.	Departmental	1-1-1923	320
12	" B. D. Cutler	Do.	F. A. (B. U.) and Departmental	6-2-1924	300
13	" W. S. Hodgert	Do.	Departmental	20-4-1921	330
14	" Lutfulla, A.	Muslim	Do.	17-12-1923	310
15	" Bashir Ahmed	Do.	Do.	8-1-1925	300
16	" Kishinchand, N.	Hindu	F. A. and Departmental.	23-12-1925	280
17	" J. C. Patel	Anglo-Indian	Departmental	15-11-1926	260

No.	Name	Race or caste	Educational or other qualifications	Date of appointment	Pay
18	Mr. E. H. Nagle	European, Domiciled in India.	Departmental	26-1-1925	Rs. 280
19	" Dharamdas, P.	Hindu	F. A. and Departmental.	10-12-1925	280
20	" Manzur Hussain	Muslim	Matric and Departmental.	17-5-1928	250
21	" P. A. Mortimer	European Domiciled in India.	Departmental	22-10-1930	230
22	" Altaf Mohiuddin	Muslim	Do.	18-4-1932	140
23	" Mumtazally	Do.	Do.	24-4-1932	135
24	" Fatehchand, S.	Hindu	Matric and Departmental.	10-10-1933	130
25	" B. S. Orpwood	Anglo-Indian	Departmental	15-10-1934	125
26	" Kishinchand, G.	Hindu	Do.	22-1-1916	180
27	" R. B. Avari	Parsi	Inter. Arts (B. U.) and Departmental.	1-6-1935	120
28	" B. N. Kelly	Anglo-Indian	Junior Cambridge and Departmental.	1-8-1935	120
29	" B. T. C. Morrison	Do.	Inter. Science (Allahabad U.) and Departmental.	4-6-1935	120
30	" M. E. Hussein	Muslim	B. A. and Departmental.	2-3-1936	115
31	" L. G. Jagtiani	Hindu	Do.	3-7-1936	115
32	" D. P. O'Reilly	Anglo-Indian	Senior Cambridge and Departmental.	17-2-1937	115
33	" S. D. Lal	Hindu	B.Sc. (Technical) and Departmental.	20-4-1937	110
34	" T. A. Robertson	Anglo-Indian	Senior Cambridge and Departmental.	26-4-1937	105
35	" L. R. Williams	Do.	B. A. and Departmental.	10-1-1939	105
36	" M. H. Naqvi	Muslim	Do.	23-10-1936	105
37	" F. O. P. D'Cunha	Indian Christian	B.Sc. (Agri.) (Hons.) and Departmental.	8-1-1939	105

No.	Name	Race or Caste	Educational or other qualifications	Date of appointment	Pay
38	Mr. Narsimullu Abhoy	Hindu	Departmental	23-5-1905	Rs. 170
39	" K. V. Tahilramani	Do.	Do.	22-6-1914	130
40	" L. P. Clarkson	Anglo-Indian	Extra First Class Dufferin Final.	6-4-1939	100
41	" Mohindersingh	Sikh	B. A.	6-4-1939	100
42	" Muzaffer Khan Durrani.	Muslim		6-4-1939	100
43	" G. McFarlane	Anglo-Indian	Cambridge School Cert. Examination.	1-5-1939	100
44	" B. O. Woolen	Do.	Dufferin Final	1-5-1939	100
45	" T. F. Howell	Do.	B. A., Diploma in Teaching and Departmental.	8-5-1939	100
46	" Hukumatrai, J.	Hindu	B. A.	17-11-1939	100
47	" Henry Kishender	Anglo-Indian	Dufferin Final	27-11-1939	100
48	" A. M. Iqbal Ahmed.	Muslim	B. A.	16-1-1940	100
49	" Hatherwal, P.	Hindu	Departmental	17-4-1917	130
50	" C. Ghendy	Indian Christian	Senior Cambridge and Departmental.	6-1-1925	140

PROMOTIONS TO THE SUPERINTENDENT'S POSTS IN THE OFFICE OF THE
DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

†327. *Maulana Zafar Ali Khan: (a) Will the Honourable the Home Member please state whether it is a fact that about a year ago the Home Department issued instructions to the effect that in the Attached Offices of the Government of India promotion to the grade of Superintendent should be made purely on the basis of selection and not seniority?

(b) If the reply to part (a) be in the affirmative, will Government kindly state how many vacancies, temporary or permanent, in the Superintendent's grade occurred in each Attached Office and how many such vacancies were filled up by Muslim Assistants?

(c) Is it a fact that consequent on the Home Department instructions referred to in part (a) above, the Director General of Posts and Telegraphs decided that an Assistant having fifteen years' service as Assistant would be eligible for promotion to the cadre of Superintendent?

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

(d) If the reply to part (c) be in the affirmative, will Government kindly state how many Muslim Assistants of the office of the Director General of Posts and Telegraphs have fulfilled the condition of fifteen years' service and whether their cases have duly been considered for promotion?

The Honourable Sir Reginald Maxwell: (a) Yes. It has been laid down that the general rule should be to consider together all the Assistants of more than a certain minimum seniority and to select from those the best qualified man irrespective of seniority except where the claims on other grounds are practically equal.

(b) The information is being collected and will be laid on the table of the House in due course.

(c) The instructions issued by the Director General follow the general lines of the Home Department's instructions and lay down that the general rule will be to consider together all the Assistants having a minimum service of fifteen years in the Assistants' grade; but the minimum service of fifteen years is only a guiding principle and not a rigid rule and if suitable men are not available from among Assistants with fifteen years' service, other Assistants of outstanding merit with less service, namely, ten years' service may be selected for promotion.

(d) One Muslim Assistant fulfils the condition of fifteen years' service. His case has been considered.

PROMOTIONS TO THE SUPERINTENDENT'S POSTS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

†328. *Maulana Zafar Ali Khan: (a) Will the Honourable the Home Member please state whether it is a fact that under the Home Department ruling a candidate for examination for the First Division Assistantship must at least be a graduate?

(b) Is it a fact that under the Home Department ruling, posts of Sectional Superintendents in the Secretariat and the Attached Offices should go to the best qualified Assistants, i.e., Assistants having the minimum qualification of a graduate and even superior educational qualifications?

(c) Are Government aware that no meaning or importance, whatsoever, has been attached to the words 'best qualified' in selecting Assistants for promotion to the Superintendents' posts in the office of the Director General of Posts and Telegraphs?

(d) Is it a fact that out of twelve posts of Sectional Superintendents, as many as seven are occupied by men not possessing even the minimum educational qualification required by the Home Department of a candidate for the First Division Assistant's post?

(e) Is there any Secretariat or Attached Office which has effected promotions in favour of men falling below the required standard in such a large number of cases?

(f) Do Government propose to review the promotions so far made in the office of the Director General of Posts and Telegraphs and ensure a strict observance of the Home Department rulings referred to above?

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

The Honourable Sir Reginald Maxwell: (a) A candidate for admission to the examination for the recruitment of Assistants must have passed the written examination for obtaining a University degree or the Cambridge Higher School Certificate.

(b) The Honourable Member's attention is invited to the reply given to part (a) of the last question. No academic qualifications have been prescribed for promotion to the grade of Superintendents. Selection is made from among Assistants best qualified according to the nature of their work, conduct and ability as exhibited in their previous service.

(c) This is not correct.

(d) There are fourteen posts of Superintendents of Sections in the Director-General's office. These include two posts which are on a temporary basis. Of the fourteen men now in charge of sections, six are graduates.

(e) Does not arise as the assumption that men falling below the required standard have been promoted in the Director-General's office is incorrect.

(f) No, as there has been a strict observance of the Home Department's rulings referred to.

SUPPLY OF THE DEBATES OF THE CENTRAL LEGISLATURE TO PUBLIC LIBRARIES.

†329. *Bhai Parma Nand: Will the Honourable the Home Member be pleased to state whether the Debates of the Central Legislature are supplied to any public libraries for the use of the public? If so, what are the names of such libraries?

The Honourable Sir Reginald Maxwell: The question should have been addressed to the Honourable the Leader of the House.

SHORTAGE OF RUPEE COINS.

†330. *Bhai Parma Nand: Will the Honourable the Finance Member be pleased to state whether Government are aware that there is a considerable shortage of rupee coins, and it is becoming difficult for people to have currency notes changed into rupees? If so, are Government taking any steps to remove the difficulty?

The Honourable Sir Jeremy Raisman: The answer to the first part of the question is in the negative. The second part does not arise.

COMPENSATION TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.

†331. *Mr. Lalchand Navalrai: (a) Is the Honourable the Home Member aware:

(i) that the employees of the Government of India Secretariat are entitled to (1) compensatory allowance and (2) house allowance, during the summer season at Simla; and

(ii) that, as a result of the partial stoppage of the exodus to Simla, those employees who will stay in Delhi permanently will be deprived of the concessions mentioned in part (a) above, in

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

addition to the loss of amenities enjoyed by them for a considerable number of years at Simla as a part of their condition of service?

(b) If the replies to parts (a) (i) and (ii) be in the affirmative, do Government contemplate giving the employees mentioned in part (a) (ii), any relief in view of the additional financial burden thrown on them by way of rent for their quarters during the summer season, by either reducing the maximum rent payable by them from ten per cent. to five per cent of their salary, as was done in the case of the employees of the Government of India Press, transferred from Calcutta to Delhi, or by the grant of some compensatory allowance, or both? If not, for what reasons?

The Honourable Sir Reginald Maxwell: This question should have been addressed to the Honourable Member in charge of the Department of Labour.

AMENDMENT OF RULES FOR THE GRANT OF TEMPORARY ADVANCES FROM THE GENERAL PROVIDENT FUND.

†332. ***Maulvi Muhammad Abdul Ghani:** Will the Honourable the Finance Member please state:

- (a) if the rules for the grant of temporary advances from the General Provident Fund have recently been amended making it difficult for subscribers to take advances from the Fund; if so, what are the reasons for the imposition of such restrictions;
- (b) if he is aware that on account of the refusal of applications for advances to meet obligatory expenses in connection with religious rites, such as, marriages of daughters, etc., according to one's social position, subscribers are compelled to borrow money from undesirable sources;
- (c) whether there are any orders of the Government of India requiring Government servants not to borrow money from undesirable sources;
- (d) if he is aware that owing to these restrictions, many subscribers are contemplating either to reduce or to stop their contribution to the General Provident Fund;
- (e) if it is a fact that the rules allow the grant of advances equivalent to more than three months' pay with the sanction of the Governor General in Council in the Finance Department;
- (f) whether the rules allow a discretion to the sanctioning authority in such matters;
- (g) whether it is a fact that up till now the discretion has never been used in favour of any subscriber;
- (h) if so, in what special circumstances it is the intention to exercise that discretion; and
- (i) whether the officers responsible for dealing with such matters are fully aware of the social conditions of Indians, and whether they take them into consideration when deciding such matters?

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

The Honourable Sir Jeremy Raisman: (a) The primary object of the General Provident Fund is to ensure provision for the family of a subscriber in the event of his death in service, but the rules as they stood before amendment resulted in the depletion of balances and the defeat of this object and they have therefore been recently amended. The effect of those amendments is to specify definitely the purposes for which alone advances may be granted and to reserve for the decision of a higher authority applications for advances in excess of certain limits.

(b) I am not aware how subscribers meet the balance of their obligations if the advances permissible under the rules are inadequate.

(c) There are no such explicit orders, but the circumstances in which habitual indebtedness may justify dismissal are set out in rule 16 of the Government Servants' Conduct Rules.

(d) I have no information.

(e) The authority competent to sanction an advance of more than three months' pay is given in the Sixth Schedule to the General Provident Fund (Central Services) Rules. In some cases the competent authority is the Governor General in Council.

(f) Yes.

(g) and (h). The rules permit the sanction of an advance exceeding three months' pay for special reasons, and I have no grounds for supposing that, if these reasons exist, the competent authority has not in the past exercised that discretion or that he will not exercise it in future.

(i) Yes.

STOPPAGE OF LOCAL ALLOWANCE OF INFERIOR SERVANTS OF THE GOVERNMENT OF INDIA.

†333. ***Mr. Lalchand Navalrai:** Will the Honourable the Home Member be pleased to state if it is a fact that the local allowance paid to the inferior servants of the Government of India has been stopped? If so, why?

The Honourable Sir Jeremy Raisman: With your permission, Sir, I shall reply to question No. 333 and parts (b), (c) and (d) of the succeeding question together. Under existing orders, inferior servants employed in the Government of India Secretariat and the offices attached thereto, who were hitherto entitled to the local allowance, will draw it upto 30th April, 1940. The question of its continuance beyond that date is under consideration.

Part (a) of question No. 334.—Government do not consider that the pay granted to their inferior servants is inadequate.

STOPPAGE OF LOCAL ALLOWANCE OF INFERIOR SERVANTS OF THE GOVERNMENT OF INDIA.

†334. ***Mr. Lalchand Navalrai:** (a) Is the Honourable the Home Member aware that the pay of the inferior servants of the Government of India is very low?

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

†For answer to this question, see answer to question No. 333.

(b) Is he further aware that the stopping of local allowance of these poor employees will add much to their difficulties, particularly at a time when the prices of food stuff and other necessities of life are so high?

(c) Do Government propose to consider the desirability of reconsidering the case?

(d) If the answer to part (c) above be in the negative, how do Government propose to meet the grievances of the inferior servants, and how do Government propose to compensate them for their loss?

UNSTARRED QUESTION AND ANSWER.

IMPOSITION OF CIRCUMSTANCES AND PROPERTY TAX ON PERSONS SERVING UNDER THE CENTRAL GOVERNMENT BY DISTRICT BOARDS IN THE UNITED PROVINCES.

65. Mr. Muhammad Azhar Ali: (a) Will the Honourable the Finance Member please refer to the reply given to unstarred question No. 87 on the 26th February, 1940, and to lay on the table the official letter to the Government of the United Provinces conveying the previous sanction of the Governor General?

(b) Will the Honourable Member please state whether it is a fact that the pay and allowances of an employee in the Central Services (residing during the course of the discharge of his obligation to those services in a rural area of a district board or of a local body) are not assessable to a "Tax on circumstances and property"?

The Honourable Sir Jeremy Raisman: (a) No. The correspondence with the Provincial Government is confidential.

(b) The answer will depend on the terms of the provision made in this behalf in the relevant provincial law.

SHORT NOTICE QUESTION AND ANSWER.

CONGRESS WORKING COMMITTEE'S VIEW ON THE WAR.

Mr. F. E. James: Will the Honourable the Home Member be pleased to state what steps the Government of India are taking to counteract the view expressed by the Congress Working Committee that "Great Britain is carrying on the war fundamentally for imperialist ends and for the preservation and strengthening of her Empire which is based on the exploitation of the people of India as well as of other Asiatic and African countries",—a view which is being sedulously propagated in many parts of India and is of such material assistance to the enemy?

The Honourable Sir Reginald Maxwell: Since the Honourable Member has raised this question I am obliged to deal at some length with the allegations referred to. There is no shadow of foundation for those allegations, as will be perfectly clear from the repeated pronouncements of His Majesty's Ministers. It must be a matter of doubt how far their authors really believe in them, but in order that those who are prepared to study the question with an open mind may have an opportunity of forming correct opinions the Government of India have at all times done their best

to make available to the public all relevant facts regarding the war as expressed in official documents and statements made by responsible Ministers of His Majesty's Government. Much useful material of this kind will be found in Volume V and subsequent numbers of *Indian Information* which is in the Library of the House. But with particular reference to the allegation referred to in the question I should like to make one quotation with your permission, Sir, from the documents reproduced in the issue of *Indian Information*, dated the 15th September, 1939. These documents formed a record, which has been published in the form of a White Paper, of the correspondence between His Majesty's Government and the German Government which led up to the declaration of war. On August the 25th, Sir Neville Henderson, the British Ambassador in Berlin, had an interview with Her Hitler. I quote Sir Neville's words:

"The Fuhrer declared that the German-Polish problem must be solved and would be solved. He was however prepared and determined, after a solution of this problem, to approach England once more with a large comprehensive offer He accepts the British Empire and is ready to pledge himself personally for its continued existence and to place the power of the German Reich at its disposal if one of his colonial demands, which is limited and can be negotiated by peaceful methods, is fulfilled, and in this case he is prepared to fix the longest time-limit The Fuhrer is ready to conclude agreements with England, which, as has already been emphasized, would not only guarantee the existence of the British Empire in all circumstances as far as Germany is concerned but also, if necessary, would assure to the British Empire German assistance regardless of where such assistance should be necessary."

To this unqualified guarantee to the British Empire, provided, of course, that Germany was given a free hand in Poland, His Majesty's Government replied, in a communication, dated August the 28th, as follows:

"The German Government will be aware that His Majesty's Government have obligations to Poland by which they are bound and which they intend to honour. They could not, for any advantage offered to Great Britain, acquiesce in a settlement which put in jeopardy the independence of the State to whom they have given their guarantee."

The correspondence I have just quoted will illustrate the type of proposition that the present enemies of the Empire were prepared to put to His Majesty's Government. It makes equally clear the attitude of His Majesty's Government towards a proposition that she should secure by agreement with a great military power at the expense of her formal undertakings to her allies "the preservation and strengthening of her Empire" without any need of fighting a war. I would repeat that there is no foundation whatever for the allegations referred to by the Honourable Member, which I would repudiate in the strongest terms. I must, however, agree with him that the dissemination of such propaganda is calculated to be of assistance to the enemy and I can only regret that such methods are followed in this country.

Mr. F. E. James: In view of the fact that the resolution to which I have referred in my question or the substance of it has been widely broadcast through the broadcasting agency of the Government of India, will the Honourable Member take steps to see that the rebuttal of this statement is as widely and as emphatically broadcast?

The Honourable Sir Reginald Maxwell: I will consider that suggestion in consultation with the Director General of Information.

Dr. Sir Ziauddin Ahmad: What steps, if any, have the Government of India taken to correct this mis-statement of facts and the propaganda carried on?

The Honourable Sir Reginald Maxwell: As I have explained in answer to the question, the Government of India have done their best to bring the correct facts to the notice of the public, and this volume *Indian Information* to which I have referred is widely distributed to the press and has a very wide circulation.

Dr. Sir Ziauddin Ahmad: Will they bring it to the notice of the public in simple language and not in the form referred to by the Honourable Member mentioning some books in the Library which will not be intelligible to the general public?

The Honourable Sir Reginald Maxwell: That was my object in quoting the precise passages to which I wished to draw special reference.

Pandit Krishna Kant Malaviya: May I suggest to the Honourable Member that broadcasting of these facts or carrying on propaganda will not help Government so long as people do not realise that Government really mean what they say and are willing to concede the people's demands? Our people cannot be made free before they can fight for the freedom of Poland.

The Honourable Sir Reginald Maxwell: That is an argument, Sir.

Mr. President (The Honourable Sir Abdur Rahim): That is an argument and not a question.

STATEMENTS LAID ON THE TABLE

Information promised in reply to unstarred question No. 14 asked by Mr. Muhammad Azhar Ali on the 9th February, 1940.

SCALES OF PAY OF STATION MASTERS ON THE EAST INDIAN RAILWAY.

(a) It is presumed that the Honourable Member refers to the Moradabad Division. There are two such posts.

(b) Moradabad and Bareilly.

(c) These posts are filled by selection irrespective of whether the employees selected are entitled to old East Indian Railway, or Oudh and Rohilkund Railway scales of pay.

Information promised in reply to starred question No. 77 asked by Mr. Lalchand Navalrai on the 14th February, 1940.

INCONVENIENCES AND IRREGULARITIES OF THE WORKING OF THE INCOME-TAX DEPARTMENT IN SIND.

(a) Yes. A report received from the Commissioner of Income-tax shows that the allegations of discourtesy against the Income-tax Officer are baseless and that instructions already issued to the income-tax authorities to give all reasonable help to the assesses in filling the form of return are being followed in Sind. The defects in the Act referred to in the editorial could only be removed by legislation.

STATEMENTS LAID ON THE TABLE

(b) Yes. Instructions have been issued to the Income-tax Officers to assist such assesses in the matter of making their returns and not to insist on the production of a profit and loss account or balance sheet in the case of small assesses.

(c) Yes. Instructions have been issued that if regular and properly audited accounts are furnished in respect of incomes arising outside British India and the Income-tax Officer has no reason to believe that those accounts are incorrect, the foreign branch books should not be called for.

Information promised in reply to parts (a), (iv), (v) and (viii) of starred question No. 84, asked by Sardar Sant Singh on the 15th February, 1940.

PERSONS KIDNAPPED AND KILLED FROM BRITISH TERRITORY BY TRIBAL GANGS.

Serial No.	Serial No. given in the statement regarding persons kidnapped, etc., laid on the table on the 15th February, 1940	Name	Ransom said to have been demanded	Ransom claimed to have been paid	Compensation paid by Government to those who were forced to secure release by payment of ransom
1	2	3	4	5	6
			Rs.	Rs.	Rs.
1	78	Uttam Chand		2,005	
2	82	Sham Das		1,000	
3	88	Bodh Raj		705	
4	81	Shivaram		300	
5	105	Gopal Dass		650	
6	159	Hari Singh		3,000	1,800
7	114	* Mat. Bhagi Bai		320	
8	116	Chokha Ram		800	
9	107	Nanait Ram		280	260
10	141	Khan Chand		4,480	
11	132	Murli Ram			
12	133	Bhola Ram			
13	134	Nam Chand			
14	135	Lal Chand			
15	186	Nad Lal			
16	137	Lal Chand			
			1,859 by Lal Chand only.		1,200
				2,200	

* Not Musammat Bhagan Bai as already intimated.

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LEGISLATIVE ASSEMBLY

[11TH MAR. 1940]

Serial No.	Serial No. given in the statement regarding persons kidnapped, etc., laid on the table on the 15th February, 1940	Name	Ransom said to have been demanded	Ransom claimed to have been paid	Compensation paid by Government to those who were forced to secure release by payment of ransom
1	2	3	4	5	6
			Rs.	Rs.	Rs.
17	1	Chhabil Lal	..	3,000	2,000
18	96	Vishan Das	..	600	600
19	Fresh	Chhabil Das	3,425	3,425	..
20	Fresh	Hukam Chand			
21	152	Bishan Das			
22	146	Mst. Sundari	650	650	..
23	151	Mst. Bhagwani	..	200	..

Information promised in reply to starred question No. 109 asked by Kunwar Hajeer Ismail Ali Khan (on behalf of Mian Ghulam Kadir Muhammad Shahban) on the 15th February, 1940.

BLOCK MAINTAINERS ON THE NORTH WESTERN RAILWAY.

- (a) No. The designation 'Special Mistry' was changed to 'Block Maintainer' in 1928, and the scheme for appointing Block Maintainers was introduced in 1930.
- (b) Block Maintainers were confirmed in 1936 from dates which varied in each case from 1928 onwards.
- (c) Yes, from 24th December, 1934.
- (d) Block Maintainers were classified as subordinates for the purpose of leave under the State Railway Leave Rules from the 24th December, 1934. Prior to this date they were classified as labourers.
- (e) and (f). Because prior to the 24th December, 1934, they were classified as labourers, and Government are not prepared to give retrospective effect to the orders classifying them as subordinates.
- (g) Block Maintainers were admitted to the Provident Fund with effect from the 1st August, 1934.
- (h) The Honourable Member is referred to the reply to parts (e) and (f) above.

Information promised in reply to starred question No. 163 asked by Sardar Sant Singh on the 24th February, 1940.

SUPERVISORY STAFF FOR BUILDINGS IN CERTAIN OFFICES IN DELHI.

- (a) A statement giving the information required by the Honourable Member is laid on the table.
- (b) The reply to the first part of the question is in the affirmative. The second part, therefore, does not arise.

Statement.

Name of Office	Number and designation of the supervisory staff	Duties of the supervisory staff
Land and Development.	Two surveyors—one permanent and one temporary.	(i) Outdoor inspection of buildings in progress to ensure that they conform to sanctioned plans. (ii) Checking of plans and specifications of buildings in office to ensure that they conform to lease conditions and Municipal By-laws.
Delhi Improvement Trust.	One Building Inspector and four Building Overseers.	(i) To examine building plans with reference to the building bye-laws under the Punjab Municipal Act, and under the conditions of leases and submit their reports to scrutinising officers; (ii) To watch buildings during construction and to report deviations from the sanctioned plans for necessary action; (iii) To report unauthorised construction; (iv) Other miscellaneous work connected with the administration of municipal bye-laws by the Trust; (v) To report cases of encroachments on public roads; (vi) Surveys and other miscellaneous work of a general kind. The Building Inspector checks the work of the building overseers and performs various other miscellaneous duties in connection with the administration of bye-laws under the Punjab Municipal Act and also in connection with the terms of the leases.
Delhi Municipal Committee.	4 Naib Tahsildars 8 Building Inspectors 14 Building Jamadars	(i) To examine building plans with reference to the building bye-laws under the Punjab Municipal Act and to submit their reports to the Committee. (ii) To watch buildings during construction and to report deviations from the sanctioned plans. (iii) To report unauthorised construction. (iv) Other miscellaneous work connected with the building, drainage and filtered water supply and other relevant bye-laws under the Punjab Municipal Act. (v) To report cases of encroachments on public roads.

Information promised in reply to starred question No. 220 asked by Mr. H. M. Abdullah on the 27th February, 1940.

CLERKS RECRUITED DIRECT IN INTERMEDIATE GRADES ON THE NORTH WESTERN RAILWAY.

- (a) Eleven—three Hindus, seven Muslims and one Sikh.
(b) Five—one Hindu and four Muslims.

Information promised in reply to unstarred question No. 59 asked by Mr. Suryya Kumar Som on the 27th February, 1940.

PRICES FIXED FOR RULES AND REGULATIONS GOVERNING ESTABLISHMENT MATTERS OF SUBORDINATES ON STATE RAILWAYS.

Rules and regulations issued by the General Managers of the four State-managed Railways regarding non-gazetted services are for official use only and are not for sale, with the exception of the Walton Training School Calendar which contains certain rules regarding recruitment and training of staff and may be purchased from the Superintendent, Walton Training School, Lahore, and the Calendars of the Railway School of Transportation, Chandausi, and the Technical School, Jamalpur, which may be obtained from the East Indian Railway Press. Each of these publications costs one rupee, plus postage.

Information promised in reply to starred question No. 241 asked by Pandit Krishna Kant Malaviya on the 29th February, 1940.

PROMOTIONS OF OFFICIATING DIVISIONAL ACCOUNTANTS BY THE ACCOUNTANT GENERAL, BOMBAY.

- (a) Yes.
(b) Yes.
(c) Against temporary posts created for the Lloyd Barrage and Canals Construction, for other Divisions in the Presidency, and for the Bombay Development Scheme. It is not possible to state the specific vacancy against which each appointment was made.
(d) It is not possible, to say so long after the event whether anyone was prejudicially affected by the Accountant General's orders.
(e) No order bearing the number referred to was issued by the Accountant General, Bombay.
(f) Does not arise.
(g) In view of the replies to clauses (c) and (d) above, Government do not consider it either necessary or advisable to reopen this case.

THE GENERAL BUDGET—LIST OF DEMANDS—contd.

SECOND STAGE—contd.

DEMAND NO. 12—EXECUTIVE COUNCIL—contd.

Forward Policy of the Government of India in the North-West Frontier Province—contd.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, the cut motions of the Muslim League can well be placed in the category of lovers' quarrels,—some strong words here and there, then sweet reasonableness, then requests for

better relations and hopes for better behaviour in the future. Sir, I was unfortunately not present here when my Honourable friend, Maulana Zafar Ali Khan, moved his motion the other day, but I have read the report of his speech in the two important dailies of Delhi. He is reported to have traced the history of this forward policy and said that the Congress left office because it was not consulted with regard to the declaration of the European war, but that there was a miniature war going on in the Frontier without consulting anybody in India. I did not know that the Muslim League thought it wise of the Congress to leave office, because it was not consulted about the war; as a matter of fact, they did not attach any importance to this grievance of the Congress. But if he thinks now that the ministries were right in resigning because they were not consulted, he should advise the Bengal and Punjab ministries to resign, because war has been declared on the Frontier without consulting them. But I know this was not meant seriously. He attributed these raids to the tribesmen resenting what they considered an effort to deprive them of the liberty which they had preserved through the ages. I think this is not correct. My friend seems to have rather hazy notions of the history of the Frontier Province. He then said that if one-tenth of what the Government were spending on the Frontier had been spent in building hospitals and schools peace would be restored on the borderland. If, as he assumes, those tribes are independent and are fighting for their liberty, with what grace can he ask the Government of India to open schools and hospitals there? He further said that Muslims were opposed to the forward policy and would like the war on the Frontier to be stopped at once. He knows his community well, but I can say that people who want another Ulster and Pakistan and the division of this country into Hindu and Muslim zones can only want the Frontier Province to remain an independent territory, but those Hindus and Muslims who have the interest of India at heart cannot but support the forward policy as the only logical policy to be pursued. The Maulana further said that peace in the borderland can be easily achieved and the remedy suggested by him was that Government should carve out a buffer State with a population of 30 lakhs and give it a subsidy. If these tribes are independent how can the Government of India carve out a buffer State? Recent events have proved the creation of buffer States to be an unsound policy as it is the creation of buffer States which has given rise to the wars in Europe today. At the same time if they are to be independent and to be treated as buffer States with what logic can he suggest to the Government of India to grant them a subsidy or subvention? In the end he asked that Government should give an assurance to the Faqir of Ipi that England was not inimical but rather friendly to Islam and that the Government forces would be withdrawn as soon as peace was restored. I thought the Maulana said that these people were fighting for their liberty. I never thought they would give up this fight if an assurance is given that Government were friendly to Islam. Another paper reports the Maulana asked for a definite assurance that the campaign was in the nature of disciplinary action and that it was not the intention to annex Waziristan and deprive the Pathans of their independence. He forgets that disciplinary action can only be taken against a subordinate body but it cannot be taken if the tribes are independent. And how does the question of annexation arise when the territories were annexed long ago? It seems to me that the

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Maulana's zeal has outrun his discretion and the whole speech is the result of muddled thinking, bad logic and poor knowledge of history.

Maulana Zafar Ali Khan (East Central Punjab: Muhammadan): From the point of view of the Hindu Mahasabha,

Pandit Krishna Kant Malaviya: The Maulana may say what he chooses, but I can say with more truth that he represents the views of those who believe in Pakistan. Recriminations do not solve the problem. The question has to be considered from the point of view of the true interests of India. As regards history, let us have a peep into history and trace when these tribes were independent. During the Hindu period, not only the Frontier Province but Kabul, Samarkand and Tashkand formed part of India.

Captain Sardar Sir Sher Muhammad Khan: There were no Muslims then.

Mr. M. S. Aney (Berar: Non-Muhammadan): It is Islam that creates divisions?

Pandit Krishna Kant Malaviya: Then, the Frontier Province formed part of the Kingdom of Jaisalmer. When invaders attacked India, there is nothing on record to prove that the tribes inhabiting the Frontier Province stood against those invaders. If they had been independent, if they had been patriotic, the result would have been that they would have put up a fight against the invaders but they did not. During the time of the Moghul period, in the time of Akbar as well as in the time of Aurangzeb—his commander-in-chief, Raja Yashwant Singh held his court in Kabul and he was Governor there. Even as late as yesterday, when Sikhs were ruling in the Punjab, the Sikhs ruled the Frontier Province and Kabul. Even today Afghan and Pathan mothers persuade their children not to cry and go to sleep by saying Harising Nalua is coming. I do not know from what history my Honourable friend gets the knowledge that the Frontier Province was ever an independent province.

An Honourable Member: From Congress history.

Pandit Krishna Kant Malaviya: If you had believed in Congress history, we would not be in the position we are in today. However, when the Britishers began to conquer this country, bit by bit, they got full sway over the country only in 1857. They were then busy consolidating their power and they were busy with internal affairs and, naturally, they could not do anything so far as the Frontier Province was concerned.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Pandit Krishna Kant Malaviya: In 1987, 30 years after as soon as they were settled the then Government of India wrote to the Punjab Government to push the policy forward. This is how the name of forward

policy has been given to this policy. The British inherited the Punjab and the Frontier from the Sikhs whose Raj extended up to Kabul. The British inherited this territory of the Frontier from the Sikhs and it is wrong to assume that these people were ever independent. I want to say that all that is happening in the Frontier Province is due to the weak milk and water policy of the Government of India. I can say this that all the previous Viceroy who have been here have all along been wrongly advised by their military experts. Modern military strategy and policy does not consist in massing troops and accumulating targets for the enemy. Modern tactics aim at diminishing national vulnerability. Have these military advisers ever heard the name of "Blitzkrieg"?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Pandit Krishna Kant Malaviya: I will finish this sentence. I will only say that I have been to this Frontier Province and I have been assured by the military authorities that they can bring peace and order in the Frontier Province within a month. Their difficulty is that the Government of India do not want it.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot have any more time.

Pandit Krishna Kant Malaviya: I support the Forward Policy, because that is the only logical policy.

Major Nawab Sir Ahmad Nawaz Khan (Nominated Non-Official): I rise to thank my friend, Maulana Zafar Ali Khan, for giving me an opportunity to inform the House of the real state of affairs in the Tribal area in the North-West Frontier Province affecting the independence of the tribes or the forward policy of the Government. I quite agree with the historical statement that from a very very long time, say from time immemorial, these tribes have been quite independent. They have been having a war-like life or leading a peaceful life and they have not been subject to any king or a ruling chief of their own or belonging to any other power. History shows this one thing. He will agree with me that history shows that these tribes have never had any tribal king or chief or a separate ruler. They were quite independent and free tribes, which proves that the British Government also wish to keep them in the same free and independent freedom. I assure him and the House that the British Government have not up to the present time interfered with their freedom and independence which means that the tribes are free and independent in their domestic life, their religious life and their customary law. They had never the right to make their treaties or make war with any ruler of a state or kingdom or annex other territories with their country, as sometimes the independent kings and rulers did or do. That state of freedom and independence, which these tribes enjoyed in the past, still exists there. Since the British Government annexed the Punjab in 1849 up to now, the British Government have maintained these tribes in the same independence and freedom and so far as my personal knowledge goes, none of the Chief Commissioners or the Governors of the North-West Frontier Province or the Lieut.-Governors

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of the Punjab have ever intended to alter that independence or freedom unless and until that freedom becomes a source of very great troubles and crimes such as raids or kidnapping, murder and dacoities to other subjects of His Majesty's Government in the adjoining district, where as you daily see now in the newspapers, these raids, dacoities and kidnapping have been committed. It is due to their crimes that sometimes, occasionally, the British Government, when they fail after giving them their private advice, consultation or persuasion, that they send an expeditionary force. The first expedition, which was led against these Mahsuds, so far as my memory serves me, was in 1860, and since then, if you will see the list of those expeditions, you will find that it was only when their crimes accumulated to so much extent that there was no other resource left but to send an expeditionary force, that such a force was sent.

Now, every Muslim or non-Muslim Member who wishes to support the independence and freedom of those tribes will surely agree with me that such action should be taken for the safety and protection of Indian life and property in the settled districts of the North-West Frontier Province. Those tribes are again divided into sections and sub-sections; so, when the tribal people of different sections come down, as you read in the newspapers, say to Bannu, Dera Ismail Khan and the Kohat districts and kidnap and murder poor innocent Muslims, Hindus and Sikhs, men, women and children, then there is only one course left for the Government to protect the life and property of His Majesty's subjects in North-West Frontier Province and to punish the law breakers and maintain the full independence of the tribes as some of my Honourable friends wish. Is it also the duty of the Government to sit silent and watch such crimes and say or do nothing? I think no Honourable Member will tolerate that kind of independence or freedom not only for the tribes but even for their neighbours in any province. If the Government for a few years wait, then all the Honourable Members or the Indian Press at once criticise the British Government for weakness and silence or for great favouritism towards the tribes and some very clever extremist comes forward with such argument that, oh, it is the British Government that is doing all those things so as to create Hindu-Muslim disunity amongst the Indians. Then others say, "no, no", then others reply "the Government persuade the tribes because the Government are so mighty, cannot they manage to control the tribes?" All right, then when the British Government start an expedition to punish or control the tribes, and at once a hue and cry comes from another section of the Indian Press that it is the forward policy, that this is interference in the tribal areas, it is this thing and that thing. I cannot understand this logic. While these tribes kidnap women and children and murder men in the settled districts and if the Government remains for a short time silent, then the Government is blamed. If the Government go into the tribal territory and punish those *badmashes*, well, then too the British Government is blamed and some ones cry that this is a forward policy,—it is interference. I cannot understand, Sir, what policy then should the Government follow. I would request my Honourable friends and especially Maulana Zafar Ali Khan that he and they may kindly go to the top-leaders of India, say Mahatma Gandhi and Mr. Jinnah, consult them and ask them to produce a joint scheme for the sake of interference or non-interference with the tribes and the properties of men, women and children in the North-West Frontier Province and produce it at the next session of September, 1940, here, as a practical thing.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Has the Honourable Member tried this himself? Have you tried it yourself when you met Mr. Gandhi?

Major Nawab Sir Ahmad Nawaz Khan: If the Honourable Members will kindly hear me, then at the end of my speech I am quite ready to give any answer that the Honourable Member wants, in the lobby. The time is so very short for my speech. (Interruptions).

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Members ought not to interrupt.

Major Nawab Sir Ahmad Nawaz Khan: The real independence and the real freedom which those people ever enjoyed from the time of Alexander the Great or the Moghuls they still enjoy but only on one condition of remaining peaceful. Even in the time of Alexander or the Moghuls none did tolerate all these crimes of the tribes who came and kidnapped and murdered people and committed dacoities in the settled districts. Such independence or freedom was never granted to those tribes, nor can it now be given under any scheme that can be produced by Honourable Members or even by my Honourable friend, Sir Muhammad Yamin Khan. He will never allow those tribes to come forward and commit these things.

There is another point. Sometimes people criticise the forward policy. To my knowledge, it is not that kind of forward policy which many Honourable Members seem to feel. Long ago the British Government had a close border policy, which was this, that whenever those tribes committed any crime, the British forces—the constabulary or police—followed them and when there was a demarcation of the line, which was called the *pathar* or stone line, as soon as the tribes entered that line the British forces stopped and could not pursue them further. So that policy of the Government could not bring about the desired effect upon the tribes. Then, it was after consultation with these people in the settled districts, and at that time it was part of the Punjab, that it was decided that our forces should not stop at that *pathar* or stone line but should go into that country further. So that change was called the forward policy, and it is very much mistaken to think that it was for annexation—as Germany has annexed Poland to Germany; it was not that kind of forward policy. Later on, when that policy failed and could not bring about the desired result, then there was a third kind of policy which was called "peaceful penetration" and that is the policy for the construction of roads and cantonments. Such construction of roads and cantonments was not for interfering in the tribes' religious, customary or social laws, customs or their internal affairs. When the previous policies not having had the desired effect, then the question arose as to what should be done? So it was thought that it should be done in this way that in the heart of the country there should be cantonments. If those tribes attacked the British settled districts, then they should be pressed by two sides. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more to finish his speech.

Major Nawab Sir Ahmad Nawaz Khan: So I will be rather quick now. The cantonments or the roads are not for the sake of any territorial advantage; they are simply for the sake of the maintenance of peace and

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order, and as my friend, Maulana Zafar Ali Khan, has suggested, that the British Government should have hospitals and schools there, so for that purpose it is also necessary that for the protection of them there should be cantonments and roads there. Without these, you cannot go there. So if those tribes do not attack the people in the settled districts, so far as my personal knowledge goes, I may safely and surely say that the intention of the British Government is not to interfere with their proper, legitimate independence and freedom and anything else. But no Government will tolerate them if they do attack us and nobody can say that then they should not be punished. The real policy of the British Government is to keep friendly relations with the tribes and to make them as peaceful and prosperous as possible within their own tribal limits and not to allow them to attack the settled districts. I hope I have convinced the Honourable Mover of this cut motion that the policy of the British Government is satisfactory but I cannot request him to withdraw his motion because I know he will not do so. Sir, I oppose this motion.

Maulvi Syed Murtuza Sahib Bahadur (South Madras: Muhammadan): Mr. President, I rise to whole-heartedly support the cut motion made the other day by Maulana Zafar Ali Khan.

A voice: What about the Persian couplet?

Maulvi Syed Murtuza Sahib Bahadur: A friend of mine wants that I should recite a Persian couplet. This I will do. The other day when Sir James Grigg was the Finance Member, he set apart about 25 lakhs for constructing roads or rather for making inroads into the tribal area. Even then, I rose to oppose it and at that time I recited this couplet which I repeat today:..

*"Kare khud kun, kare begana makun,
Bar zamine deegaran, khana makun."*

The meaning of it is that "you had better mind your own business and should not meddle with the affairs of others. In other words it is not advisable on your part to put up constructions on the lands belonging to others". Sir, the whole trouble has cropped up this way. There is no doubt that the Wazirs, the Mahsuds and the Afridis are the first class fighters in the whole world. They love their religion, their honour and freedom more than they love their own lives. This is a fact which cannot be gained by such historians as Malaviyaji and others. These Pathans do not like the interference of the Government in any way. They are leading very simple and happy life but they do not like that they should be interfered with in the enjoyment of their freedom. Now, the forward policy is the outcome of a desire on the part of the Government to undermine their independent spirit. In this connection, I have to refute the argument of my Honourable friend, the Panditji, that these tribal areas were for some time under others, particularly the Sikhs. It is quite obvious that he does not know the history of these tribal areas. The inhabitants of this area were never under any Government. They were never under the Sikhs, nor were they even under the Amir of Kabul. They have always been enjoying freedom and liberty at the cost of their lives. (Interruption.) A friend of mine says that they have been enjoying freedom at the cost of others, by which he means that about 400 crores of Indian money has been spent over the maintenance of law there. But who ever asked the Government

of India to spend any sum over that area? Leave them alone. If they make any raid or any inroad, they should be properly brought to book.

Major Nawab Sir Ahmad Nawaz Khan (The Honourable Member was not in his seat): How? That is the question. Produce a scheme in September next.

Maulvi Syed Murtuza Sahib Bahadur: Even now a scheme can be formulated. (More interruptions from Major Nawab Sir Ahmad Nawaz Khan.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not in his seat, and he should not interrupt the Honourable Member who is speaking.

Maulvi Syed Murtuza Sahib Bahadur: The policy which has been resorted to by the Government of India has proved disastrous to their own Government. How much money is being spent every day even now? The state of affairs there is not what it ought to be. The Government of India have unnecessarily involved themselves in difficulties, worries and anxieties. They have also involved the Wazirs into trouble and they are spending a lot. So, the forward policy cannot but be condemned by all of us. Of course, there may be some Indians who are in favour of this policy. I do not know their political creed. But I know this much that the Hindu Mahasabha has passed a resolution to the effect that this forward policy should be adhered to, and Pandit Krishna Kant Malaviya as their spokesman has advocated the cause of the forward policy.

Mr. M. S. Aney: I want to assure my Honourable friend that the Panditji does not belong to the Hindu Mahasabha.

Maulvi Syed Murtuza Sahib Bahadur: I have not said that he belongs to the Hindu Mahasabha. Whether he belongs to it or not, he has given expression to the ideas of the Hindu Mahasabha. That cannot be denied. First of all, the Punjab Hindu Mahasabha passed a resolution advocating the cause of the forward policy. The same was endorsed by the All-India Hindu Mahasabha. But the Congressites, the Muslim Leaguers and I may say even the Members of the European Group do not like this forward policy. It is a mere waste of Indian money. Of course, the Panditji may not care for it.

Bhai Parma Nand (West Punjab: Non-Muhammadan): Where is the resolution of the Hindu Mahasabha or the Punjab Hindu Mahasabha advocating the forward policy? There is no such resolution.

Maulvi Syed Murtuza Sahib Bahadur: You had better contradict it through the press. Unfortunately, I am not in possession of those resolutions, but if my Honourable friend, Bhai Parma Nand, is very keen on getting a copy of those resolutions, I will furnish him with the copies of those resolutions which are to the effect that this forward policy should be pursued.

Now, Sir, the Panditji attacked my friend, Maulana Zafar Ali Khan, on the ground that his argument was not based on logic or on history and it was not a sound argument. Then may I ask what kind of history does he want to prove and say that the tribal area never enjoyed full freedom?

[Maulvi Syed Murtuza Sahib Bahadur.]

Then he unsuccessfully tried to prove that the Pathans were unpatriotic, that they did not withstand the onward march of the invaders and so they deserved no sympathy. That is really a strange logic. So far as patriotism is concerned, may I ask my Honourable friend, Pandit Krishna Kant Malaviya, as to whether it is not unpatriotic and want of historical knowledge to say that these tribal areas never enjoyed freedom and consequently they don't deserve to be free? If we follow that logic strictly, we, in British India, do not deserve any freedom, nor are we justified in asking for complete independence. When we are asking for Dominion Status or complete independence, how are we justified in denying the same privileges to the tribal areas who have been enjoying freedom for centuries? By the very religion which these tribal people follow they value their independence more than their lives. So far as my Honourable friend, Major Nawab Sir Ahmad Nawaz Khan, is concerned, the House of course is alive to the fact that as the nominated spokesman of the Government he generally overdoes his duty. Sir, with these words, I resume my seat.

Sardar Sant Singh (West Punjab : Sikh) : Sir, at this time the importance of a decisive policy in regard to the tribal areas cannot be gainsaid. The importance of this policy is much greater today than ever before. The unrest in the tribal areas and the abnormal increase in the raids and the bloody nature of them that have taken place in the settled districts of the North-West Frontier Province, naturally has drawn the attention of the remotest quarters of India towards the present system of administration as regards the tribal areas. My Honourable friend, Maulvi Syed Murtuza Sahib Bahadur, just now said that the European Group also is against this forward policy.

Maulvi Syed Murtuza Sahib Bahadur : I said 'may be against'.

Sardar Sant Singh : In order to convince my Honourable friend of the attitude of Europeans in this country, I will just read a short extract from the *Times of India* :

"Since Waziristan was hopefully transferred from military to political control last April there have been 143 trans-border raids up to the end of January last. No less than 161 men, women and children were kidnapped, of whom, it is believed, the release of 134 was secured either by pressure or by ransom. A hundred and four people were killed in the same period, 41 being harmless civilians and the remainder personnel either of the regular troops or of the civil defence forces. Thirty-nine out of 214 wounded were also civilians. There have been no less than 17 further major incidents this month".

Recently we have seen one of the most respected and popular officer of the Indian Medical Service, Major Duggal, kidnapped and I do not know whether my information is correct—I speak subject to correction—I understand that about 34 or 35 Maliks had to be released and a large ransom had to be paid before the release of Major Duggal could be secured.

Mr. O. K. Caroe (Secretary, External Affairs Department) : It is not true that ransom was paid.

Sardar Sant Singh : I am glad that there is a contradiction. The public will be disillusioned now. However, later on the buses conveying British troops were stopped on the road side and officers of the Government

were kidnapped. Therefore, under the circumstances, if we want to bring to bear a calm and cool consideration about this policy, we will be justified in doing so, more particularly today when war is going on in Europe and there is a danger that the enemies with whom England is fighting today may use this tribal area as a base for their agitation and possible invasion of India. Under these circumstances, I will request my Honourable friends of the Muslim League not to look at it from a communal point of view, but to look at it from a broader point of view.

My Honourable friend, Maulana Zafar Ali Khan, the other day challenged me saying that I advocated certain strong measures. I told him that I never did it. I look at the problem entirely from an Indian point of view. (Applause.) I am glad that I find approval from unexpected quarters. However I find that my Honourable friend wants to make the tribal area into an independent buffer State. May I ask him what he means by independence, in connection with tribal areas? Is this independence worth anything when the tribal area has been accepting subsidy from the Indian Government? Is this the sort of independence for the tribal area which has been accepting bribes and subsidies from the neighbouring British India, which my Honourable friends demand? If my Honourable friend's conception of independence is of this variety, then I am not prepared to accept independence for India even.

Sir Syed Raza Ali (Cities of the United Provinces : Muhammadan Urban) : It will be independence of the same sort as that which the Congress demands.

Sardar Sant Singh : Then, I am glad that we both differ entirely from that point of view. There is no independence or character among the people who carry on their blood feuds and who depend upon Indian money for their living, so that they may not raid the settled districts. This is slavery of the worst sort and this sort of independence I cannot understand.

Another point which my Honourable friend brought about was that hospitals should be established. What is this independence which demands hospitals and other civilised amenities to be provided by a neighbouring country?

An Honourable Member : From a humanitarian point of view.

Mr. F. E. James (Madras : European) : They will enjoy the benefits of independence of the hospital variety.

Sardar Sant Singh : This is the independence which the patient enjoys in the hospital. I fail to appreciate this sort of independence for the tribal areas.

Another point referred to by my Honourable friend, Maulvi Syed Murtuza Sahib Bahadur, is that these tribal areas were never under the Sikh rule. I wish him to study Sikh history. In 1820, Peshawar, which was then part of the tribal districts, was conquered by the Sikhs for the first time. The land beyond the banks of the Indus came under Sikh sovereignty.

Sir Muhammad Yamin Khan : Peshawar was not in the tribal territory.

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LEGISLATIVE ASSEMBLY

[11TH MAR. 1940]

Sardar Sant Singh: It remained with the Kabul Government for several centuries and it was brought back to India in 1823 by the first conquest of the Sikhs. After that a tribal area chief was appointed to carry on the Government on behalf of the Sikhs.

An Honourable Member: Not at all.

Sardar Sant Singh: I wish my Honourable friend would go to the Library and read the history wherein he will find that an attempt was made to govern the area beyond the Indus by appointing local Chiefs as feudatories to the Sikh Raj and, later on, in 1836, the Sikh took the Government of Peshawar, Kohat, Bannu and the reins of government of my Honourable friend's ancestors were taken over by the Sikh Chiefs. However that is past history which can be learnt by reading a few extracts from any book on the Government of the Sikhs of this province.

As regards the contest between the forward policy and the close border policy, my Honourable friend the representative of the Frontier Province has given a complete reply. Here the raids have become so many and so numerous that some steps have to be taken. In 1906, this forward policy was advocated by Sir Henry Dean, the Chief Commissioner, who wrote that he advocated a forward policy on the ground that the attempts to maintain peaceful relations with the Mahsuds had resulted in inordinate expense and a widespread conspiracy to terrorise Government by assassination. The same thing is re-occurring today. Again Mr. Barton (afterwards Sir William Barton) said that "any sort of moral or material progress was next to impossible without a forward policy". The opinions of these two high authorities have proved to be correct when we review the history of these tribal areas up till now. The tribal areas were not so threatening to the peace of the British districts as they have become since this forward policy has been given up. Even today the attempt that is being made to clear up this hill—I forget the name of it now—has resulted in some sort of security. Therefore, I would suggest to my friends, the Members of the Muslim League, to think like an Indian and always have the interests of India most at heart. I will close my speech by repeating the couplet which my friend, Syed Murtuza Sahib, has quoted:

"Kare khud kun, Kare digran ma kun".

Think and attempt for the complete independence of India: do not talk of the independence of the tribal areas: first secure your own independence before you secure anything for others.

Mr. O. K. Caroe: Sir, as I was listening to the debate and to the many quotations from Persian poets, I have been reminded of a poem by a previous Law Member of the Government of India—a very simple poem—"Those behind cried 'forward!' And those before cried 'back!'". This immense problem of the North-West Frontier tribes comes before this House year after year, and I should like to assure the House that I, personally, am the last man to be complacent. I feel that there is no ground for complacency at the present moment, and I have no desire to be dogmatic about forward or any other kind of policy. But surely, as my Honourable friend, Sardar Sant Singh, said, it is the duty of any government to secure the lives and the liberty and the honour of the persons, men, women and children, residing in British India. The figures which my Honourable

friend has quoted and the figures which I have given in reply to questions in this House show that that object during the past few months is not being achieved. I do not wish to quote statistics but any one who is acquainted, and well-acquainted with the situation in the Derajat—that is to say, the districts bordering on Waziristan—can point to facts in the course of the last twenty-five years or so in which a loss of control over the tribal areas has led to an immense increase in raiding and in the insecurity of the districts; and it was because of the intolerable raiding which took place there during and after the third Afghan War that the Government of India had to make up their mind to attempt a closer control, but without interfering with the internal arrangements of the tribesmen.

Now, Sir, I yield to no man in my affection for and admiration for the Pathans. I have spent almost the whole of my working life amongst Pathans and I admire their personal loyalty to their friends, their hospitality and their warm-heartedness and their response to a leader. But, Sir, all races have the defects of their qualities. The Honourable the Mover of this motion the other day said that we, I think meaning the British, had an extraordinary failing, that we always turned our friends into our foes. He did not remember, to digress for a moment, the case of Turkey, to which he himself is fond of referring. But leaving aside that digression, the tribes of the North-West Frontier have sometimes been described as uncivilised. The Honourable Member who moved this resolution himself spoke of them as wild. They have the defects of their qualities. I wish to weigh my words, but they have intolerance of other men and of other creeds; and in order to control these tendencies and to safeguard the lives and honour of Indians who reside in the districts, it is essential to curb these propensities. I would rather say that the tribes are in the tribal state of civilisation and have the great qualities and the great failings of that state of civilisation

Maulana Zafar Ali Khan: They are more civilised than us.

Mr. O. K. Caroe: There is another aspect of this matter which has been emphasised before to this House by more than one of my predecessors. For good or for ill, the international frontier of India was drawn along with Durand Line including those tribes in India juridically, though not in British India. But internationally they are part of India and for that reason it is necessary that any attempt made by the tribes to upset their neighbours on the other side of the international frontier should be controlled

Maulana Zafar Ali Khan: May I ask whether this Durand Line is co-terminous with the boundary of Afghanistan?

Mr. O. K. Caroe: Yes; the Durand Line is the boundary between India and Afghanistan, and it is necessary that the Government of India should control any movements by the tribes which may be directed against the stability of our neighbour. On more than one occasion in the last two or three years, attempts have been made from a base in this tribal territory to interfere with the stability of our neighbour

Maulana Zafar Ali Khan: Is not Afghanistan capable of taking care of itself?

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member wishes to put any question, he must go back to his seat.

Mr. O. K. Caroe: It has become necessary, therefore, to control such movements and to assist our neighbour by so doing. The argument has been used that the limited control which has been set up in the tribal areas is the reason for the raiding into British India. If that were so, how could we explain movements from that same tribal area in the other direction? I feel tempted to use my Honourable friend, Mr. Aney's metaphor, about the cat out of the bag.

The Honourable the Mover of this motion asked for assurances. I have tried to make clear that it is not the object of the Government of India to interfere with the internal regulation and management by the tribes themselves of their own affairs. All that it is desired to do is to secure peace. We have no intention of setting up administration in Waziristan or other parts of the tribal area. We must, however, when from a refuge in the hills—if any Honourable Member has been in Bannu he will know that the hills overlook Bannu from three or four miles away and that the raiding gangs issue from caves in those hills and descend on the city and villages and the robber must be followed to his lair and prevented from his robberies. Schools and hospitals have been discussed. I should like to point out that during these disturbances the tribes themselves have burnt more than one school. They have also descended on hospitals and even stolen the bedding. I do not wish to infer that schools and hospitals and the extension of beneficent activities are not a most desirable end but only to point to the difficulties in the extension of civilising influences among the tribes. When one thinks of the alternative, the close border policy as it has sometimes been called, one has to remember that these tribes are, as the Maulana Sahib himself said, homogeneous with the tribes in the North-West Frontier Province. For instance, the Afridis do all their marketing in Peshawar. They come down every winter. The Orakzais go to Thal and Hangu and Kohat. The Wazirs—their metropolis is Bannu—and that of the Mahists Tank. It is not possible to keep men away from their economic centres, nor would it be in our view desirable. They are within the Indian economic system. Surely, the ideal should be that they should eventually and freely come within the Indian economic and political system.

I have had many appeals, printed and other, from various sufferers from these raids during the last few months. Some of them are rather communally minded, and others are I think on broader lines. But all of them are instinct with feeling. I have one here which is signed by a number of well-known people in Bannu. It is at first addressed to the newspapers in India and then proceeds to single out the leading political parties, such as, the Congress, the Muslim League, the Jamiat-ul-Ulema, the Hindu Mahasabha, and then at the end it appeals for the support of the Legislature. It seems to me that the order should be reversed. If this House could only show clearly that it was behind the efforts for the maintenance of order on this Frontier, much would have been achieved. One of my predecessors, Sir Arthur Parsons, said in this House two and a half years ago, referring to the opposition at that time, that there was scarcely any action of theirs which was not designed to bring law and order into contempt on this Frontier, and he wished to warn the Opposition that their turn would come and they would then find that they were reaping the whirlwind.

We are now in the midst of a great war and we have been told on the highest authority, and we ourselves understand, that no man can predict the issue. It is for us to join our ranks, to avoid sectionalism and to see that all forces and interests in India stand together to meet the dangers that are before us and that the house in which we live is not divided against itself. It is in the belief that, incomplete and imperfect as our policy is at present, it is intended to achieve the ideal which I saw quoted in a speech in London by a prominent Labour politician,—that it should be not domination, but civilisation that we seek, and that this should be done by the establishment of justice, the promotion of liberty and the ensuring of peace,—that I wish to oppose this motion.

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

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

The motion was negatived.

Government of India's Policy re-Recognition of Unions.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa: Muhammadan): Sir, I beg to move:

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

This is probably for the first time in the history of this Assembly that a motion of this nature is being moved in this House and Honourable Members will realise the depth of the feeling of the elected side of the House who have felt that strong constitutional action is unavoidable and must be taken in regard to this matter. The plea has been put forward that Government Departments cannot recognise unions on a communal basis. On the one hand, division of communities is so numerous in India that existence of unions by communities is practically impossible. This pretext has been found out chiefly to put away the Muslim claims and ignore the Muslim unions and Muslim associations, particularly those organised in the Department of the Railways, Post Offices, and other Government Departments.

Mr. President (The Honourable Sir Abdur Rahim): The Chair wishes to remind the Honourable Member that the Congress Nationalist Party is to begin their motion at 12-30 P.M. So, he must finish his speech by that time.

Mr. Muhammad Nauman: Very well, Sir. It has been stated and proved to the hilt that the Mussalmans form a nation by themselves. They co-operate with their Hindu friends, the Sikhs, the Christians, and all other sections of people living in this continent much in the same way as the British co-operate with the French, or Turkey co-operates with the Britishers, with a separate national identity for themselves, claiming to be a separate nation, and maintaining a separate identity in all the activities. Simply because we inhabit this country we cannot be expected to have submerged our separate identity. Our separate identity has been accepted in the constitution by separate electorates to themselves and there can be no reason why Government of India should find out a pretext

[Mr. Muhammad Nauman.]

or ground to refuse recognition and say that Muslim unions could not be recognised because they were communal bodies. Are the claims of ninety millions of Muslims to be ignored and refused for any longer period? I hope not, Sir.

When the Government of India have accepted the principle of Muslims having a right to have a separate existence and a separate electorate of their own, there is no reason why Government Departments should refuse the recognition of Muslim unions maintained by Muslims as a distinctively separate organisation and who want to keep up their separate identity. We have this unfortunate experience of refusal particularly with regard to the Railway Unions, the Muslim Railway Employees Association, Delhi, and the Muslim Railway Employees Welfare League at Calcutta. Whenever their office-bearers sent correspondence directly to authorities, the plea was taken by the General Managers and others that the Unions were not recognised and that the Government of India were not prepared to recognise unions on communal lines. I want to impress this fact upon the Members of the Railway Board and others that there is no sense in refusing recognition when separate electorate has been maintained. Suggestion was made by responsible Government Members that if we amalgamated our association with other people like the Anglo-Indians or the Hindus, we would have no difficulties in getting the unions recognised. We have consistently refused to do so and reasons are obvious, whether you recognise the unions or not. We are trying to lodge our protest in the most constitutional manner which is open to us and if the Government of India are not prepared to accept our point of view even at this stage, I must say, they will have to take serious consequences on themselves. This is not a new thing. In Holland and other places in the early days of formation of trade unions every effort had been made even by the State to restrict and prohibit establishment of labour unions by means of legislation and by providing penalties for membership, but what happened? Unions were organised and established and the employers had to yield. In England they have a Jews' Union which is based on absolutely religious basis and they are recognised. In Calcutta as well the Muslim Chamber of Commerce got its recognition as a Muslim traders organisation. In this connection, I want to cite examples of few other European countries. As I have not got time for details I would only refer to a book which has been compiled by Dr. Sir Ziauddin Ahmad. You will find this on page 259:

"Even in an advanced country like Germany, there have been three main trade organisations known as:

- (1) Allgemeinen Deutsche Gewerkschaft Bund or (A. D. G. B.) which had about 8 million members.
- (2) Christian Union whose members are Roman Catholics and it has over one million members.
- (3) National Trade Union popularly known as Hirsch-Duncker-schaft which had about one quarter million members."

I think the Honourable Member will realise that in other countries it is not prohibited to have unions of a particular class or of people of a particular faith. They do not say that a certain union cannot be recognised because a certain section of the people have organised it and its membership is limited.

The Honourable Sir Andrew Olow (Member for Railways and Communications): It is not prohibited here.

Mr. Muhammad Nauman: I do not want to say more on this except that these unions must be recognised if they are registered and based on the same lines as the Act of 1926 requires. The Act does not debar a particular class of people from having their own unions. The purpose of the union is to ventilate the particular grievances of individuals or a class of individuals and also of a particular class of people who may be serving there. It cannot be said that the grievances of Hindus, Muslims, Christians and others are always identical. It is quite possible that Muslim grievances as a nation may be of quite a different character. For instance, take the question of holidays, the particular days and times of prayer. In these and many other instances, the grievances of the Muslim employees as a whole are entirely different from those of other sections of people, like Hindus or Sikhs. In that case how can the Government of India and their responsible Members go on consistently refusing recognition of Muslim unions on the pretext that they remain to be communal bodies. By moving this on behalf of my Party we now take the highest constitutional method open to us to impress on the Government that the time has come when this plea should be forgotten and Muslim organisations should be given recognition as such. With these few words, as I had only six minutes allotted to me, I move the motion in my name.

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

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

Dr. Sir Ziauddin Ahmad (United Provinces, Southern Division, Muhammadan Rural): Any one who has followed the history of the development of Unions in various countries will notice that they have passed through different stages before the ideal was achieved. The ideal union is the one composed entirely of persons engaged in that particular trade. In the ideal union no outsider is permitted. A person who is not in the trade cannot be a member or a spokesman of a union but before that stage is reached, you will find that they passed through various stages, and I do not know whether the ideal stage has been reached in any country. Sir, if you read history, you will find that in intermediary stages communal unions had been recognised and even in advanced countries like England, where no communal things are possible, the bakers had a like England, where no communal things are possible, the bakers had a communal union consisting of Jews alone. The communal unions were recognised in the earlier stages in every country. People formed these unions on different lines. They were not intended originally to represent their cases to the employers or to have a pitched battle with them. That is not entirely the object of these trade unions. There should be some kind of corporate life. Personal trade interest and social intercourse between themselves always move side by side. Now, what objections can there be if one may form a union consisting only of persons who are above six feet, or over two maunds in weight? What is the harm in saying that no person should be a member unless he is of a particular colour—a particular shade of whiteness or blackness? What is the harm in any one forming a union in which he has got a particular opinion about politics or religion or any other matter? You cannot dictate that persons following a particular faith should not form a union of their own.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has to terminate his speech now.

Dr. Sir Ziauddin Ahmad: I will continue it on the occasion of the Finance Bill.

Mr. President (The Honourable Sir Abdur Rahim): Mr. Aney will now move his motion No. 45.

War Aims of the British Government.

Mr. M. S. Aney: Sir, I move:

"That the demand under the head 'Executive Council' be reduced by Re. 1"—(To discuss the unsatisfactory nature of declaration regarding the refusal of British Government to declare their war aims and their effect on the political status of India and non-insistence of Government of India to obtain such a declaration.)

Sir, the motion which I have just moved raises an issue of vital importance to the people of India as well as to the people of the United Kingdom. It requires to be seriously, dispassionately and immediately tackled and decided by His Majesty's Government and the Government of India. Delay must inevitably result in the deterioration of the situation which may, in all probability, render an amicable settlement extremely difficult, if not impossible in the future. That is my main reason for raising the issue for discussion now. If I mistake not, the Government of India, I think, have not so far made any authoritative statement of their position on this matter on the floor of this House.

Sir, I do not want to go in detail into the causes that led to the declaration of war by England and France against Germany. It is generally conceded that the territorial distribution made by the Treaty of Versailles and various other iniquitous conditions imposed by the victors upon the vanquished had been resented by the people of Germany, and since the assumption of power by Hitler and the Nazis in that country demands are being persistently made to undo what they regard as a great wrong done to them. Certain territories such as Danzig and the Polish Corridor have been the subject matter of dispute between them and Poland. In September last matters were brought to a crisis. All negotiations for an amicable settlement of the issue had, according to the opinion of the British Government, become impossible, as part of the Polish territory was invaded by Germany. There was thus a state of war between Poland and Germany; and France and the United Kingdom declared war against Germany to carry out the pledges given to the Government of Poland in their various treaties. Immediately on the declaration of war important communiqués were published in England and in India and all over the British Empire with detailed circumstances that led to the unfortunate decision. In those communiqués and subsequent pronouncements made by the Prime Minister and His Excellency the Viceroy certain principles were enunciated as being the basic principles underlying the declaration of hostilities with Germany. I have not before me the precise text of the various communiqués and the pronouncements made but, I think, I am fairly right in summarizing them in the following words:

"This war was a war for the safety of democracy. It was against Hitler and Nazism and not against the people of Germany. It was for the protection of the liberty of Poland and other small nations whose existence was guaranteed under the terms of collective security. It was for the vindication of the principle of arbitration as against that of brute force in the settlement of international disputes."

And some other minor points were also referred to. Those were the major principles underlying those pronouncements. The effect of the enunciation of those lofty principles was the enlistment, for the time being, of the sympathy of a considerable part of the civilized world for the cause for which the United Kingdom and France had to take up arms against Germany. Sir, it is truly tragic that notwithstanding the active participation in the war on her behalf by the United Kingdom and France, Poland was completely crushed within a few weeks by Germany and was even partitioned between Germany and Russia without any substantial assistance being given to that State by either of her great allies.

The Russian intervention in the war on behalf of Germany was indeed, in my opinion, the triumph of German diplomacy and it is likely to have far-reaching effects on the frontiers of India even. It is fraught with potentialities of a dangerous nature and I am sure that the British Government must have been fully alive to them. This war becomes a live problem for the Government of India and for the people of India more on account of this Russian intervention than for any other thing. Sir, soon after the declaration of war His Excellency the Viceroy invited the leading public men of the country and interviewed them. His Excellency must have been flooded over with suggestions for securing the active and effective co-operation of the people of India for the successful prosecution of the present war. I will try to give in brief what I have tried to gather from the utterances and pronouncements of public men as the various important points insisted upon by most representative bodies such as the Indian National Congress, the All-India Muslim League, the Hindu Mahasabha and so on. I find that all of them first expressed their sympathy with the objects for which the Allies have declared war and even wished them success. That was the first reaction that I observed. I also find that there was a discordant and jarring note struck by an important section of Indian politicians, both Hindus and Muhammadans, viz., with regard to the fact of involving India in this war without the consent of her representatives in the legislatures or probably even its duly constituted executive Government itself. The difference between the position of India and other self-governing dominions thus became obvious to every one. The Dominions joined the war upon being consulted; India was dragged into it; they had the choice to join or not; India had none. That was the position. It was very often stated by one of the Secretaries of State on the floor of the House of Commons that though India had no Dominion Status conferred by any parliamentary Statute, yet there was Dominion Status in fact, and, Sir, a reference was even made in this connection to the participation by the representatives of the Government of India in Imperial Conferences and in the international Conferences held under the auspices of the League of Nations, but the differential manner in which Dominions of the League of Nations, but the differential manner in which Dominions like Canada, the South African Union, and Australia were invited to shoulder the responsibility for the Imperial war—and I deliberately use the word "Imperial" in spite of the explanation given by the Honourable the Home Member on the floor of this House in reply to a question, I won't say an inspired question by my Honourable friend, Mr. James

Mr. F. E. James: Inspired by the Congress.

Mr. M. S. Aney: I am glad my Honourable friend admits anyway that it was inspired.

Mr. F. E. James: Like your speech.

Mr. M. S. Aney: My speech is certainly inspired by Congress ideals and I am not ashamed of owning them; in respect of those ideals I shall stand by them. And the way in which this country was called upon to enter the war will leave no doubt in the minds of people how the plea of Dominion Status in action was simply hollow and bogus. There was intense resentment at this exhibition of our humiliating position before the world. India was tied, as it were, to the chariot wheels of an Empire and had no independent and free existence of her own either to think or to act. This had a very baneful effect on the public men who had agreed to shoulder the responsibilities of running what was described as the Governments of autonomous provinces. The powers which belonged to the Government were taken away by the Acts of the Parliament in more than one way and also by Orders-in-Council and they were reduced to the position of subordinate administrations in certain matters. They were to carry out the orders of the Government during the period of hostilities. It is true that the Provincial Governments under the control of the National Congress continued to function for some time in the hope that the interviews which His Excellency the Viceroy had with the leaders of various organisations and public bodies in the country may result in the recognition of the legitimate and just rights of the people of India by His Majesty's Government.

The third thing I find is that all the leading parties offered a sort of additional co-operation to the Government. When I carefully read the resolutions of the Working Committees of the Indian National Congress, of the Muslim League and the Hindu Mahasabha, I clearly and unmistakably read in them all an important reservation. It is that cheerful and active co-operation and support for the successful prosecution of the war by the classes and masses of India can be had on the fulfilment of certain conditions by His Majesty's Government immediately and in the near future. There is a spirit of profound discontent with the existing political relations between England and India and an immediate revision of the same is demanded by them all. That is a common factor of which the Government ought to take serious notice.

I find also that the people of India are not prepared to accept the *bona fides* of the British Government when they declare that they are fighting the present war for the establishment of the principle of democracy and for the protection of liberty and freedom of Poland and other small nations so long as they are not prepared to recognise the rights of India to be a free nation in clear and unequivocal terms.

I find that India stands for self-determination. The late Lokmanya Tilak, of hallowed memory, had to lead an Indian deputation to England under the circumstances in which we find ourselves today when the last European War was going on. At that time, in his famous letter to President Wilson of the United States of America, whose intervention on behalf of the Allies turned the scales of war in favour of the Allies, he emphatically demanded the application of the principle of self-determination for India. The pronouncement of some of the leading statesmen even gave grounds to hope that it may be generously conceded. But the British statesmen, later on, put their own constructions and denied the right of India to determine and frame her own constitution and foisted on them the Government of India Act of 1919 which, for the first time, introduced

the principle of partial responsibility in the sphere of Provincial Governments. To my mind, the demand of the Congress today for the constitution of a Constituent Assembly on a broad franchise is nothing more than the reiteration of the same old claim which is now certainly overdue. I venture to say that the Indian politicians including the Congressmen, the Muslim Leaguers and the Mahasabhaite, would be prepared to consider any other alternative that may be suggested by the British statesmen, either as a substitute or as an alternative for the Constituent Assembly provided it is not radically inconsistent with the principle of self-determination. That is a legitimate right which no foreign power has a right to withhold from a civilized people like the Indians and at the same time demand their co-operation in a war which is being ostensibly fought for the emancipation of Poland and certain other European States. Sir, the question is whether the principles enunciated by the British Government as the war aims are meant to be confined to European nations or are they to be extended to apply to all the civilized countries of Asia, who happen to exist in the Asiatic Empires of England and France? That is the crux of the situation. England has to make up its mind on this point once and for ever if it wants to carry with her the people of India in the prosecution of the war. The principles may have no meaning to the people of India if their actual application and extension is denied to them. India has raised a moral issue of first magnitude for England to solve. History will judge England by her success or failure to solve this issue.

I also find that the granting of the demand of India for self-determination, self-expression and independence is a necessary corollary to the position taken by the British Government for many years in the past. In 1911, 1920, 1935 and half a century before that, efforts were being made by Parliament to lead India, so to say, on the path of self-government. I maintain without hesitation and without any fear of contradiction that Great Britain must recognise that the period of keeping India in tutelage and holding the strings of Indian progress in her hands has some definite time-limit. If England only recognises this fact, however unpleasant it may appear for the present, Indian problem will be very much nearer solution and the co-operation of her people can be assured.

Sir, I find that the bogie of the problem of minorities and particularly that of Hindu-Muslim unity is not deemed sufficient and proper excuse for indefinitely delaying the recognition of the right of independence and the creation of a machinery to frame the constitution immediately after the cessation of the hostilities.

Sir Syed Raza Ali: What does independence mean?

Mr. M. S. Aney: I am sure my Honourable friend who has worked as an Ambassador for India in South Africa should have some idea as to what independence means. I have a limited time at my disposal and, therefore, I cannot enter into the expostulation of independence.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not be interrupted.

Mr. M. S. Aney: In this connection, I want to make a pointed reference to one important principle to which the British Government is definitely and rightly committed by the passing of the Government of India Act of

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1935. The principle is that India is one indivisible nation having no doubt several important minorities to protect within her border. That principle is the basic principle of the Government of India Act of 1935. My Muhammadan brethren constitute, no doubt, an important minority and they are entitled to claim proper and adequate safeguards for the protection of their culture and language. I maintain this position and I state this on the principle underlying the Government of India Act, 1935, itself. They cannot take any other stand. (Interruptions.) I do admit that they are entitled to claim for the protection of their culture, language, observance of religious rites and usages and their personal laws. The British Government must not allow any fissiparous tendencies to grow. The task of dividing India into two or three nations and the formation of these separate and free nations into an artificial federation is a mischievous cry which must not be allowed or connived at or in any way encouraged but should be put down with a strong hand. Let the Government also take note of the fact that the creation of vested interests in the political atmosphere in the name of Communal Awards and communal decisions is wholly incompatible with the conception of India as one indivisible nation.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Mr. M. S. Aney: I will finish my speech with one sentence with your permission.

It is not yet too late to improve the situation. But if things be allowed to drift and not handled in a statesmanlike spirit, a shot may be fired, the Rubicon may be crossed and the inevitable follow. The whole nation may be plunged in a disorder and chaos; and it may be a decade, if not more, before order and cosmos can be restored. I do hope that statesmanship will triumph and that the catastrophe which I see impending before me on account of the delaying tactics of the Government of India will be yet averted. With these words, I move my motion.

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

"That the demand under the head 'Executive Council' be reduced by Re. 1."

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, the general case of India as regards the present political situation has been so ably presented by my Leader, Mr. Aney, that I do not venture to touch upon that aspect of the question any more, for to add anything to it would really mar it.

I shall deal with the other question which occurs towards the end of the motion namely, "the non-insistence of the Government of India to obtain a declaration about war aims". Sir, ever since the declaration of the war, the Government of India have come up before this House with all sorts of measures, both political and financial for the successful prosecution of the war. To begin with, the Defence of India Act was passed and the rules thereunder. On the financial side, the sugar duty and the petrol duty have been enhanced and the Excess Profits Duty Bill is now pending before the Legislature. All these measures are designed for the successful prosecution of the war. As has been correctly said by my

Honourable leader, up to now the Government of India said not a word in this House about the war aims of Great Britain. If you want our men, money and materials, we have a right to know what is it that you are fighting for. We are all familiar with the slogan of the last War. The slogan of freedom, democracy, self-determination and so on and so forth. These slogans are also now being repeated on this occasion. But our difficulty is this. The slogans of 1914 were trampled under foot. Therefore the question arises now as to what is the intention of England in prosecuting this war and what is the intention of the British Government with regard to the application of those war aims to India? Now, Sir, on this point I shall confine myself to what has happened between the Congress on the one side and the British Government on the other as regards the question of peace aims and war aims. The Congress demand is not for any constitutional change during the war. The Congress have not claimed that. They only want that the British Government should make a declaration of their war aims, and a declaration as to whether those principles of self-determination and democracy will be applied to India or not. Of course, the Congress have said also that they will not be satisfied with mere declaration of these intentions, but that they want a little more because, very unfortunately, it is a matter of great profound regret both to the United Kingdom and India that we, the people of India, have lost faith in mere promises and assurances. Therefore the Congress want something more than a mere declaration. The Congress want the utmost possible advance to be made in that direction during the war.

I want to give in precise and chronological order the history of this controversy ever since the declaration of the war. First of all, the Congress Working Committee wanted a declaration as regards the aims and intentions of the British Government and whether those aims and principles will be applied to India or will be applied only to the smaller nations of Europe. Now, Sir, that demand was reiterated by the All-India Congress Committee on 10th October. The Viceroy gave his reply to that demand on the 18th October saying:

"I am authorised by His Majesty's Government to say that at the end of the war they would be very willing to enter into consultations with representatives of the several communities, parties and interests in India and with the Indian Princes with a view to securing their aid and co-operation in framing such modifications as may seem desirable."

Every word, every comma and semi-colon is carefully worded. That was the reply to the Congress demand for a declaration of the intentions of England.

The Congress Working Committee immediately held its meeting, four days after that, namely, October 22nd, and pronounced their opinion on the Viceregal statement "as an unequivocal reiteration of the old imperialistic policy". Then, Sir, as is well known, some talk took place between the Viceroy of India and the President of the Congress and it was followed by the Viceroy's letter to the President of the Congress and to Mahatma Gandhi. That was on 2nd November, 1939. His Excellency the Viceroy put into concrete form his propositions and they were two-fold. Firstly, an *ad hoc* arrangement—a make-shift arrangement—for the period of the war, that is the inclusion of a number of party leaders into the executive Government. This is proposal number 1. His proposal number

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2 was that he repeated the proposal of constitutional reforms at the end of the war. This was the same declaration which was made in his earlier statement of the 18th of October. The President of the Congress gave his reply to the Viceroy to the effect that the Congress did not get its reply to the demand for a clarification of the war aims. Later on, on the 23rd November, the Working Committee passed a Resolution which *inter alia* said:

The answer to this demand has been entirely unsatisfactory and an attempt has been made on behalf of the British Government to create misunderstanding and to befog the main and moral issues. In justification of this refusal to make a declaration in terms of the Working Committee's resolution, communal pleas have been advanced and the rights of minorities and of the Princes pleaded as a barrier to India's freedom. The committee can only interpret this attempt to avoid a statement of war aims and Indian freedom by taking shelter under irrelevant issues as a desire to maintain imperialist domination in India in alliance with the reactionary elements in the country."

That was in November. Then we come to the most momentous 1 P.M. Viceroyal pronouncement at Bombay on the 9th of January at the Orient Club. There he stated in so many words "I make this pronouncement in response to the request for clarification of the aims of His Majesty's Government and of their intention towards India". He said that the ultimate objective was full Dominion Status of the Westminster type—the ultimate objective and not the immediate objective. Secondly, he said that for the intermediate period—mark the very carefully-weighed words—they were ready to consider the reopening of the scheme of the Act of 1935 after the war with the aid of Indian opinion. Thirdly, that in the meantime there would be an expansion of the Executive Council by the inclusion of a small number of political leaders in the Viceroy's Executive Council; and, lastly, some practical difficulties were emphasised which stood in the way of the immediate acceptance of the claims of the Congress. There were some further talks and then came the pronouncement of the Secretary of State on the 10th February. There again the difficulties were emphasised and the sum and substance of the pronouncement of the Secretary of State was that so far as the question of self-determination is concerned that cannot be granted to India: the constitution of India must be framed by Great Britain and not by India.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. Akhil Chandra Datta: So Britain says India's constitution must be framed by Britain and India says that the constitution is to be framed by India. The result is a deadlock and the constitution under the Act of 1935 has been suspended in the Provinces excepting only two or three.

So far as the present cut motion is concerned the most pertinent portion is that which relates to the insistence on the Government of India to obtain a declaration. So far as the Government of India are concerned, those gentlemen over there, sitting comfortably in their seats, think that I am saying all sorts of impossible things. But one question they should ask themselves, and that is, are they here only to ask for man and money? They do not feel they have any other duty towards the people of India.

All this controversy is going on in the country, but with supreme indifference and contempt they are sitting tight in their seats and they are concerned only with a Bill for Excess Profits Tax and Sugar and Defence of India Act and Defence of India Rules and persecution of people in their normal activities in the name of war emergency. Sir, I support the motion.

Sir Muhammad Yamin Khan: Sir, this cut has been moved by the Leader of a Party which, unfortunately, does not stick to its own principles, as the debate on the last cut motion fully revealed. That shows that they are not very serious. If they were serious about the liberty and freedom of their own country, they should not have shown such scant regard for the freedom and liberty of others whose freedom they said in the last debate should be taken away. If they wanted freedom they should respect freedom of others.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss the past nor allude to the debate on the previous motion.

Sir Muhammad Yamin Khan: The Mover of this cut pointed out that the British Government had laid down the principle that they were fighting this war for democracy, they were fighting only Hitlerism and not the German people, they were fighting to defend smaller nations against the aggression of bigger nations, they were fighting for methods of persuasion as against brute force. I had hoped that the Honourable the Mover and this Party would have advocated these principles some time ago. It has been said that India was not consulted, before joining this war, as the Dominions were consulted. I say India was fully consulted. When Italy went to fight against Abyssinia, when Japan started war against China, when Germany attacked Czecho-Slovakia, this country as one man stood up and asked the British Government to fight against aggression wherever it took place. Here there was no time for the British Government to delay. So this theory that India was not consulted is only the manufacture of those who wanted to absent themselves from this House on any small pretext. India's self-determination is advocated by those who do not want to come here but want that everything should be done outside this House and they should be invited for consultations with the Viceroy. India's self-determination as voiced by that Party can never be self-determination for India as a whole. Because that Party is numerically strong they want to dictate to the British Government and crush those who are numerically less than them. That is repudiated by all the minority communities in this country.

Sardar Sant Singh: Who says that?

Sir Muhammad Yamin Khan: Excepting my friend, Sardar Sant Singh.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not go on interrupting.

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Sir Muhammad Yamin Khan: Self-determination must be by India as a whole and not by India as represented by one political party. It was said that Muslims are a minority and they should be given full protection for their religion, culture and legitimate interests. I do not know who is to decide what is legitimate and what is illegitimate. If this is to be left by us in the hands of the Congress or of Mahatma Gandhi or the Congress High Command, I say that the Muslims as one man repudiate it and they will never agree to leave their fate in the hands of the Congress or its High Command or of Mahatma Gandhi or whoever may represent it.

They want that their fate should be decided by themselves and not by others in this country. A Constituent Assembly has been so much spoken of outside this House as well as great stress laid upon it by my Honourable friend, the Mover of the cut. The Constituent Assembly has been rejected by the whole country on the ground that it is nothing but a trap for minorities and that it has got force merely as a catchword and has nothing alluring behind it. It has got nothing except that the Congress by numerical strength may come to dictate on account of their claim that they have got more heads to count. We can never agree to this Constituent Assembly or anything of that sort to decide our fate. My reply or the reply of the Muslim League is this. If the Hindus and the majority in the country are represented by the Congress as claimed by the Congress, then that Congress is itself the Constituent Assembly and what decision have they come to? How have they decided up to now to deal with the minority problem? A few years ago Mahatma Gandhi sat down in London and he wanted to give a blank cheque to the Mussalmans. Then came my Honourable friend, Sardar Sant Singh's class and the whole thing fell through on account of one vote in the Punjab. These are things which are being ignored and are being told to the people in Europe that they do not exist. But they exist, and as long as we do not settle the differences between ourselves then Great Britain can only impose,—it was a farce to say that the Communal Award should not have come. When these people could not come to any understanding between themselves the result was that the award was given by somebody else. And now we find the Honourable the Mover of the cut denouncing the Communal Award. The Communal Award is the outcome of our not coming to a settlement between ourselves. My Honourable friend says that a great responsibility lies on Great Britain to solve this issue of enormous magnitude. If it is of enormous magnitude, why leave it to Great Britain? Why don't my friends come together and join their heads together

An Honourable Member: They will get broken.

Sir Muhammad Yamin Khan: and settle the differences. My Honourable friend is afraid that if he will join his head with mine his head will be broken. If that be so, then I say nothing can be done. We should not ignore facts and unless we settle our differences ourselves, we can never achieve anything; on the other hand, we will always remain the slave as we are today, and there is no way out of it.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch. He has five minutes more left.

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 Muhammad Yamin Khan: When the House adjourned for Lunch, I was dealing with the question of what the Muslims of India would like, as far as the question of their being considered as a minority community is concerned. The Mussalmans hold that though numerically a minority, they are not a real political minority and they will never accept the proposition that politically they are a minority.

Sardar Sant Singh: Since when?

Sir Muhammad Yamin Khan: Since they got the experience of the Congress administration in eight provinces and that has opened their eyes as to how a numerical majority can deal with a numerical minority and the Muslims have got their own culture and tradition. They have ruled this country for 900 years and they were last rulers of this country before the British came in.

An Honourable Member: I deny that.

Sir Muhammad Yamin Khan: The Sikhs may have been the holders of a portion of India but the Mahrattas were never the rulers. They were something else. I do not want to go into that question. The Muslims are not a minority in the sense in which it is understood in Europe and the great propaganda which is carried on by the Congress Press and through the Congress organisations in order to impress upon the Europeans and the British, who are not really aware of the conditions existing in this country, has got to be repudiated through the columns of the Debates of this House and that is

Mr. M. S. Aney: that the Muslims are a nation?

Sir Muhammad Yamin Khan: They have got an exclusive civilisation of their own and that civilisation is shared by all the Mussalmans all over India, combined with the Muslims of other countries, but I leave that point.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has two minutes.

Sir Muhammad Yamin Khan: My friend says that India is an indivisible whole. I repudiate this. India is not an indivisible whole. What has a frontier man in common with a Bengali? What connection has a Punjabee got with the Madrasi? Are they the same race? Do they speak the same language, wear the same dress and eat the same food, do they have the same features or colour? No. The Punjabees, the Madrasis they have the same features from each other. Therefore, India and the Bengalis are absolutely different from each other. Therefore, India cannot be called an indivisible whole. India is geographically one, because it is under the rule of the British Government which is the only unifying factor and which has brought all the country under one umbrella. Besides this, there is nothing in common in one province with the other and, therefore, India is really a Continent and not a country. Therefore, it can be

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divided and it is divisible and that theory of indivisibility at once goes away. My friend said—what are the other minorities doing? I say, even the Princes will be in a minority under the constitution which my friends want to impose on them. They will be in a minority and they will never consent to that because the Rajkot affair has opened their eyes and they will no longer succumb to this propaganda which is carried on by the Congress machinery in England.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Sir Muhammad Yamin Khan: I oppose this motion and I think that nothing will be gained by moving this, unless we come to a settlement between ourselves.

Mr. Muhammad Muazzam Sahib Bahadur (Nominated Non-Official): Sir, the cut motion as framed reads thus:

"To discuss the unsatisfactory nature of declaration regarding the refusal of British Government to declare their war aims".

I suppose the answer to that is simple enough. If we ask the British Government what their war aims are, the answer will be—to win the war. That is their aim. My friend has added on to that "and their effect on the political status of India". The complaint of Mr. Aney, the Mover of this cut motion, is that the British Government have not made a declaration in the present crisis as to what their idea is regarding the grant of more privileges and rights to the Indian people. Sir, quite apart from the fact that a war is now on, may I ask my friend, Mr. Aney, as to how we are situated in this country—divided as we are by barriers of religion into large compartmental groups. Call them nationalists or by any other name you like. Now the Indian National Congress claims to be a national institution. We all know the character of that institution and if I have any complaint to make, it is against the Government of India, because they are allowing this pretence, this farce to continue. They know that the organisation which is called or which is calling itself the Indian National Congress is on the face of it and to the very core a communal organisation and how long are you going to carry on this farce? It appears to me that the attempt to blend democracy with autocracy has resulted in precipitating hypocrisy on both sides. I say that the Congress claim to nationalism is only a profession and my complaint is not against His Majesty's Government because their opinion is guided mostly by the Indian newspapers of which my Hindu friends can claim a majority. We, the Mussalmans of India, have not one English daily newspaper to speak of and as such British public opinion is naturally moulded on the lines that if there is any community in India worth speaking of, it is the Hindu community.

An Honourable Member: Why don't you start a paper?

Mr. Muhammad Muazzam Sahib Bahadur: I am taking the facts as they are. I do blame myself and my community but I take the facts as they are. You cannot get away from the facts and situated as we are without any newspaper to back us and finding, as we do, that British public opinion is carried away by the Hindu press, my complaint is against the

Government of India. I ask them why they continue this farce for any length of time? They know that the Indian National Congress is not a national body. As a matter of fact, it strikes me, whenever I come to this House and see my friends, Sardar Sant Singh and Mr. Aney calling themselves Congress Nationalists, that the organisation known as the Indian National Congress is really a communal organisation. Otherwise, why should this Party call itself "the Congress Nationalist Party"? It is a simple question.

Mr. M. S. Aney: Unfortunately, I have no opportunity to reply.

Sardar Sant Singh: There is always a bliss in ignorance.

Mr. Muhammad Muazzam Sahib Bahadur: They call themselves "nationalists" which implies that there are certain Congressmen who are communalists, and that, I think, can only be the Indian National Congress and it cannot be any other Party. Sir, if you analyse the facts just preceding the outbreak of hostilities, you will find that England has been forced, as a matter of fact for her very existence, to take up hostilities against Germany and she could not do otherwise. That fact is clear, viz., that England has been forced into it to save herself, and the other fact is that the interests of Indians are so indissolubly bound up with those of England that we cannot be lookers-on in this fight. We cannot. If England, unfortunately, falls, we fall with her too,—never mind about Dominion Status which might be granted to us after a short interval of time, but I think the longer the better, because, as I said, unless each one of us, Hindu, Muslim, Sikh and Parsi, begins to have a national outlook nothing should be done. As a matter of fact, I know what nationalism means, but I have not seen it actually working! (Interruptions.)

Those friends of mine call themselves nationalists, but the moment they get down from the platform I know what stuff they are made of! That is my experience. I am speaking from my heart. So, in these circumstances, when we have not got a national outlook, I think it is the imperative duty of the Government to train us to have that nationalism, to prepare us for this federation, to prepare us for Dominion Status. My Honourable friend, Mr. Aney, said, that the proposal put forward by Mr. Gandhi for a constituent assembly would satisfy all parties. I would say, certainly not; it will not satisfy the Muslim minority,—and we as a minority are not a minority quite to be neglected,—as the Honourable the President of this Chamber said on a memorable occasion in his address at Aligarh, it is a minority which the majority, if it attempts to swallow it, will stick in their throat. It is a huge minority, not a small minority, and as such, any attempt on the part of the Hindu majority to ride roughshod over our rights and not to give us that consideration which we deserve is bound to be fruitless. I think no good can come of a constitution framed on the lines which the Indian National Congress puts forward—neglecting all other rights, the rights of all other minority communities, such as the Depressed Classes, the Parsis, the Indian Christians

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official):

and the Sikhs.

Mr. Muhammad Muazzam Sahib Bahadur: The Sikhs are Hindus; as a matter of fact for one purpose they are Hindus and for another purpose they are Sikhs, according as it suits them.

Sardar Sant Singh: You talk many things which are incorrect; you indulge in many inaccuracies.

Mr. Muhammad Muazzam Sahib Bahadur: We have heard that song sung in this House

Sardar Sant Singh: And you will hear more often very soon.

Mr. Muhammad Muazzam Sahib Bahadur: So that is my trouble. It is this, that unless Great Britain trains us on the lines of nationalism, nationalism of the type which exists in Egypt, for instance,—nothing can be done. Now, in Egypt, there is a conglomeration of races and I am told on very high authority that there are a number of races, probably far more than in India, but yet there is that feeling of nationalism permeating the whole population which I am sure you do not find in any place in this country. There is no place for nationalism in this country so far. The time may come when we may develop it

Mr. M. S. Aney: It can never come so long as you are there.

Mr. Muhammad Muazzam Sahib Bahadur: My friend, Mr. Aney, is of the same type. On the platform he is a nationalist but once he comes down from the platform,—there, that is what he is. I have posed as nationalist sometimes. I myself have done that. Of course, you have a right to represent your nationality. Sir, I do feel that to ask for steps to be taken by the British Government at this juncture, in this crisis, for granting to India full Dominion Status of the Westminster variety or any other sinister variety, and placed as they are in this crisis, is not at all opportune. I would just ask my friend, Mr. Aney, to reverse the position,—to visualize how he would feel if he were in the position of the British people with this crisis on. We have got to consider these things and in an emergency like this when England is far more than fighting for humanity, fighting for her very existence, this cut motion, I say, is very inopportune and a matter like this ought to be deferred for at least for another quarter of a century.

Mr. P. J. Griffiths (Assam: European): Mr. Deputy President, in rising to oppose the cut motion moved by my Honourable friend, Mr. Aney, I must begin by congratulating him on the studied moderation of the language employed by him. But lest that studied moderation should serve its own purpose of making the worse appear the better reason, I would like to remind Honourable Members of this House that in this particular matter Mr. Aney is the unconscious instrument through which speaks the harsh and less moderate voice of the Congress Party and I must also remind them that the spirit underlying this cut motion is a spirit engendered by that Party which, today, is conspicuous by its absence and which, in the future, will have bitter cause to be deeply ashamed of the part which it played in this great international crisis.

The motion itself seeks in its terms to censure His Majesty's Government for their failure to define Britain's war aims in regard to India. It would not be difficult to traverse that motion by arguing that the issuing of abstract statements and detailed definitions of aims and objects never has been the way by which Britain has sought to achieve its desired ends. One could go on to argue that least of all in a time of war, when the energies of all should be concentrated upon the one task of beating the

enemy, least of all would it be suitable at that time for Great Britain to issue a highly metaphysical statement,—which, of necessity, would be interpreted in one way by the Congress Nationalist Party, in another way by the Muslim League and in a third way by the Congress Party

Sardar Sant Singh: May I ask my Honourable friend one question? Does he not know that at the Imperial Conference of 1916 definition of Dominion Status was insisted upon by Dominion Ministers and that Dominion Status had to be defined during the middle of the war?

Mr. P. J. Griffiths: I must congratulate my Honourable friend on being so far in advance of his times as to refer to the Imperial Conference (if I heard him correctly) of 1960! I shall not, however, attempt to shelter under a technical argument of that nature. I will assume that the gravamen of the present charge is that there is something fundamentally inconsistent between Britain's professed war aims and the conduct of Britain in this country. That charge takes two different forms in different quarters. From one quarter we are told that Britain's war aims are not in fact sincere, that Britain is really fighting for selfish and imperialistic ends. From another quarter we are told:

"yes, we are quite prepared to agree that your war aims are sincere enough, but when you come to India you apply different standards from those which you adopt elsewhere, and there is a radical inconsistency between what you are doing here and what you are doing in Europe."

Before we can start any profitable discussion on a question of this nature it is essential to make sure that we are quite certain that we are both seeing the picture against the same background. For my own part, when I look at the picture of India today, I see two factors most prominent in that background. They are factors which are vital to any consideration of the relations between Britain and India. They are the factors of safety and of freedom. I cannot help reminding myself that at a time when most of the world is in danger of a great cataclysm, we here, thanks to the Imperial connection, live in safety, carry out our everyday business and suffer practically no disturbance in our day to day routine. I cannot forget that at a time when thousands of people in many parts of the world are living in daily terror, terror of air raids, dread of invasion by land and by sea, we here are so secure behind the wall of British Imperialism that we are apt to forget the nightmare and the horror which are stalking abroad in other parts of the world. The second factor which we must bear in mind, if we are to appreciate the relations between Britain and India, is the remarkable degree of personal freedom which exists in this country today.

On the morning of the 2nd of March when I opened my *Statesman* and read the Resolution of the Congress Working Committee, I realised, as I had never realised before, the degree to which personal freedom had been carried in this country. When I read that Resolution impugning the motives of the British Empire, suggesting that we were fighting not for law and order but for our own selfish ends I cast my mind back through history and I asked myself one question. I asked myself: Was there ever any other Empire of which it could have been said that the love of freedom was carried so far that, while that Empire was engaged in a life and death struggle, a prominent political party could, with impunity and without hesitation, commit itself to the view that it wholly disagreed with the aims

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for which the Empire was fighting? As I read that Resolution, I said to myself: The Empire does stand for freedom and this very freedom, the existence of which is proved by the possibility of this Resolution, carries, on the face of it, the refutation of the charge that our policy in this country is inconsistent with the aims for which we stand in Europe. But, if I may say so, the very question as to what are the war aims of Britain is based on a fundamental misunderstanding of the position. If I were to embark voluntarily on an enterprise, you would be entitled to ask me what my aims were. If Mr. Aney and I decided jointly to open a shop—let us say a tea shop, since tea is perhaps the one thing really worth selling, you could reasonably ask us what are your aims? But suppose Mr. Aney were sitting peacefully in his shop in the village and were attacked by dacoits—or suppose that his friends in the house next door were attacked by dacoits, would there be any sense in asking him: Please tell us what your aims are in resisting those dacoits? Would it really be reasonable if we were to ask him to postpone the fight for a little while and tell us how he proposed to re-organise his shop after the dacoits have been dispersed. We shall be very happy to tell you how we can re-organise our shop when we have got rid of our dacoits, but for the time being let us get rid of the dacoits so that there may be some shop left worth re-organising. Let us make certain of the one thing that matters, namely, our continued existence or at any rate, our existence on terms which make existence at all worth while. You talk of Britain's war aims. Britain's only aim is to defend those who need defence. Our aim is to make it possible for people to live in this world in peace and in decency, to live in order and freedom. If you want to discover the aims of Britain, you will not find them in any manifesto or in any speech but you will have to read the history of the last ten years. You will have to remember the rise of the most hateful system of philosophy that the world has ever known. You will have to remember the annexation of Austria. You will have to recall the ruthless suppression of intellect, of imagination, of individuality, that has been characteristic of the Nazi regime. You will have to visualise the Nazi concentration camps. You will have to conjure up in your imagination the rancorous voices of Nazi propagandists, inspiring falsehood and engendering hatred. And, lastly, you will have to remember the dismemberment of Czecho-Slovakia and the final outrage against Poland.

In the face of these facts, what is the sense of asking: What are Britain's war aims? Britain's war aims are to ensure that there shall not be a repetition of these things, which make life not worth living over a large portion of Europe today. Let us put an end to these futile questions and face the facts. If ever there were a war, fit to be called a Holy War, it is this war in which we are now engaged. The principle behind the present motion was stated in its most extreme form in a Resolution passed some days ago by that curiously amorphous body, the Congress Working Committee. The Resolution, in the midst of a great deal of verbiage, went on to attack British Imperialism and to allege that this war was being fought in defence of that Imperialism. I must confess I have been trying for many years to understand exactly what is meant by "Imperialism". If "Imperialism" means the greatest practical approach to the League of Nations that this world has ever seen, if it means the most beneficent organisation of different communities on a basis of justice and progress for

their common good, if it means that institution under the shadow of which India has lived in tranquillity and under which progress and prosperity have taken place, if it means all those things, then I am proud to call myself an Imperialist and the British Government and the British nation will willingly accept the charge that this war is being fought in defence of Imperialistic aims. But if by Imperialism is connoted domination over subject peoples, the exploitation of one people for the sake of another, then without hesitation I maintain that the whole course of the history of the twentieth century gives the lie to that charge.

Mr. M. S. Aney: Question.

Mr. P. J. Griffiths: Of course, it is a question, but I am giving you the answer. You say that we are fighting for selfish ends. What territories do we covet? What commercial concessions do we hope to enforce after we have brought this war to a victorious conclusion? I do not myself believe that even the sponsors of that statement believe in it for a moment. But even in Indian politics, there is a humorous aspect. One of the most humorous sides of Indian politics today is the fact that we are being accused of inconsistency by a party, the whole history of which is one long record of inconsistency, from start to finish. May I remind Honourable Members of the noble speeches made by the Members of the Congress Party with regard to Czecho-Slovakia in 1938? May I remind them of the fine scorn poured upon Britain by these Congress Leaders because Britain did not then see fit to make war on Germany? I want to remind Honourable Members of the contrast between the brave words of 1938 and the cold facts of 1939. In 1938, when there was nothing to be done, there were words of chivalry. In 1939, when some practical action might have been called for, brave words gave way to the spirit of the market place, and we had the spectacle of that Party which had always professed to stand for principle, which had arrogantly claimed a monopoly of idealism, replacing statesmanship by a spirit more appropriate to the public market.

Sir, there used to be a recruiting slogan which was very popular and very effective in the last war. It consisted of a question by a small boy to a middle aged man. The question was: "Daddy, what did you do in the Great War?" I suggest that when the Congress Party has to answer that question at the bar of history, it will find itself in a sorry plight. Its answer will have to be—"At a time when the Allies were fighting for everything we have always professed to hold dear, at a time when the whole of civilisation was at stake, we decided to make the best bargain we could, and to extort as much as possible from Britain in her hour of need." That will be the answer of the Congress Party but it is not the answer of India. That is not the answer of Honourable Members of this House. The spirit of idealism is too strong in this country for its people to allow themselves so to be dominated by the machinations of the Congress Working Committee as to be forced to subscribe to a policy which is the apotheosis of materialism. That is not the spirit of India. I have no doubt myself that the Congress Working Committee has lowered itself, its influence and its prestige in this country far lower than ever before as a result of this deliberate, cold-blooded materialistic attitude.

I would appeal to Honourable Members of this House to show that their answer is a better one. I know that however much we may differ as to methods or as to the tempo of political change,

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the aim of the Honourable the Mover of this motion is fundamentally the same as our aims. There is no difference between the aims of India and the aims of Great Britain. Every honest man among us is aiming at the development of the prosperity and the freedom and the tranquillity of this great country, and secure in the confidence that in the matter of aims there is no difference between us, I want to appeal to the Honourable the Mover to withdraw this cut motion and, thereby, to give a demonstration, a demonstration which will not be without its effect on the forces of barbarism, a demonstration that we are solid and united in the fight for law, for decency and for everything that makes civilisation worth while.

Pandit Krishna Kant Malaviya: Sir, it is always a great pleasure to listen to my Honourable friend, Mr. Griffiths. He is one of the best speakers in this House. I wish I had the same eloquence and the same command of language which my Honourable friend has in order to point out to him the half truths and the fallacies which are to be found in every sentence which he uttered in this House. We are grateful to him for taking the discussion to a higher plane than that in which it was since this morning. We now see where we stand actually, so far as the demand of India is concerned. We are told that the war aims of England are well-known. We are told that we are displaying a spirit of the market place, that we are bargaining when England is in trouble. May I know from my Honourable friend as to who began this question of war aims? The Congress may have taken it up today. Are there not people in England, in France, are there not other Governments in the world, are there not other States who raised this question of war aims?

Great Britain herself began declaring her war aims in order to create public opinion in her favour. Is it materialistic to enquire what are the war aims? If it is materialistic to remain neutral, how is it that one of the biggest nations on earth,—the United States of America,—is neutral today? Is it not materialistic to proclaim to the world the policy of cash and carry? How is it that America is not coming forward with all its might and with all its wealth to support England in this war, if the war aims are as they are professed to be? We are told today that England is fighting for the freedom of small nations. England is not fighting for Finland; she has not declared war against Russia. May I know where England was when Abyssinia was grabbed by Italy? May I know where Great Britain was when Manchuko was devoured by Japan? What about the Republican Spain? May I remind my Honourable friend, Mr. Griffiths, that all along England stood in the way of collective security and did not allow the League of Nations to help weaker nations. (Interruption.) It is God's own truth. There is nothing to question unless we forget history and unless we are prepared to lie in this House. It is not a fact that England killed the League of Nations?

Mr. F. E. James: No, no.

Pandit Krishna Kant Malaviya: You do not know then. There would have been no war in Europe today if only England and France had stood by Ethiopia. Is it not a fact that the fate of Czecho-Slovakia would have been different if England had helped her?

Voices: No, no.

Mr. P. J. Griffiths: Is it not a fact that the Honourable Member's own Party expressly said in 1938 that they reserved the right to do what they liked if England went to war on the side of Czecho-Slovakia?

Pandit Krishna Kant Malaviya: We are entitled to say so. We are even entitled to say that we will not support Britain so long as we are kept as slaves in our own country. We are perfectly justified in saying so, so long as we are treated as slaves in our own land. What is the good of fighting for Poland when we ourselves are not free? It is very easy to talk, to give lectures where others are concerned. May I know how you have been treating India all along? It is very easy to preach, amidst cheers, but where is the action? It is all easy to talk and get applause by claiming to fight for the freedom of small nations, for the freedom of this and the freedom of that country while doing everything to keep India in bondage.

Kunwar Hajee Ismail Ali Khan (Nominated Non-Official): Will Hitler cut your chains of slavery?

Pandit Krishna Kant Malaviya: We are slaves and if we do not put up a fight, we will remain slaves whether the master be Hitler or my Honourable friend, Mr. Griffiths. (Interruption.) My Honourable friend wants us to wait till Doomsday. We have had enough of promises! Promises were made during the last war.

Several voices: No, no.

Pandit Krishna Kant Malaviya: If history were read aright, it was the Indian Army that saved the Allies during the last war. Our troops were highly praised then and all sorts of promises were made then. We were assured we would have self-determination, a new heaven was to be born and a new order was going to be created. But when the war was over, all the promises were forgotten. If we bargain today, it is not our fault. It is the result of our bitter experience of the past. It is our misfortune, it might be due to the treatment meted out to us after the last war that we have no faith in Britain's professions. Before we fight for England, we want to know where we stand. Is it not human, is it not the duty of every mortal man to know what the result will be before he leaps or before he plunges into the dark? Why should our money and our resources be placed at the disposal of the British Empire, an Empire in which we are treated as hewers of wood and drawers of water and helots? What love can we have for an Empire in which we are treated as we are today. It is all very good for my friend to talk, because he belongs to the ruling race, and he has all he wants.

An Honourable Member: But the minorities stand to loose. What about the minorities?

Pandit Krishna Kant Malaviya: I will come to the minorities presently. So far as my Honourable friend, Mr. Griffiths, is concerned, let me leave him there. We are entitled to know where we stand before we are asked

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to assist in the war. Before we are asked to share our burden in the war, we ought to know whether we will be free or not. The Congress does not want to embarrass you, it does not demand that you should grant her freedom here and now, it only wants a declaration from the Government that, 10, 20, even 50 years after the war, India will have the making of her destiny in her own hands and will be absolutely free to do what she likes. The Government are not prepared even to make such a declaration. We should certainly know whether we will be fighting for the freedom of other peoples or of our own also. So long as we are not assured of our own freedom we feel that all the resources we can command should be used for getting our own liberation before we can fight for the liberation of other countries.

(Maulana Zafar Ali Khan rose to interrupt.)

Mr. Deputy President (Mr. Akhil Chandra Datta): Order, order: the Honourable Member does not give way.

Pandit Krishna Kant Malaviya: So far as my friends on my right are concerned, their speeches do not come to me as a surprise. I can only say in the words of a poet

"Apas men adavat kuchh bhi nahin

Lekin ek akhara qaim hai

Jab is se aqa ka dil bahle

Ham log tamasha kyon na karen."

These are the men who want freedom, who want to fight for freedom.

My friend, the Honourable Mr. Griffiths, raised the question of minorities. There are other friends on the other Benches who want to know how the rights and interests of minorities are going to be safeguarded. Those friends may not be aware of the solution which the League of Nations has provided for the sake of minorities. But I am sure that my Honourable friend, Mr. Griffiths, who knows a lot about what is going on in the world, is aware of that solution. Minorities are not a monopoly of this country alone. Minorities are to be found in other countries of the world as well. Whatever solution and safeguards have been provided for minorities in other parts of the world will be provided here also. We do not have a special variety of minorities here in this country.

An Honourable Member: What about different nations?

Pandit Krishna Kant Malaviya: My friend thinks that he belongs to a different nation. I may be excused for saying it, but I would tell him that his forefathers were of us. He could not be another nation. They talk of a different culture. So far as I know, the culture is a joint creation of both Hindus and Muslims who inhabit this land. They may take pride in calling themselves a different nation. But may I know to which country they belong? Were they born outside India? Does not our blood run in their veins too? They are talking like this so that they may be able to please their masters and get a few crumbs from their table.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

Pandit Krishna Kant Malaviya: My friend, Sir Muhammad Yamin Khan, said that people in this country are different—that the provinces are different, languages are different and even their dresses are different. I hope my friend has studied the history of Canada and Switzerland. Even today there are many different languages in Switzerland but still Switzerland is an independent country. Many different languages are spoken in Canada, the people there are French, Germans, Englishmen and still Canada is an independent country. But the tragedy here is that sons of the motherland take pride in saying they belong to other nations.

Sir Syed Raza Ali: We are disinherited sons.

Pandit Krishna Kant Malaviya: I am glad that my Honourable friend does not disclaim the fact that he is a son of Mother India. His complaint only is that he is a disinherited son. Very likely the cause of disinheritance might be due to his own fault or to his own failings. There is no gainsaying the fact that these friends are sons of the soil. They may be disloyal sons but they are not a different nation: they are one of us and they will remain one of us. It is said that there is nothing common between the various peoples who inhabit this land. If my friend had only studied the history, the traditions, the culture of this country, I think he would not have dared to utter a word like that.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Pandit Krishna Kant Malaviya: I support the motion moved by the Honourable the Leader of my Party.

Maulana Zafar Ali Khan: Sir, a very interesting discussion has been going on on the cut motion of my Honourable friend, Mr. Aney. It has been said that the attitude of the British Government has been very unsatisfactory in regard to the declaration of war aims. When we go and study the question on the spot, by proceeding at once to England and listening to what Mr. Chamberlain has to say about it, we find that he clarified the position. Our Congress friends gave up their ministries and their administrative function in eight provinces because the attitude of the Government was quite unsatisfactory. So far as Mr. Chamberlain is concerned, we may say that he has made the position quite clear. He says:

"We are fighting Germany in order to protect the small nations of the world from being engulfed. We want democracy to prevail. We want that instead of flourishing a quarterstaff round the head of a weak adversary, you should come to terms with him by negotiation."

This is what he wants. But the question arises whether these objects are confined to the four corners of Europe or extend beyond to India also. The answer to this question was given by the Viceroy the other day when he said that after the war is over England would concede Dominion Status of the Westminster variety to India, provided that Hindus and Muslims

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came to a settlement and furnished us with a formula acceptable to them and acceptable to us. Here was a three-cornered contest between the Muslims on the one side, and the Britishers and the Congress on the other. Now, what does the Congress want? The Congress declares:

"We say in so many words that we are not content even with Dominion Status: we are now for complete independence and we declare from the house tops that we have the right of framing our own constitution and nobody must interfere."

How to frame that constitution? Through the agency of what we call a constituent assembly. Now, so far as the aim or objective is concerned—complete independence declared by the Congress and full independence declared by the Muslim League—they are at one. Even so far as the constitution of this country is concerned, the Congress says "We repudiate the Government of India Act." And so does the Muslim League which says it must go lock, stock and barrel and the whole question should be treated as open. But then there arises the difference. The Congress says "We will frame our own constitution through a constituent assembly." What does that mean? It means democracy of the western type with all its implications; that is to say, 75 per cent. Hindus on one side and 25 per cent. Muslims on the other side, and they are to be treated as a helpless minority. But Mussalmans are not going to accept that position. And here comes the question of questions. My friend, Mr. Aney, has referred to it in the course of his speech when he said that the basic principle of the Government of India Act was that India was indivisible and there was only one nation in this country. We Muslims say that the greatest blunder was committed both by Englishmen and Hindus in putting forward this theory of one nation. Hindus don't understand us, nor do Englishmen, though they have been in this country for over 150 years, understand us. It is really a pity that my friend, Mr. Aney, who ought to know us better does not understand us.

Sir, 1,300 years ago a new conception of nationality was presented before the world. Formerly nations were made of race, colour, environment, language and other things, which formed the constituent parts of a nation. But then came the Holy Prophet of Arabia and said that the conception of nation grows out of a change in the mentality of the people. He laid down five great principles, the principle of the Unity of Godhead, prayer five times a day, giving of alms to the extent of 2½ per cent. of one's yearly income, fasting for 30 days in a year and pilgrimage once in a life time. These cardinal principles constituted Islami, and those who acted on these principles were called Mussalmans, whether they lived in Europe, Africa, America or India. All those who followed the principles were called a nation. Therefore, Sir, we are a nation of sixty crores throughout the world. Although geographically we have been separated from one another, still we in India ten crores of Muslims are part of a great nation which will be found throughout the world. Now, Sir, people demand swaraj or complete independence. My friends, Sardar Sant Singh and Pandit Malaviya, want independence. I should like to suggest one thing to them. We can get independence in five hours before we rise. What do we Muslims stand for: *La Ilaha Illallah*—there is no God but one. Join us in this cry and you will get independence in no time, when 40 crores of people will be shouting *La Ilaha Illallah* from the housetops, no earthly power would be able to withstand them.

An Honourable Member: The cat is out of the bag.

Maulana Zafar Ali Khan: The cat was out of the bag when my friend, Sardar Sant Singh, was speaking at the top of his voice about complete independence, but directly the question of independence of the tribesmen cropped up, he asked the Britishers to go forward, go forward. Similarly, my friend, Pandit Malaviya, was saying that they had not been consulted on the aims of the war and, therefore, they were not going to supply the Government with even one man or one pie; but my friends were not consulted with regard to the war that is now being waged in the North-West Frontier, and yet they support the forward policy of Government. In one breath you demand independence for India, while you deny the same privilege to the Frontier tribesmen. That is blowing hot and cold in the same breath, and I cannot understand the mentality of my friends when they do so.

Then, Sir, my friends want independence, but independence cannot be acquired in the manner in which they want to acquire it. I should just like to make one suggestion for the consideration of my friends. They want to treat Muslims as a minority, but Muslims won't condescend to be treated as such. They are a self-sufficient people; they are made to look with their head erect; they will not bow down before anybody; they will bow down only before God. Rest assured, without their help you cannot get independence. I may tell my friends here that the setting up of a Constituent Assembly is entirely out of the question. It will require a very expensive machinery, and as long as the Britishers are here,—and we all know their nature, they are not going to provide you with a Constituent Assembly. Why not constitute an Assembly yourselves. Let a few outstanding personalities from Hindus be given the right to nominate 300 representatives of India, let distinguished men like Mahatma Gandhi, Pandit Jawaharlal, Mr. Patel, Babu Rajendra Prasad, Subash Babu, Mr. Savarkar and two or three others from the Chamber of Princes select 300 representatives. Then let another 50 people be nominated from among what are called the *Achuts* or *Harijan* class, and the total will come to 350 members. Now, give the same right to the Muslim League to nominate 300 Muslims as representatives of Muslim India. These 650 members would constitute the Parliament of India, like the Members of the British Parliament. This is an extensive country, and 650 members are not a big number considering the vastness of the country. Let all these 650 members hammer out a constitution for the country by mutual consent. The President of this body will be a Muslim for one year, a Hindu for another year, a Christian a third year and so on in rotation.

An Honourable Member: A Sikh for the 4th year.

Maulana Zafar Ali Khan: Let them evolve an Assembly composed of representatives of people in the manner I have suggested. Let the world know what we want—nobody knows now what we want, we do not know what the League wants. So far as the Indian National Congress is concerned, I know it wants that the Muslims, as a small minority, should be trampled under foot. The time will come for the "cat" to be taken out of the Muslim League bag. But this is my own view, and if my friend, Mr. Aney really wants that the Britishers should listen to him, then for

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God's sake, do not take up an attitude which will make them laugh at our bickerings—Pandit Malaviya going one way, Bhai Parma Nandji going another way, and here my friend, Mr. Aney, asking for a third thing. I would ask my friends not to act in a manner which will make the Britishers laugh at us. We will have our own way if we can all speak with a united voice, and all your cut motions will be respected. At present they will not be.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I am very sorry to find that a great deal of unnecessary heat has been imported into the discussion on this question. This question is a very serious one, and it ought to be discussed in an atmosphere of reasonableness.

Sir, my friend, Mr. Griffiths, said that there is no sense in asking what are Britain's war aims, and he suggested that it was India alone which was asking for Britain's war aims. He forgot that these war aims were being discussed in every newspaper and every periodical in England, France and America; and when people in Europe and America speak of democracy and freedom, is it unnatural on the part of Indians to ask what is India's position with reference to these high principles? That is all that India has asked.

My friend went further and said that this was not a time for bargaining. I do repudiate this charge. India has not bargained and is not bargaining. The demand for freedom is not a new one. It has been before us and before the British Government for a long time past. When my Honourable friend, Mr. Griffiths, and his friends want to dispose summarily of India's demand, what will be the consequences? Let us look calmly and dispassionately at this question. When the war broke out, what was the feeling in India? There was a wave of sympathy and goodwill, and after the lapse of six months what is the feeling today? My European friends will do well to ponder over the question. Feelings of goodwill and sympathy are gradually giving place to feelings of disappointment and even antipathy. If this state of things is allowed to go on, what will happen? Surely it will lead to trouble. I am not one of those who believe in scares. I am not a scare-monger, but he who has eyes to see the future will say that the country is heading towards trouble. My European friends may say, if there is trouble, it will be put down by force. All right. Britain possesses sufficient force at the present day to put down any trouble in India. But what will be the effect of this use of force in order to coerce India into submission? What will be the effect on world opinion? What will be the moral effect on neutrals and on English opinion itself? These are questions which should have been asked by my European friends before they dealt light-heartedly with such a matter. The time has come when the question should be handled in a serious manner.

The declarations of the authorities both in India and in England in the beginning of the war were extremely disappointing, but the Bombay speech of His Excellency the Viceroy held out a hope for an amicable settlement of the question. But, unfortunately, shortly afterwards Lord Zetland indulged in a few remarks which were taken in a spirit in which perhaps they had not been uttered. Now the right thing to do on this occasion would have been to clarify these remarks, and if Lord Zetland had made it clear

that it was not his intention to insult the intelligence of the country or to treat the people of India as mere babes, the situation would have greatly improved.

His Excellency the Viceroy spoke at Bombay about Dominion Status of the Statute of Westminster variety. I do not attach much importance to the Statute of Westminster. The Statute of Westminster merely recorded in legal form what the position of a Dominion was at the moment. As we all know, the Dominions have reached their present status after a long course of development and that even after the passing of the Statute of Westminster, the course of evolution has not ceased. When we look at the State of Eire what do we find? We find that allegiance to the Crown has been omitted from the Statute-book and that Eire is practically a republic. But still the British Ministers claim that Eire is within the Commonwealth. Here is a further development of the Dominion Status idea. It may also be pointed out that it is now the accepted view that Dominion Status carries with it the right of secession from the Commonwealth. As regards neutrality during a war, that claim has been established by the attitude of Ireland. Therefore, it appears to me that there is no real difference in substance between complete independence and Dominion Status. But there are some who think that Dominion Status is a status inferior to that of complete independence. If Britain is really anxious to do the right thing by India, let her give the choice to India; and it is quite conceivable that India will choose Dominion Status rather than complete independence. But even if India chooses complete independence, Britain will not be a loser. She may lose a small amount in things material, but she will gain vastly in moral ascendancy; and this moral ascendancy will be incomparably greater than the small things which she will lose.

Mr. F. E. James: Can you guarantee that?

Dr. P. N. Banerjee: I can guarantee that Britain will gain very greatly in moral ascendancy, although I cannot guarantee that India will choose Dominion Status in preference to complete independence.

Coming to the question of self-determination, has not, I ask, that right been exercised by all free countries including the Dominions? It may be said that a Constituent Assembly is an unpractical proposition. But the modified form of Constituent Assembly which was suggested by Sardar Vallabhai Patel a short while ago is not an unpractical thing, and this was supported by no less a person than His Highness the Aga Khan. My Mussalman friends will, I hope, accept the idea which has been supported by His Highness. If the elected members of all the Legislatures in India, together with the Standing Committee of the Princes, sit down together and appoint a committee to frame a constitution for India, no parties in this country will be left unrepresented.

Sir Muhammad Yamin Khan: Mr. Savarkar has repudiated it.

Dr. P. N. Banerjee: On first thoughts he may have done it, but on second thoughts he may accept.

Sir Muhammad Yamin Khan: Make him accept it.

The Honourable Sir Muhammad Zafrullah Khan: On second thoughts His Highness the Aga Khan may not accept it.

Dr. P. N. Banerjee: You know his mind better than I do. But his statement is there and he has not repudiated that statement as yet.

Sir, the time has come when definite steps must be taken towards a settlement. It is already very late, but I hope it is not too late. Before it is too late, I would ask Britain to take courage in both hands and try and arrive at an amicable settlement with India. With all his shortcomings, Gandhiji is still the greatest factor for peace in the country. Let not the Government lose his support. Will British statesmanship rise to the occasion and by giving India freedom secure the moral leadership of the world for herself?

Mr. N. M. Dumasia (Nominated Non-Official): I rise to oppose this motion. It is ill-advised and ill-conceived. The war aims of Great Britain and her allies have been declared over and over again. They have received the approval of no less a man than Mr. Gandhi. The war aims of the Allies are to save the weaker countries from the domination of Hitlerism and to protect the lives and property of the people of smaller States.

Pandit Krishna Kant Malaviya: What about Finland?

Mr. N. M. Dumasia: I hope you will not interrupt me. The Congress wants independence. Several speakers on the other side of the House have spoken about independence but nobody has given the slightest hint as to how that independence is to be maintained in India. From time immemorial, from the dawn of history, India has never enjoyed independence. If you want today independence, you must be able to defend it. If we are allowed the freedom of speech and writing it is because Great Britain has given us that freedom in this country. We are not slaves as has been alleged. We are free men. We have liberty of thought and action. If independence were given to us today, tomorrow the Congressmen themselves will say 'Save us from it'. They will themselves say to the British Government 'Return and protect us'. Sir, the Congress which has never contributed one rupee, which has never given one soldier, wants the British Government to separate India from the British Empire and would not accept the status of a Dominion within the Commonwealth. Unless the Government make an immediate promise to this effect, it threatens to start civil disobedience as soon as the inner voice of Mr. Gandhi whispers that the country is ready. As an Indian citizen who is as eager as any politician for the orderly progress of India, I should like to know what right the Congress has to throw the country into the turmoil of a civil disturbance and at a time when the Allies are fighting to save civilisation from the domination of brute force? The Congress has chosen its time to hold a pistol at England's head. Its tone and temper drive all sober-minded Indians to despair. It is getting increasingly bellicose and is kindling the torch of war in India. It pretends to speak on behalf of the people of India but the people of India have not demanded separation from Britain. Educated India has demanded the right of self-government within the Empire. By controlling a section of the Press and preventing, by means of hooliganism, other people from expressing their views, the Congress wants to create the impression that it represents all Indians. The fact is that it does not. The Moslems who form a fourth of the population repudiate the impudent claim. And so do the depressed classes who form a

similar proportion. There are other minority sections who do not owe allegiance to the Congress. The liberals who provide the bulk of the brain of India differ from the Congress. The Hindu Mahasabha resents the impertinence of the Congress. The fighting Sikhs do not share the Congress view. Yet, there is no limit to Congress bluster. Let the Congress start a civil war. The more sober-minded citizens will know how to deal with the revolt. It will be the Congressites who will be the first to rend the skies with the cry that freedom is being trampled upon. It will be they who will appeal to the authorities to protect them. It is intolerable that a caucus of crazy individuals should be allowed to disturb the peace of the country. The Congress pretence of non-violence is all humbug as one knows from past experience. Hatred is the mainspring of their action and coercion is their method. The country has long tolerated their antics. If they start a revolt now when the war is on, they will not only do immense injury to the country but they will be sorry for the adventure. Sir, the majority of the people are opposed to the extravagant demand of the Congress. Those who have had experience of Congress Governments in the provinces have declared themselves disgusted with them. Lord Halifax recently said that he would prefer to die rather than live under Hitlerism. There are thousands of people who would say today that instead of living under Congress rule they would prefer to die. So far as my province is concerned, a reign of terror actually existed in Bombay and we heaved a sigh of relief when the Congress Government went out.

Sir, the British Empire is engaged in a life and death struggle with the forces of evil which want to impose Nazi-cum-Bolshevik domination over the whole world. If the Allies lose the War, it will not take Germany or Russia long to conquer India. Thinking Indians, therefore, wish victory to the Allies and want to implement that wish by giving all the assistance that this country can render at this time of crisis; When the whole future of civilisation and progress are at stake, the Congress has started bargaining with the British Government. The British Government promised to raise India to the Status of a Dominion with the least possible delay after the termination of the war. The Congress was not satisfied with the declaration of the British Government and its generous offer. It started blackmailing tactics by demanding complete independence on pain of internal revolt by means of civil disobedience. If it be bluff, it is dirty bluff and it has only the effect of encouraging Hitler and inflaming the passions of the ignorant people of India. It is, however, not bluff, as several Congress leaders have said in clear terms. We are thus face to face with a possible revolt in the near future. Indians who do not belong to the Congress and have no faith in the wisdom of its policy regard the situation with misgivings. If a disturbance breaks out as a result of the folly of the Congress; it will be incumbent upon all people to quell that disturbance. It will not do merely to trust the Government to deal with the rebels. The responsibility is on the citizen also to maintain the peace of society.

Sir, I happened to attend the meeting of the Indian Princes' Chamber this morning and it was refreshing to hear the speeches of the Chancellor His Highness Maharaja Jam Sahab and H. H. the Maharaja of Bikaner. If Congress people read those speeches, I am sure that will have a sobering effect upon them. While the Congress refuse to contribute anything towards the success of the war, the Indian Princes are helping the cause of Great Britain with men and material. I hope that wiser counsels will prevail and that the Congress will see the necessity of working hand in hand

[Mr. N. M. Dumasia]

with the authorities to bring the war to a successful conclusion. If India, as I have said, were granted independence today, invaders would pour upon the country. If Congress insists upon its ridiculous demand, there will be civil war, there will be bloodshed and destruction in the country. Sir, I belong to a minority whose members have worked for the political salvation of India, and I have at heart the welfare of my country. I know that nobody in my community stands in the way of the progress of India. If anybody stands in the way of the progress of India, it is Mr. Gandhi and the Congress Party. It is useless to blame the Government of India or His Majesty's Government, or the Moslems for retarding the progress of the country. If Congressmen will not listen to the voice of wisdom, India will go to the way of Czecho-Slovakia, and Poland. With these remarks I oppose the cut motion.

Sir Syed Raza Ali: Mr. Deputy President, I cannot congratulate my Honourable friend, Mr. Aney, for throwing this apple of discord on the floor of the House. Sir, if the object of Mr. Aney was to demonstrate the hopeless disunity of India on the question of England's war aims as applied to India, he could hardly have succeeded in his aim better than by bringing a motion of this character before India's Parliament. Sir, I have listened to the speeches and I have got up to speak—I assure the House—more in sorrow than in anger. (Interruption.) I know there is none in these quarters whom my Honourable friend represents; I am speaking of honest people whom I have in mind when I said that. Sir, what is the constructive effort that India is making at a time when the destinies of big nations and big countries are shaking? What is the effort that the Congress or the Congress-cum-Nationalist Party is making to bring the various political parties in India nearer together? All I hear is that if you will do away with the curse of "the Communal Award" in Bengal, the millenium will have arrived.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhamadan Rural): Who said that?

Sir Syed Raza Ali: Your Party. Then, if we have for the whole of India a constituent assembly to begin with, that is sure to end in independence which will bring in a new heaven and a new earth. May I just inquire as to how this is going to happen? I did not want to interrupt my Honourable friend, Mr. Aney, as to what really independence means; I would like to know; I believe there are yet some members of his Party to speak. Sir, to begin with, how are we to achieve independence? That is what I would like to know. Is it to be done through using the armament and weapon of "non-violence"? Is that the way to achieve independence? I have a very great respect for Mr. Gandhi, and I do not want to say anything which is likely to produce any misunderstanding. May I give you Mahatma Gandhi's cult as issued through that medium of divine will—I mean the *Harijan*? I won't quote the whole of it, but I will quote a passage. This is what the author of non-violence says:

"I feel that riots will be a welcome relief if that is the price we have to pay for freedom, for out of them I can conceive the possibility of peace coming, not out of the present unreality".

Sir, I thought riots meant the shedding of blood, riots meant misery, riots meant the breaking of heads and bones? All that surely means

violence, and yet that is the cult that is put by Mr. Gandhi before his followers? I leave it at that. How are we to achieve independence? I have got a very defective imagination—I must plead guilty to that—but I do not see how we are going to get rid of our Treasury Benches, a high proportion of the Treasury Benches by offering non-violence? I do not think my Honourable friend who is responsible for the cut motion has violation in contemplation. I make a present of this precious cult of independence to Mr. Aney more in imagination than in reality. May I ask how long my Honourable friend and his Party, together with the help of the strong stalwarts of the Congress, are going to keep this independence? Suppose two divisions were to come into India from the North-West, or half a squadron of ships were to invade our western and eastern coasts, who is going to defend India against those hordes? Again, I suppose non-violence would be applied to foreigners also.

Dr. P. N. Banerjee: No.

Sir Syed Raza Ali: I did not know that the use of violence was allowed against foreigners and forbidden against our own countrymen? I did not know that. The whole position is hopeless, absolutely hopeless. What is the use of talking like that. Surely it was time that we talked like sensible, practical and practicable people and when we formulated a scheme which would help us in achieving our own destiny in our own country. Take the case of the constituent assembly that has been dinned into our ears in season and out of season. Now, we are told that the one solution of the communal and internal problem in India is to set up a constituent assembly. May I know, how the constituent assembly is going to be set up? How many of them are going to be Muslims, may I know? We will assume that the constituent assembly will be composed of 200 people. May I know how many of them will be Muslims, Parsees, Sikhs, Harijans, and so on? I am not here to speak for all the minority communities, but surely I would like to know the fate of my own community. May I know how many of these 200 are going to be Muslims? I suppose the idea is that we should be in the minority. If that is the idea, what will be the procedure that will be followed at the constituent assembly? Will the decision be taken by the majority of votes? I suppose so. (Inaudible remark by Pandit Krishna Kant Malaviya.) Sir, I want an honest answer. I do not want quibbling. If the decision is taken by the majority of votes, where shall we be? I believe my Honourable friend, Mr. Aney, knows the temper of our own people and of the Muslim League Party and of the Muslim community. They have made up their mind not to be dictated to having regard to the bitter experience of the past two and a half years. Once burnt, twice shy. We have already burnt our fingers and we are not prepared to burn them again. That is the long and short of it. What is the use of saying, have a constituent assembly and the communal problem will solve itself. We want to know, how? They say they will appoint an arbitrator. There will be a court of arbitration. If the question is going to be referred to arbitration, why should it not be referred today? Why should we wait for this blessed constituent assembly? How will a better award be arrived by the arbitrators after six months or one or even two or three years than today? That is what I would like to know. I am afraid there is a strong tendency to play with words in Congress circles, of whom my friends of the Congress Nationalist Party are all disciples, if not very loyal colleagues. They use catch phrases; they indulge in

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shibboleths. All these things really mean nothing. On the other hand, I can see one thing. If the idea is that by the force of constant repetition, the public should get used to it, and that this idea of a constituent assembly should command public confidence, then I can see the game. But my reply would then be in the words of a Persian proverb: which means this: You said the thing once, and I believed it. You repeated it, and I started having doubts. You said it the third time, and I knew it was an untruth. That is the effect of repetition. It is not dignified really to go on repeating the same thing and refuse to give answers.

Now, Sir, the point, it seems to me, is that we are to take whatever suits the Congress and their allies. I have often given my careful consideration to this question and the conclusion at which I have arrived is this. Two and two in this physical world of ours invariably make four, but according to the Congress creed the sum-total of two and two may be three or five according to the exigencies of the hour. When we come to the Congress Nationalist Party, the sum-total of two and two may be six, if it is a case of payment by a Muslim to a Congress Nationalist creditor. And the sum-total of two and two may be even less than two if the payment is due to an unfortunate creditor who is a Muslim Leaguer. That seems to me to be the logic of the whole thing. Again, let me repeat. I am very sorry that a motion of this character has been moved. I assure my Honourable friend with the greatest respect that a motion of this character serves nobody. I am not here to plead the cause of Government Benches: they are strong enough to take care of themselves. I am sure, Mr. Griffiths has stated very fully the viewpoint of his own Party. Now, let me summarise the viewpoint of my Party.

Sir, we fear that if things take a development when the Government think that they can better their position by entering into an alliance with the Congress, they might leave us in the lurch. That is our fear, let me state it plainly and frankly in this House. The Government have done so in the past and we are not satisfied that they will not do it again if it suits them. Therefore, let me state on behalf of my Party that if there is a tendency in Government circles to yield to the Congress demand and to purchase peace with the Congress by yielding on the question of this demand of constituent assembly, then we, the Members of the Muslim League, will oppose the efforts of the Congress, the Nationalist Congress and the Government, all three combined, by all the means at our command.

Mr. F. E. James: Sir, when I was listening to the debate this afternoon, a small voice within me—that inner voice—of which no one has a monopoly, said to me: “Daddy, what are you doing in the Great War to save your Empire from ruin?” I woke up with a start and realised that I was doing nothing. So, I decided to make a speech. Words, words, just a battle of words and how unreal most of them are! My Honourable friend, Pandit Malaviya, spoke today of his horrid position in the Empire as a slave and a helot. Of course, he is a slave: they are all slaves,—slaves of their own words.

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

He gave rise to statements today which neither he nor any Member of his Party believes. Words have no reality when they are used in that sense. And one of the tragedies of the situation in India at the moment is that people place more reliance upon declarations, upon Resolutions, upon statement of aims than upon the plain, hard and sometimes brutal facts of the situation of this world.

Now, Sir, I have noticed in all these discussions in this House, and outside this House, that they proceed on the assumption, which they take very lightly, that in the struggle today, Great Britain will win. Themselves not even lifting one little finger, not even a pen, not even a pencil to assist, yet they argue on the assumption that Great Britain will win and that she will be living in the days after the war to confer upon this country what they choose to call independence. Any one who has had anything to do with any war is a fool if he makes the assumption that his country, however much he may wish it to win, will win on mere assumption. We have faith that in this war, the Allies will eventually be victorious. But speaker after speaker in responsible positions in the Allied countries have warned their peoples, and have warned the Empire, that it would be the height of madness to underestimate the forces which are arraigned against them. I feel that this bland assumption of the Empire's victory, on the part of those who decline to assist, leads them not only to unreality but to an amazingly false position.

The best exposition of the position of India with relation to this war was given by Mr. Gandhi himself when, after his first interview with the Viceroy in September, he said in words which resounded throughout this country and indeed throughout the Empire and in France, “what will the deliverance of India be worth if Britain and France are defeated”. But why his change later on, I know not.

An Honourable Member: Why has he changed his opinion?

Mr. F. E. James: I suspect various reasons, and one of them resides intermittently in Allahabad. All I can say is that Mr. Gandhi's second thoughts are traitors to his first thoughts, and that his first thoughts were his best,—because they were genuine. I have been puzzled very often in my own mind over the position of the Congress Party. I am sorry they are not here to argue their own case, but I am glad that they had such an able lieutenant in my Honourable friend, Mr. Aney. I noticed that he had read out his speech from beginning to end, which is not usual for him, fluent as he is. I did wonder whether, while the speech was the speech of Mr. Aney, the writing might not have been that of Mr. Bhulabhai Desai. I am not in a position to prove anything in that direction. But I wondered what was it that made them suddenly change their minds. Just before the war, they knew the war was coming. They were making the best use possible of the Government of India Act, 1935, and consolidating their position in the country. They had, after a period of hesitation in 1937 during which they succeeded in abolishing some of the most important safeguards in that Statute,—they had assumed office and in the years following their assumption of office, they had used their power to consolidate their own influence in the provinces. They used this House as their sounding board in the country and so many of them have spoken to me since with almost tears in their eyes that they are now deprived of the publicity which they once enjoyed, a self-deprivation for which they alone

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are responsible. Then came the war, and immediately they began to pass those long, philosophical—and as my Honourable friend, Mr. Griffiths, said in his brilliant and eloquent speech—“amorphous” Resolutions which really are designed to conceal their real intentions. They ask the Government in the United Kingdom to declare first of all what their war aims are. Well, of course, every one knows what they are. They have been stated many times. Let me quote the speech of Mr. Chamberlain, the Prime Minister of the United Kingdom, which he delivered on the 31st January of this year :

“Their war aims had been stated over and over again and were well known to every one, but one thing was becoming clearer every day, not from anything they said but from the actions of the Germans themselves, and that was that, ‘we are fighting not only for ourselves, but for every country which is oppressed by the fear that some day they might find themselves in the position successively occupied by Czecho-Slovakia, by Poland and now by Finland’.”

And who shall say that India would not be included in that list, were it not for the strong arm and the protecting hand of the Commonwealth of Nations which we call the British Empire?

I will not rely only on the British Prime Minister. Let me turn to the speech delivered by the Premier of the French Republic. On 29th January he said :

“Hitler did not treat with the nations he vanquished. He destroyed them, suppressing their entire political and economic existence, and even trying to wipe out their history and their culture.”

I seem to remember something like that being repeated on the Independence Day by Congress stalwarts in regard to the independence pledge. I wondered if they copied their technique from Hitler. I had no idea until I read this speech of the affinity which appears to exist between the High Command, the dictatorial part of the Congress Party, and the Nazi regime in Germany. M. Daladier went on to say :

“As a result, millions of human beings were encountering miseries that they could not have even dared to imagine a few months ago. Entire nations had no alternative but to work for their torturers, who scarcely left them enough to assure the most wretched existence. Thus was being set up a world of masters and slaves made in Germany's own image”.

Let me now turn to my Honourable friend, the Pandit, when he talks about slaves in India. Let him imagine what slavery really means. If he wants to enjoy being a slave, let him go and taste slavery which the Nazi regime imposes upon those it conquers.

Pandit Krishna Kant Malaviya: Do you mean to say yours is a better type of slavery?

Mr. F. E. James: The slavery which Britain imposes upon this country is the slavery “under which she invites this country to march forward to a goal which has been described in successive stages by successive eminent persons from Queen Victoria to Halifax and to Linlithgow,—the goal of free association of a free country with the other Dominions in the Commonwealth”. That is the goal that Britain has held out to this country, and it is dishonest of any Honourable Member, however eminent he may be, to refer to India's conditions even in the past, much less in the present, as conditions of slavery. That is another reason why I say that in this war of words there is more unreality than truth

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. F. E. James: What is the position in India as we see it today? I notice that lately the Congress has been pointing out that while it does not necessarily, as a party, represent the nation, yet it is voicing the nation's hopes and aspirations. How can they possibly have the effrontery to say that? Are they voicing the hopes and aspirations of the Princes? What about the Resolution which was passed this morning, which I understand congratulates the British Government for its fight for freedom and for the sanctity of treaties? What about the Muslims? I have yet to hear that the Congress Party is voicing the opinions of the Muslim League, although they have at the moment a dummy Muslim as its president? What about the other minorities? Does the Congress Party represent their views? Can they speak for their hopes and aspirations with regard to India? No. That claim to speak for India is a sham. Let them bend their energies, which are undoubted, and their influence, which is almost unrivalled, to the first essential, namely, the achievement of some semblance of unity in this country, so that India as a united country can fight with Britain, and after the war is won, can achieve whatever she wants, whatever her heart's desire dictates to her; for Britain will not in those days be laggard: the promises she has made today will be fulfilled in the letter and the spirit, as they have been fulfilled in the past. I believe that the Princes have today shown a better path of statesmanship than has been shown in the speech of my Honourable friend, Mr. Aney, today, or of those whom he represents.

Mr. M. S. Aney: The question may now be put.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, I am sorry I was not here this morning and I did not have the pleasure of listening to the approved written speech which my Honourable friend, Mr. Aney, the Leader of the Nationalist Congress Party, delivered this morning

Mr. M. S. Aney: Let me take exception to the words “approved written speech”. I thought it was a joke when Mr. James first used the expression and so I did not object.

Mr. President (The Honourable Sir Abdur Rahim): What is the remark objected to?

Mr. M. S. Aney: “Approved written speech”. Approved by whom? Written by whom? I do not know.

Sir Abdul Halim Ghuznavi: What sin have I committed by saying the word “approved”?

Mr. M. S. Aney: I thought you might have meant it as literally true: that is why I interrupted.

Sir Abdul Halim Ghuznavi: You may have written it and approved it yourself.

Mr. M. S. Aney: Then I have no objection to your saying that.

Sir Abdul Halim Ghuznavi: My Honourable friend, so far as I can remember, has never delivered a written speech.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should go on with his own speech.

Sir Abdul Halim Ghuznavi: I understand this is a cut motion to discuss the unsatisfactory nature of declaration regarding the refusal of British Government to declare their war aims and their effect on the political status of India and non-insistence of Government of India to obtain such a declaration. In 1922, when Mr. C. R. Das was in prison, Lord Reading who was in Calcutta then offered us Dominion Status, at any rate, a greater advance, Mr. Das accepted that in jail, but he wanted that Mr. Gandhi should also agree to the gesture that was made by Lord Reading. Mr. Gandhi refused to have anything to do with it and he was responsible

Mr. Akhil Chandra Datta: There was no question of Dominion Status at that time.

Sir Abdul Halim Ghuznavi: The Deputy President says "No question of Dominion Status." I have been forty-five years in the political field—much more than the Deputy President himself. He was then a nobody, but I was one of the prominent men fighting for the independence of India. That offer was a great advance. (Interruption by Dr. Banerjee.) Here is another gentleman on my right. He was a mere school-boy then. I ask my Honourable friends sitting there—how on earth one can ask the British Government for a declaration until we set our houses in order? You cannot agree to anything. (Interruption.) Whatever it may be—you refuse or I refuse—the position is the same, that we cannot approach His Majesty's Government with an agreed proposal by all those who call themselves Indians. Only the other day the Congress in a Resolution in Patna said that that will be the only resolution at Mazharsharif or some such place—that will be the only resolution—complete independence. What a farce! What nonsense! Complete independence! If tomorrow we get complete independence, we would be crushed. Look at the big powers. Suppose the British Government, to make a test of what will be our position, by way of practical demonstration, gives my friends what they want. How will they defend our country?

An Honourable Member: With lathis.

Sir Abdul Halim Ghuznavi: Perfectly right. Lathis. What else have you got?

Pandit Lakshmi Kanta Maitra: Who is responsible for that?

Sir Abdul Halim Ghuznavi: We are not united. Settle your differences first.

Pandit Lakshmi Kanta Maitra: It is impossible so long as you are here.

Sir Abdul Halim Ghuznavi: Do not ask for the moon which you cannot get.

Pandit Lakshmi Kanta Maitra: We will get the moon.

Sir Abdul Halim Ghuznavi: Not in your life time.

Pandit Lakshmi Kanta Maitra: Much earlier than you dream of.

Sir Abdul Halim Ghuznavi: What is the use, as my friend, Mr. James, just said, of the battle of words here? In your heart of hearts you do not feel what you say to be correct.

Mr. M. S. Aney: Are you speaking to the motion or talking to somebody about something?

Sir Abdul Halim Ghuznavi: I am talking about what you have said here. You don't believe in your heart of hearts what you have said; the inner man tells you that what you say is not correct.

Mr. M. S. Aney: Is that so?

Sir Abdul Halim Ghuznavi: Ask the inner man.

Sir, at the second Round Table Conference in England Mr. Gandhi was present.

Pandit Lakshmi Kanta Maitra: What has that got to do with the motion before the House?

Sir Abdul Halim Ghuznavi: You will hear it presently. Mr. Gandhi said he represented 95 per cent. of the people of India, not British India, but India, and Dr. Ambedkar asked who were the other five per cent. whom he did not represent. Sir, even Mr. Gandhi representing 95 per cent. of the people of India at the second Round Table Conference could not bring about a communal settlement

Pandit Lakshmi Kanta Maitra: What else would have been declared?

Sir Abdul Halim Ghuznavi: The position of India would have been quite different to what it is today. Settle first the differences between the Hindus and Muslims. Do not fight among yourselves, unite among yourselves and then come up with Resolutions on the floor of the House. As my friend, Mr. James, remarked, you want all the benefits of independence of a winning war. But what have you done till now to help the allies, to crush Hitlerism and Stalinism? Nothing. Why should you claim the benefits of a winning war when you are not a party even to

[Sir Abdul Halim Ghuznavi.]

assist the Government to win the war? It does not lie in your mouth, when you do not render the least assistance even with a pencil, to say that the British should declare here and now that they would grant complete independence to India after the war is won.

Pandit Lakshmi Kanta Maitra: Hear, hear.

Sir Abdul Halim Ghuznavi: My esteemed friend says "hear, hear". That is a complete truth. Assist the allies to win the war. Meantime, settle your differences here. That is the first thing on which you should concentrate; put all your efforts together and find out a solution for the communal problem which is obstructing the progress of India. Settle that first and help the Allies to fight Hitler and Stalin. . . .

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): England is not at war with Russia.

Sir Abdul Halim Ghuznavi: And then ask England to give you your just dues. Sir, it is high time that we in India gave serious thought to the situation. The present is a serious war which is now going on in the West. Goodness knows for how long it will drag on

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Sir Abdul Halim Ghuznavi: What will be the position, if the Britishers lose the war? Good Heavens, I cannot imagine the situation. We say that we are slaves, though we are not, but we shall be slaves if the Britishers lose, which God forbid, and there will be no longer Britishers existing to fight Hitlerism and Stalinism. Sir, I oppose this motion.

Mr. M. S. Aney: The question may now be put.

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

"That the question may now be put."

The Assembly divided:

AYES—9.

Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Datta, Mr. Akhil Chandra.
Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Parma Nand, Bhai.
Sant Singh, Sardar.

NOES—47.

Abdulla Hazeon, Seth Haji Sir.
Abdul Ghani, Maulvi Muhammad.
Abdul Hamid, Khan Bahadur Sir.
Abdul Hamid, Khan Sahib Shaikh.
Ahmad Nawaz Khan, Major Nawab Sir.
Azhar Ali, Mr. Muhammad.
Bajpai, Sir Girja Shankar.
Campbell, Mr. D. C.
Caroe, Mr. O. K.
Chambers, Mr. S. P.
Chettiar, Dr. Rajah Sir S. R. M.
Annamalai.
Clow, The Honourable Sir Andrew.
Daga, Seth Sunderlal.
Datta, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Dumasia, Mr. N. M.
Essak Sart, Mr. H. A. Sathar H.
Ghiasuddin, Mr. M.
Ismail Ali Khan, Kunwar Hajee.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Khan, Mr. N. M.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.

Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Miller, Mr. C. C.
Muazzam Sahib Bahadur, Mr. Muhammad.
Oulsnam, Mr. S. H. Y.
Pillay, Mr. T. S. S.
Rafuddin Ahmad Siddiquee, Shaikh.
Rahman, Lieut.-Col. M. A.
Raisman, The Honourable Sir Jeremy.
Raza Ali, Sir Syed.
Scott, Mr. J. Ramsay.
Sen, Rai Bahadur G. C.
Shahban, Mian Ghulam Nadir Muhammad.
Sheehy, Mr. J. F.
Sher Muhammad Khan, Captain Sardar Sir.
Siddique Ali Khan, Khan Bahadur Nawab.
Sivaraj, Rao Sahib N.
Spence, Sir George.
Umar Aly Shah, Mr.
Yamin Khan, Sir Muhammad.
Zafar Ali Khan, Maulana.
Zafrullah Khan, The Honourable Sir Muhammad.
Ziauddin Ahmad, Dr. Sir.

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): Major Nawab Ahmad Nawaz Khan.

Mr. M. S. Aney: Sir, I may bring to your notice that our time for this debate expires at 5 P.M. today. We have debated the motion the whole day and it is time for the Member of Government to reply.

The Honourable Sir Muhammad Zafrullah Khan: I shall reply immediately after the Honourable Member who has been called upon just now has finished.

Mr. President (The Honourable Sir Abdur Rahim): I cannot extend the time.

The Honourable Sir Muhammad Zafrullah Khan: I shall not want any extension.

Major Nawab Sir Ahmad Nawaz Khan: My Honourable friend, Mr. Aney, raised two points, in addition to others which have been replied to by other speakers, to which I desire to reply. The first was that in his opinion the declaration made by His Majesty's Government in England or by the Viceroy in India was not satisfactory. The second was whether the principle of these aims was to be applicable to Europe only or to India also. I tell my Honourable friend that in reality the war aims are satisfactory but for a satisfactory declaration of these aims which may

[Major Nawab Sir Ahmad Nawaz Khan.]

please the Congress, the Muslim League, the Depressed Classes and others the Government of India shall require not one but several sets of war aims to satisfy the various disunited and different parties. Therefore, to issue a satisfactory declaration of war aims to satisfy all the conflicting interests, as we have seen in the Indian Press and in this debate, is impossible for the Government of India or any Government and even for the High Command of Congress Government.

With regard to his second point, I think the war aims issued by His Majesty's Government in England or in India are applicable to Europe and every other country which is not disunited like India. They could be safely and easily applied to India if Indians were united and belonged to one nation and religion as the nations of Europe are united, like Poland and other countries. And on account of our disunity mostly, we make the application of these war aims to India impossible. The British Government have often promised Dominion Status to India, but it is not a free gift like a cash cheque to be given easily to any one, rich or poor and literate or illiterate. We have to make first ourselves quite fit and capable in each respect of those powers and responsibilities which entitle a country to have the Dominion Status and so long as we cannot do that we cannot make that demand and it cannot be given to us by any Government however desirous it may be. Sir, I oppose the motion.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Sir, I have failed to grasp the real object that the Honourable the Mover of this motion had in mind in moving this cut. I am really at a loss to understand what he exactly desires Government to do in response to this cut motion in order to avoid being censured. He has by this time, I hope, himself realised that the cause of India has not been advanced one inch by the debate that has taken place today.

Sardar Sant Singh: You are mistaken. The country outside is with us and we have created an impression of that character.

The Honourable Sir Muhammad Zafrullah Khan: That is another cat out of the bag. The Honourable Member says that the country outside is with them and on that country which is with them they have created an impression. That was the object of the debate. A more futile object I cannot imagine,—to impress those who are already with you according to yourselves. But there is considerable doubt on that. Is the country really on their side? The cut motion has been prompted by the doubt perhaps the country is more with the Congress than with the Nationalists, or perhaps it is more with the Hindu Mahasabha than with the Nationalists,—and why should we not try to take the credit rather than anybody else. But I shall not go further into that; these are remarks provoked by the explanation attempted by the Honourable Member.

If I did attempt to sum up the debate at this stage it would be a very difficult task and, I must observe, for an Indian and I hope a patriotic Indian a very unpleasant and painful task. I shall, therefore, not try to attempt that. Briefly put, the object of the cut motion, as it appears in

the Order Paper, is to censure the Government of India for not having insisted upon His Majesty's Government making a clear declaration that Great Britain along with France has been forced to declare war upon Hitler and the Nazis in order that Great Britain may be enabled to set up a constituent assembly in India so that that assembly might frame the constitution of a free India. That is the whole object of the cut. I would leave it to the House to decide whether in that respect the Government of India deserve a censure. But I do want to assure the House that in the absence of any war in Europe the case for India's freedom would have been no weaker than it is today, on its own merits apart from any war. Those who are trying to link up the two questions are placing themselves in this position before the world that in their own heart of hearts they do not think that they had much of a case on the merits, but taking advantage of Great Britain's difficulty they feel that they might win an otherwise desperate case. Therefore, they are doing no service to the cause of the freedom of India. Whatever freedom India deserves India deserves it on the merits rather than because there is a conflict of the kind that we know of in Europe which, unfortunately, may not, as it proceeds, be confined only to Europe. In these circumstances, Sir, as I have said, it is a hopeless task to try to sum up the various points of view to which expression has been given in the course of this debate. And indeed it was a most pertinent observation of the last speaker that His Majesty's Government are being placed in a very embarrassing position if they are being set the task of framing a declaration which would satisfy the various points of view to which expression has been given today in the House. It would be an impossible task. However, that would be their responsibility. All that we can do is to transmit a full record of the views of Honourable Members on this matter to the Secretary of State and we are quite certain that they will from him receive such consideration and attention as they merit.

Before I sit down may I, with your permission, just say one word on my own behalf and not on behalf of the Government of India? The question perhaps is such that I may assume that liberty on this occasion. I am not in the habit of making claims on my own behalf, but I do claim that I have had more than the normal opportunities available to people from India of association and discussion with those in whose hands lies ultimately the political destiny of India. And to my people I may say this that they have today within their reach the reality of freedom if they will have the courage and the confidence and the magnanimity to grasp it.

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

"That the demand under the head 'Executive Council' be reduced by Rs. 1".

The Assembly divided:

AYES—10.

Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Datta, Mr. Akhil Chandra

Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Parma Nand, Bhai.
Sant Singh, Sardar

NOES—54.

Abdoolah Haroon, Seth Haji Sir.
 Abdul Ghani, Maulvi Muhammad.
 Abdul Hamid, Khan Bahadur Sir.
 Abdul Hamid, Khan Sahib Shaikh.
 Ahmad Nawaz Khan, Major Nawab Sir.

Azhar Ali, Mr. Muhammad.
 Bajpai, Sir Girja Shankar.
 Bewoor, Sir Gurunath.
 Boyle, Mr. J. D.
 Buss, Mr. L. C.
 Campbell, Mr. D. C.
 Caroe, Mr. O. K.
 Chambers, Mr. S. P.
 Chapman-Mortimer, Mr. T.
 Chettiar, Dr. Rajah Sir S. R. M. Annamalai.

Clow, The Honourable Sir Andrew.
 Daga, Seth Sunderlal.
 Dalal, Dr. R. D.
 Dalpat Singh, Sardar Bahadur Captain.

Dumasia, Mr. N. M.
 Essak Sait, Mr. H. A. Sathar H.
 Ghiasuddin, Mr. M.
 Ghuznavi, Sir Abdul Halim.
 Griffiths, Mr. P. J.
 Gwilt, Mr. E. L. C.
 Ismail Ali Khan, Kunwar Hajee.
 James, Mr. F. E.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 12th March, 1940.

Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shams-ul-Ulema.
 Khan, Mr. N. M.
 Kushalpal Singh, Raja Bahadur.
 Lillie, Mr. C. J. W.
 Mackeown, Mr. J. A.
 Maxwell, The Honourable Sir Reginald.

Miller, Mr. C. C.
 Muazzam Sahib Bahadur, Mr. Muhammad.
 Murtuza Sahib Bahadur, Maulvi Syed.

Oulsnam, Mr. S. H. Y.
 Pillay, Mr. T. S. S.
 Rahman, Lieut.-Col. M. A.
 Raisman, The Honourable Sir Jeremy.

Raza Ali, Sir Syed.
 Scott, Mr. J. Ramsay.
 Sen, Rai Bahadur G. C.
 Shahban, Mian Ghulam Kadir Muhammad.

Sheehy, Mr. J. F.
 Sher Muhammad Khan, Captain Sardar Sir.
 Siddique Ali Khan, Khan Bahadur Nawab.

Sivaraaj, Rao Sahib N.
 Spence, Sir George.
 Yamin Khan, Sir Muhammad.
 Zafar Ali Khan, Maulana.
 Zafarullah Khan, The Honourable Sir Muhammad.
 Ziauddin Ahmad, Dr. Sir.

LEGISLATIVE ASSEMBLY.

Tuesday, 12th March, 1940.

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.

GRIEVANCES OF SEMI-SKILLED WORKERS ON THE NORTH WESTERN RAILWAY.

335. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state if his attention has been drawn to the memorial submitted by the semi-skilled workers of the North Western Railway during the year 1939? If so, how has that memorial been disposed of?

(b) Is the Honourable Member for Railways aware that no semi-skilled workers have been promoted as skilled workers on the North Western Railway during the last fifteen years in spite of the fact that many of them have passed the trade test of skilled grade? If so, why? When do Government propose to grant them promotion? If not, why not?

The Honourable Sir Andrew Clow: (a) The answer to the first part is in the negative and the second part does not arise.

(b) The answer to the first part is in the negative and the other parts do not arise.

Mr. Lalchand Navalrai: May I know why the answer to the first part is in the negative?

The Honourable Sir Andrew Clow: The first part asks whether my attention has been drawn to a memorial. I said "No".

Mr. Lalchand Navalrai: May I draw the attention of the Honourable Member to part (b)—to the alternative I have proposed there? Now that they have not had any promotion for 15 years, will the Honourable Member do something for them or leave them in the lurch?

The Honourable Sir Andrew Clow: My answer to part (b) was that the answer to the first part is in the negative and the other parts do not arise. My information is that it is not correct that semi-skilled workers are not being promoted to skilled grades during the last 15 years and that there has been promotion on almost all the divisions and workshops.

Mr. Lalchand Navalrai: If not for 15 years, at least they have suffered for five or six years. For some years they have not been given promotion and there is discontent. Will the Honourable Member at least enquire into that and give them some relief?

The Honourable Sir Andrew Clow: If they make a complaint, it will doubtless be dealt with by the proper authorities, but I have no information about the complaint.

REDUCTION IN UNIFORM OF THE CARRIAGE AND WAGON STAFF ON THE NORTH WESTERN RAILWAY.

336. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state if his attention has been drawn to the memorial submitted by the Carriage and Wagon Staff of the North Western Railway, regarding the reduction in uniform? If so, what do Government propose to do to restore the supply of uniform to the staff according to the old regulations?

The Honourable Sir Andrew Clow: The answer to the first part is in the negative and the second part does not arise.

Mr. Lalchand Navalrai: May I know whether these people have been enjoying the uniforms and they have been stopped?

The Honourable Sir Andrew Clow: I have neither received any such memorial nor heard of it.

Mr. Lalchand Navalrai: It is not a question of memorials. They were enjoying uniforms before. All of a sudden they have been stopped. Will the Honourable Member send this question and answer to the Agent and ask him to give some relief?

The Honourable Sir Andrew Clow: I see no need for sending the question. If the memorial has been sent to the General Manager, he will no doubt consider it.

Mr. Lalchand Navalrai: What I am saying is that if the Honourable Member himself has not considered this, the question and answer may be sent to the Agent, and the reply might at least be sent to the Honourable Member, if not to us.

The Honourable Sir Andrew Clow: I have given the Honourable Member a complete answer. The Honourable Member has asked whether my attention has been drawn to a certain memorial, and I said that I have not seen it.

Mr. M. S. Aney: May I ask whether the Honourable Member has enquired from the proper authorities whether they have received a memorial from these persons on this point?

The Honourable Sir Andrew Clow: There is no need for it. If the memorial has been despatched, presumably it has been received.

PROMOTION OF MISTRIES OF THE MECHANICAL DIVISIONS OF THE NORTH WESTERN RAILWAY.

337. *Mr. Lalchand Navalrai: Has the attention of the Honourable Member for Railways been drawn to the memorial submitted by the

mistries of the Mechanical Divisions of the North Western Railway regarding their promotions to Junior Chargemen, or their being brought on thirty days wages, a permanent cadre of service? If so, what do Government propose to do to bring these men in the permanent cadre of service?

The Honourable Sir Andrew Clow: The answer to the first part is in the negative and the second part does not arise.

Mr. Lalchand Navalrai: May I ask the Honourable Member whether he possesses no information at all about this?

The Honourable Sir Andrew Clow: I have neither seen nor heard of this memorial.

STATION AND ASSISTANT STATION MASTERS PASSING VISION OR COLOUR TEST IN A LOWER STANDARD ON THE NORTH WESTERN RAILWAY.

338. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that Station and Assistant Station Masters, grades, ordinary, I and II, employed on the North Western Railway, who pass their periodical vision or colour test in a standard lower than that fixed for them, are eligible for employment in alternative posts on the same pay or carrying nearly equivalent rates of pay?

(b) If the reply to part (a) above be in the affirmative, will the Honourable Member please lay on the table of the House a copy of these orders?

(c) If the reply to part (a) above be in the negative, what is the nature of the orders on the subject?

(d) Who issued these orders, whether the Railway Board or the General Manager, North Western Railway?

(e) Is it a fact that Assistant and Station Masters drawing rates of pay between Rs. 78 to Rs. 140 are fixed on Rs. 60 only in circumstances enumerated in part (a) above? If so, what is the reason for so much reduction in their emoluments?

(f) Has there been any rider to the orders referred to either in part (b) or (c) above, as the case may be? If so, who issued that rider and will the Honourable Member be pleased to lay on the table of the House a copy of the rider, if any, under which pay of staff is reduced as stated in part (e) above?

(g) Is it a fact that Guards on failure in vision or colour test, are fixed up as Baggage Guards or Conductors on practically the same pay? If so, why are the Station Masters and their Assistants dealt with differently?

The Honourable Sir Andrew Clow: (a) and (g). Alternative employment is found for staff who fail in vision tests whenever possible, but the rate of pay admissible is dependent mainly on the available vacancies.

(b), (c) and (d). There are no specific orders issued by Government on the subject other than rule 10 (a) of the Rules regulating discipline and rights of appeal of non-gazetted Railway Servants, which refers only to

staff removed from service for inefficiency. I lay on the table a copy of the orders issued by the General Manager, North Western Railway.

(e) As regards the first part, Government have no information, and as regards the latter part I would refer the Honourable Member to the reply I have given to part (a).

(f) The answer to the first part is in the negative, and the other parts do not arise.

Copy of para. 24(b) of Agent's Circular No. 1 of 1927, Part 'A' revised 1937.

(b) Men incapacitated for service in any class by accident, ill health, failure of eyesight, etc., and transferred to another class. In such cases, no guarantee can be given of their employment as this must depend on vacancies. Endeavours will, however, be made to find for them posts for which they, in this incapacitated state, may be suitable and in which they can be usefully and efficiently employed without risk of injury to themselves, their fellow-workers and the travelling public. The pay and seniority of an employee so appointed to a post will be fixed with due regard to the following considerations:

(i) That the appointment made does not in any circumstances deprive an efficient and deserving employee who can reasonably look forward to advancement in that line.

(ii) That the pay of an employee when appointed to a lower grade shall be fixed on the maximum of the grade or on a stage in that grade equivalent to or next below the rate of pay he is actually in receipt of, whichever is less.

(iii) That the employee will rank junior to all in receipt of the rate of pay granted to him on such appointment. After deciding which post an employee incapacitated for service in a class can be considered for and the rate of pay therein which can be given to him, he will be asked to apply for the said post. If he does not apply for the post, he will be granted leave due preparatory to retirement and if, during that period, no better post can be found for him without detriment to the legitimate claims of other staff, he will be retired on the expiry of that leave and granted gratuity under the rules.

Mr. F. E. James: Sir Henry Gidney asked me last evening whether I would put his questions on his behalf. He promised to send a letter of authorisation this morning, but unfortunately he is ill and has not been able to send it.

Mr. President (The Honourable Sir Abdur Rahim): The practice is that there should be a written authority.

Mr. F. E. James: In that case, I wonder whether these questions might be left over to be asked tomorrow, if there is time.

Mr. President (The Honourable Sir Abdur Rahim): There are other Departments whose questions will be answered tomorrow. The answers will be laid on the table and if anything arises on those answers, the Honourable Member can put in fresh questions.

FRAUD IN THE CUSTODY STORES AT QUETTA.

339. *Lieut.-Colonel Sir Henry Gidney: (a) Will the Honourable Member for Railways please state whether it is a fact that a fraud has recently been discovered in the Custody Stores at Quetta on the North Western Railway, and a Committee was appointed to enquire into the matter?

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

(b) If the answer to part (a) be in the affirmative, will the Honourable Member please place on the table of the House, a copy of the report of that Committee?

(c) Is it a fact that an Anglo-Indian Stock Verifier was charged with carelessness in working in this connection, and was suspended for six months and later reverted as a clerk on half his salary?

(d) Is it a fact that a Hindu Inspector of Stores Accounts was charged with suppression of facts with a view to promoting fraud in the same connection, but was not suspended and has not been punished so far?

(e) What were the charges which the Committee considered were proved against each of the two employees, referred to in parts (c) and (d) above?

(f) Is it a fact that a gazetted officer of the North Western Railway has been considered by the Committee to be responsible in connection with this fraud, and, if so, what action has been taken against him?

The Honourable Sir Andrew Clow: (a) Yes.

(b) No. The report is confidential and certain action has still to be taken in connection with it.

(c) Yes.

(d) Yes. The question of disciplinary action to be taken is still under consideration.

(e) I lay on the table a statement giving the information required.

(f) With regard to the first part, the Committee allocated certain responsibility to a gazetted officer of the North Western Railway. As regards the second part, no action has yet been taken as the Administration have not yet accepted all the findings of the Committee.

Statement showing the charges which, in the opinion of the Enquiry Committee, had been proved against the Inspector of Stores Accounts.

1. That he failed to report to proper authorities the irregularities which came to his notice during the course of his inspection.

2. He failed to exercise adequate check over the Custody Stores Ledger maintained in the Custody Stores Depot at Quetta.

3. He failed to notice the wrong balancing of 1000 Nos. in Open Line sheets on 14th October, 1936, for M. S. corrugated sheets 8' x 2 1/4" x 22 G.

4. He failed to detect the falsification of Issue Note No. 18-A, dated 20th May, 1938, and 29-A, dated 27th May, 1938, and reported these as over charges instead of falsification of vouchers.

5. He failed to detect the falsification of Issue Note No. 118-A/B., dated 25th August, 1938.

6. He made a false statement before the Enquiry Committee that one copy of Issue Note No. 118-A/B., dated 25th August, 1938, was altered to read 420 instead of 42.

7. He made a false statement that he had reported the irregularities noticed during the check of the above Ledgers to the I. S. A. (Office).

8. He failed to discover falsification in Custody Ledgers of S. M. Flat 1 1/2" x 1 1/4" in the case of Issue Note No. 206-A., dated 12th December, 1938.

9. He failed to report suspicious account of receipt of 60 cwts. of S. M. round 1 1/2" on Issue Note No. D. A. without date from Inspector of Works, R. Khanai.

10. He failed to check the cement stock and the Custody Ledgers for it.
11. He failed to notice that no procedure had been laid down for the maintenance and reconciliation of Custody Stores Accounts.
12. He failed to see that the Stock Verifier was not exercising the check laid down in para. 13, Chapter III of S. V. Manual.
- The charges proved against the Stock Verifier were as follows:
1. He carried out the verification of corrugated iron sheets in the Custody Stores Depot, Quetta, in a careless manner.
 2. He failed to take notice of heavy adjustments in the book balances of Custody Stores Ledgers, Quetta, just before the stock verification.
 3. He accepted an undated Issue Note No. D. A. for 60 cwts. of S. M. Round 1/2" diameter.
 4. He failed to exercise the check laid down in para. 13 of Chapter III of the Stock Verification Manual.

SECRETARY OF THE NORTH WESTERN RAILWAY CO-OPERATIVE CREDIT SOCIETY.

*340. *Lieut.-Colonel Sir Henry Gidney: (a) Will the Honourable Member for Railways please state how long the present Secretary of the North Western Railway Co-operative Credit Society, has held charge of that post?

(b) Is it a fact that the Controller of Railway Accounts laid down that the same officer will not be allowed to hold charge of this post for more than three years?

(c) Is it a fact that the post has always been held by an officer of the same community?

(d) Are Government prepared to consider the appointment to this post of officers of different communities by turn?

(e) Is the officer, now holding the post, the same person who was considered by the Committee appointed to enquire into the Quetta Stores fraud case to be responsible in connection with it?

The Honourable Sir Andrew Clow: (a) Since the 31st August, 1925.

(b) No such orders are traceable, but I would point out that the Secretary of the Society is appointed by the Committee of Management of the Society, which is a registered body under the Co-operative Societies Act.

(c) No.

(d) Does not arise, but I would refer the Honourable Member to the reply I have given to part (b).

(e) No, but there is a part-time Honorary Secretary, who is a Railway officer and is the officer referred to in my reply to part (f) of the Honourable Member's preceding question.

DISCHARGE OF BRIDGE DEPARTMENT STAFF ON THE NORTH WESTERN RAILWAY.

341. *Mr. Lalchand Navalrai: (a) With reference to the Honourable the Railway Member's reply to parts (a) and (e) of my starred question No. 97, asked on the 15th February, 1940, will the Honourable Member be pleased to state whether it is a fact that persons mentioned in part (a) of the Honourable Member's reply have never been discharged during the last

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

fifteen years or so on the cessation of works but their emoluments have been debited to different works on the commencement of the new financial year? If so, why should they not be absorbed as surplus hands?

(b) Is it a fact that certain members of the Construction staff were discharged in 1932 on the cessation of the works against which they were employed? If so, were they re-employed on the occurrence of vacancies in various other offices?

(c) Was any age or educational qualification restriction enforced in case of persons referred to in part (b) above? If so, will the Honourable Member please lay a copy of the orders on the table of the House? If not, why are these restrictions being enforced against Bridge Department staff?

(d) With regard to the Honourable Member's reply that no age limit has, however, been insisted upon in case of temporary clerks of the Bridge Department for appointment to permanent posts in that Department, is it a fact that no post has fallen vacant during the last ten years and that one which is likely to fall vacant on or about the 11th March, 1940, is to be filled through the Labour Exchange and not from amongst the clerical staff now employed in the Bridge Department? If so, how does the Honourable Member reconcile his reply?

(e) Is it a fact that in the General Manager's office the condition of age and educational qualifications has been relaxed for the promotion of daftries in the inferior service to clerical appointments? If so, why are the restrictions enforced against the Bridge Department staff?

The Honourable Sir Andrew Clow: (a) Only one out of the 29 men referred to has over 15 years' continuous service. Their pay has been debited to the works for which they were engaged for the period of their employment on each work. As regards the latter part, I would refer the Honourable Member to my reply to part (e) of his starred question No. 97 on the 15th February, 1940. Definite rules are laid down for the recruitment of permanent staff on Railways, and temporary staff engaged for special works have no claim to be absorbed in the permanent cadre unless they fulfil the required conditions for appointment to the permanent cadre.

(b) and (c). I would refer the Honourable Member to my reply to parts (a) and (b) of Sardar Sant Singh's question No. 253 on the 1st March, 1940.

(d) I am not in possession of these particulars but even if they are as stated, it would not appear that any reconciliation is necessary.

(e) As regards the first part, Government are not aware if this is so, but the promotion of permanent staff from the inferior service to the subordinate service has no connection with the appointment of temporary subordinates to permanent posts.

Mr. Lalchand Navalrai: May I know whether these people are put on general construction or particular constructions?

The Honourable Sir Andrew Clow: My impression is that they move from one construction to another as a rule.

Mr. Lalchand Navalrai: May I know whether these people are kept on the waiting list until other construction is taken up or they are discharged?

The Honourable Sir Andrew Olow: Apparently one man has been in continuous service for 15 years, so that they cannot always be discharged.

DUTY HOURS OF CERTAIN GUARDS ON THE NORTH WESTERN RAILWAY.

†342. ***Mr. Lalchand Navalrai:** (a) With reference to the reply to part (c) of my starred question No. 280, dated the 22nd September, 1939, laid on the table of the House on 6th February, 1940, will the Honourable Member for Railways be pleased to state whether it is a fact that waiting duty guards have been performing eight hours duty for years?

(b) Is it a fact that, for the present, guards have been excluded from the 'Hours of Employment Regulations'; and that other members of the staff enjoy shorter hours of work; if so, why the duty hours of guards on waiting duty should be raised from eight to twelve per day?

(c) Is it a fact that waiting duty guards may be booked out any time, in the course of their waiting duty hours?

(d) Is it a fact that under paragraph 787 (d) of the Operating Manual (Provisional issue of 1926) Guards and Drivers could claim rest after sixteen hours continuous duty with a train? Is this rule still in force? If so, why has this paragraph been removed from the revised issue of the Operating Manual?

(e) Do Government propose to reduce waiting duty hours for guards to eight hours as was the practice for years before and after the application of the 'Hours of Employment Regulations'? If not, why not?

(f) Does the Honourable Member also propose to direct the amendment of the Operating Manual on the North Western Railway to contain the paragraph referred to in part (d) above? If not, why not?

(g) What is the maximum number of duty hours that a guard has to do at a stretch without claiming rest?

The Honourable Sir Andrew Olow: (a) Yes.

(b) Running staff are excluded from the application of the Hours of Employment Regulations, but that has nothing to do with the raising of the duty hours of guards on waiting duty from eight to twelve. The entire period of waiting duty is one of inactivity. As far as practicable the hours of work of running staff are regulated within the limits laid down in the Hours of Employment Regulations.

(c) Yes.

(d) The answer to the first two parts is in the affirmative. As regards the last part, as this was a Personnel matter rather an Operating matter it was issued in the form of an instruction to the Divisional Superintendents.

(e) The answer to the first part is in the negative. As regards the latter part, I would refer the Honourable Member to the reply I have just given to part (b).

(f) No. I would refer the Honourable Member to the reply I have just given to part (d).

(g) Sixteen.

†Answer to this question laid on the table, the questioner having exhausted his quota.

PROVISION OF A RADIO STATION AT KARACHI.

343. ***Mian Ghulam Kadir Muhammad Shahban:** Will the Honourable Member for Communications be pleased to state:

- the names of radio stations in India;
- which Provinces have more than one station;
- the reasons for providing more than one station in such Provinces;
- whether the Honourable Member is prepared to take steps to provide a radio station in Sind also which speaks a different language, if not, why not;
- whether Government have received any representation from Sind Government requesting provision of a radio station at Karachi; if so, what is the result of this representation; and
- the difficulty in providing a radio station in Sind; if it is financial, whether Government propose to provide a radio station in Sind in the first allotment of funds made for provision of more radio stations; if not, why not?

The Honourable Sir Andrew Olow: (a) All-India Radio maintain broadcasting stations at Delhi, Calcutta, Madras, Bombay, Lahore, Lucknow, Trichinopoly, Dacca and Peshawar.

(b) Bengal and Madras.

(c) The location of these stations was decided upon in connection with Government's broadcasting programme with reference to linguistic factors, density of population and the possibility of providing programmes, the object being to provide as good a service as can be given within the resources available to the greatest number of people.

(d), (e) and (f). The attention of the Honourable Member is invited to the replies given to Mr. Lalchand Navalrai's questions Nos. 1914 of 7th December, 1938, and 146 of 23rd February, 1940. The claims of Sind will receive full consideration when the situation permits of any fresh undertaking being given.

Mr. Lalchand Navalrai: May I know, with regard to the answer to clause (d), whether, in view of the fact that a radio station has not been opened for the present in Karachi in Sind, will the Honourable Member, also in view of the fact that the news are being given out in different languages,—Persian, Urdu and all other kinds of languages,—ask the Radio Stations to give the news in Sindhi also for the purposes of the people of the Sind Province?

The Honourable Sir Andrew Olow: I am afraid I could not give any undertaking to that effect. The broadcasting of news in a large number of languages emanating from one station already creates considerable difficulty, and I presume that most of those possessing radio licenses in Sind are able to understand one or more of the languages already used.

Mr. Lalchand Navalrai: I am thankful to the Honourable Member for the credit that he has given to the Sind people, but in fact they want news

in Sindhi so that all the people in the mufassil also should understand it, especially in view of the fact that from day to day we find that the news are being increased, and why is it

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

Mr. Lalchand Navalrai: I am simply asking whether that is to be done or not

Mr. President (The Honourable Sir Abdur Rahim): That question is not admissible; it is not a question at all, it is a speech.

RECRUITMENT OF CLERKS IN THE OFFICES OF THE ALL-INDIA RADIO.

344. *Mr. Muhammad Azhar Ali (on behalf of Dr. Sir Ziauddin Ahmad): (a) Will the Honourable the Communications Member kindly state whether it is a fact that the Controller of Broadcasting is holding a test on the 28th February, 1940, for recruitment of about 25 clerks in the offices of the All-India Radio, excluding the Controller's office stationed at Delhi and New Delhi?

(b) If so, will he please state in which papers these posts were advertised? If not, why not?

(c) How many applications have been received so far and how many persons in service as well as outsiders have been allowed to appear in the examination?

(d) Was the approval of the Government of India obtained for adopting such a procedure for recruitment? If not, why not?

(e) Are Government prepared to stop the examination to be held on the 28th February and advertise the posts and date of examination in the recognised papers all over the country in order to give a chance to thousands of well qualified and unemployed persons to sit for the test?

The Honourable Sir Andrew Olow: (a) An examination was held on the 28th February, 1940, to select candidates for filling vacancies in the clerical grades in the offices subordinate to the Controller of Broadcasting in Delhi and New Delhi. There are at present only three vacancies but some more are expected to occur during the course of the year. These will also be filled by candidates who qualify in this test.

(b) It was not considered necessary to advertise these posts as a large number of applications had already been received and it was possible for the Controller of Broadcasting to select from these a sufficient number of suitable candidates.

(c) About 400 applications were received and 191 candidates were allowed to appear for the examination. Twenty-five were persons in Government service.

(d) No. The Controller of Broadcasting is competent to make these appointments.

(e) In view of the reply to part (a), this does not arise.

Mr. Muhammad Azhar Ali: As to the answer to part (d), are there any special rules for such procedure? Can the Controller waive such rules without obtaining the approval of the Government of India?

The Honourable Sir Andrew Olow: The specific sanction of the Government is not necessary in such a case.

Mr. Lalchand Navalrai: May I know from the Honourable Member who conducts this examination—the Controller or a Committee?

The Honourable Sir Andrew Olow: I must ask for notice of that question.

EXAMINATION FOR RECRUITMENT OF POSTAL INSPECTORS.

345. *Mr. Muhammad Azhar Ali: (a) Will the Honourable Member for Communications be pleased to state whether the Government of India in the Postal Department have instituted this year a competitive examination for the recruitment of Inspectors?

(b) Is this examination open to candidates who are not already in the postal service; if not, what are the qualifications for admission to this examination?

(c) Is it not a fact that this examination is for qualifying the candidates for admission to the posts of Inspectors and subsequently to the posts of Superintendents?

(d) Is it proposed that the Postal Department will observe the Resolution of 1934 of the Government of India about communal representation? If not, why not?

(e) At what centres were these examinations held?

(f) Was Karachi one of the centres of examination? If not, why not?

(g) Will Railway Mail Service officers be also recruited on the result of this examination?

(h) Have Government fixed a quota for the Muslims in various Provinces? What is the quota for the United Provinces and will this quota be observed in the United Provinces and other Provinces?

(i) Do Government propose to appoint a selection committee to select the candidates from the list of persons who have passed this examination, or will the result be prepared on the numerical marks obtained by the candidates?

Sir Gurnath Bewoor: (a) A competitive examination for the appointment of Inspectors was introduced in 1939 and the first examination was held in December last.

(b) The reply to the first part is in the negative. As regards the latter part, the attention of the Honourable Member is invited to rule 3 of Part II of the Director-General's Special General Circular No. 19, dated the 18th October, 1938, a copy of which has been placed in the Library of the House.

(c) Candidates will be selected for appointment, in order of merit and up to the number required, from amongst those who qualify in the examination. Officials belonging to the cadres of Inspectors of Post Offices

and Railway Mail Service are eligible for promotion to the grades of Superintendents of Post Offices and Railway Mail Service up to the limit of fifty per cent. of vacancies in those grades.

(d) The Resolution mentioned by the Honourable Member does not apply to recruitment by promotion.

(e) A statement giving the names of the centres is laid on the table.

(f) The answer to the first part is in the affirmative. The second part does not arise.

(g) Inspectors, Railway Mail Service, will also be recruited on the result of the examination.

(h) Quotas for Muslims are not fixed by provinces, but by Postal Circles, and are observed when direct recruitment is made. The quota for the United Provinces Circle is 16½ per cent. and this is observed in that Circle, but not in other provinces.

(i) The reply to the first part is in the negative and to the second part in the affirmative.

Statement.

Name of Circle	Names of Centres	Total
Bengal and Assam Circle	Bogra, Berhampore, Chinsurah, Comilla, Dacca, Calcutta, Jalpaiguri, Khulna, Gauhati, Sylhet, Dibrugarh, Port Blair.	12
Bihar and Orissa Circle	Bhagalpur, Calcutta, Cuttack, Muzaffarpur, Patna, Ranchi.	6
Bombay Circle	Bombay, Rajkot, Ahmedabad, Baroda, Poona, Belgaum.	6
Central Circle	Nagpur, Jubbulpore, Indore, Ajmer	4
Madras Circle	Madras, Trichinopoly, Rajahmundry, Bangalore, Calicut.	5
Punjab and N. W. F. Circle	Lahore, Delhi, Amritsar, Rawalpindi, Multan.	5
United Provinces Circle	Agra, Allahabad, Benares, Cawnpore, Lucknow, Meerut, Aligarh, Jhansi, Dehra Dun, Fatehgarh, Fyzabad, Gorakhpur, Naini Tal, Bareilly.	14
Sindh and Baluchistan Circle	Karachi, Hyderabad (Sind), Sukkur, Multan.	4
		56

Mr. Lalchand Navalrai: May I know from the Honourable Member whether in all the Provinces recruitment is done from amongst the officers that are already in the service or also directly, and, if so, to what extent in the Sind Province?

Sir Gurunath Bewoor: As I have already said, it is done from amongst those already in service.

Mr. Lalchand Navalrai: Why is the recruitment restricted to this source and not extended to better material which might be obtained by direct recruitment?

Sir Gurunath Bewoor: These are posts which have always been filled by departmental promotion.

Mr. Lalchand Navalrai: It is not a question of "always", but of "why it is not done hereafter"? In many walks of Government service no doubt they used to do it traditionally, but . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is arguing again.

Mr. Lalchand Navalrai: May I rise on a point of order? I am submitting this. When we put a question, we do also give certain facts and then put a question. If I were to say in the very beginning, "will the Honourable Member say . . .".

Mr. President (The Honourable Sir Abdur Rahim): What is the point of order?

Mr. Lalchand Navalrai: I am asking whether the Chair will allow this that we should always put the question first and then give facts so that the Honourable Member may understand it . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member knows very well, as well as anybody else, that one can argue in the form of a question as well as in any other form.

Mr. M. S. Aney: May I ask one question? Will the Honourable Member say how the results of this examination are published? Are they published in the Gazette of India or elsewhere?

Sir Gurunath Bewoor: They are published by the Postmasters-General in their circulars which are supplied to all members of the staff.

SITUATION IN WAZIRISTAN AND TRIBAL AREAS.

346. *Mr. Muhammad Azhar Ali (on behalf of Dr. Sir Ziauddin Ahmad): (a) Will the Secretary for External Affairs be pleased to state what the general situation in the Tribal Area, particularly in Waziristan, is?

(b) Is it a fact that big military campaigns have been started in the Ahmad Zai salient?

(c) What are the circumstances which necessitated the campaign?

Mr. O. K. Caroe: (a) The Honourable Member is referred to the reply given to the first portion of part (a) of question No. 56C., asked by Mr. Lalchand Navalrai in this House on the 9th February, 1940, to which I have only to add that the Shabikhel Mahsuds have now made their peace with Government, and that since the operations in the Ahmadzai Salient started there has been a diminution of raiding into the settled districts.

(b) No. All that has been undertaken, is a small operation to clear hostile gangs out of the Ahmadzai Salient and establish posts which will prevent the use of this area as a harbourage for raiders. The Ahmadzai Salient is only a small corner of Waziristan, being less than five per cent. of the whole in area, and it is very sparsely inhabited.

(c) The circumstances necessitating the small operation, as has already been explained in the Press, are the continuous raiding which has taken place from the Ahmadzai Salient beginning with the raid on Bannu city in July, 1938. This raiding had produced an intolerable situation in the adjoining portions of Bannu and Kohat districts. The local Maliks and tribesmen in spite of repeated promises have entirely failed to control the situation and the present operations are the only means left to Government of fulfilling their responsibility for the protection of the settled districts.

Mr. Lalchand Navalrai: May I know from the Honourable Member if this tribe, the Ahmadzai, is also committing dacoities and kidnappings in Dera Ismail Khan?

Mr. O. K. Caroe: No, Sir, they live too far from Dera Ismail Khan.

Mr. M. S. Aney: What are the other tribes committing dacoities in Dera Ismail Khan?

Mr. O. K. Caroe: Mostly Mahsuds and Bhitannis. The latter have since made their peace with the Government.

REDUCTION OF TELEPHONE CHARGES FOR THE MEMBERS OF THE LEGISLATIVE ASSEMBLY.

***347. *Lieut.-Colonel Sir Henry Gidney:** (a) Will the Honourable Member for Communications be so good as to inform this House if the installation charge for placing a telephone in an M. L. A.'s quarter is Rs. 10?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member state how this high cost is calculated and what labour, both manual and skilled, is entailed in installing a telephone?

(c) Is the Honourable Member aware, of the fact that for two or three Sessions of the Legislative Assembly which will hereafter be held per annum in Delhi, a Member of the Legislative Assembly will have to pay three separate charges of Rs. 10 for the installation of his telephone, i.e., Rs. 30 per annum?

(d) Is the Honourable Member aware of the fact that a Member of the Central Legislature is charged Rs. 47 each time a telephone is installed in his suite of rooms? Is it proposed to reduce the telephone charges from Members of the Legislative Assembly? If not, why not?

(e) Is the Honourable Member prepared to consider the advisability of levying a daily or a monthly rate from Members of the Legislative Assembly for the use of the telephone? If not, why not?

The Honourable Sir Andrew Olow: (a) Yes.

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

(b) The charge for the installation of a telephone in the premises of a subscriber is uniform all over India for all new connections and has no relation to the cost incurred in giving such a connection in any individual case or class of cases.

(c) Yes, this would be the case if the Member took a new connection each time, and three sessions were held.

(d) The answer to the first part of the question is in the affirmative. This charge includes the rental for a telephone connection for a period of two months. The answer to the second part of the question is in the negative, for reasons indicated in the reply to part (e).

(e) Telephone connections within a radial distance of three miles from an exchange and provided they can be supplied at no appreciable cost, can be rented for short periods at Rs. 2 per day subject to a minimum of Rs. 10 and a maximum of Rs. 30 for the first month and thereafter Rs. 1 per day. No installation fee is charged for such casual connections. It is open to the Members of the Legislative Assembly to avail themselves of this rate.

GRADUATE ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

***348. *Maulana Zafar Ali Khan:** (a) Will the Honourable the Communications Member please state whether it is a fact that under the Home Department ruling none but graduates are entitled to appear at the examination for First Division Assistantship?

(b) Will Government kindly state how many Assistants in the office of the Director General of Posts and Telegraphs fulfil the conditions stated in part (a) above?

Sir Gurunath Bewoor: (a) A candidate for admission to the examination for the recruitment of Assistants must have passed the written examination for obtaining a university degree or a Cambridge Higher School Certificate.

(b) 25.

NON-ROTATION OF DUTIES AMONG ASSISTANTS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

***349. *Maulana Zafar Ali Khan:** (a) Will the Honourable the Communications Member please state whether it is a fact that post office clerks, sub-postmasters and Superintendent's Head Clerks are not allowed to remain in the same post or in the same station for generally more than three years?

(b) Will Government kindly state why the above principle of rotation is not observed in the office of the Director General of Posts and Telegraphs, specially among the Assistants?

(c) Has the attention of Government been drawn to the article under the caption "Non-Rotation of Duties among Assistants in the P. & T. Directorate" published on page 4 of the *Young Muslim* dated the 9th February, 1940, suggesting certain names of Assistants who are in immediate need of rotation?

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

(d) Do Government propose to ensure that the principle of rotation is observed among the Assistants?

The Honourable Sir Andrew Olow: (a) The fact is not exactly as stated by the Honourable Member except in the case of sub-postmasters. No condition of rotation after a fixed period has been prescribed in respect of post office clerks in general but clerks employed in certain branches are changed after certain periods which vary according to the nature of duties performed in those branches. Head Clerks to Superintendents are generally transferred after four years' tenure.

(b) The reason is that the nature and conditions of work in the Director General's Office are wholly different from those in post offices and compulsory change of duties at fixed intervals would not be conducive to efficiency. But the desirability of giving a change of work to Assistants at intervals is recognised.

(c) Yes.

(d) Government do not consider that any system of obligatory rotation is desirable; but the Director General will examine the cases of Assistants who have spent considerable periods on the same duties with a view to making such changes of duty as are expedient.

ATTACK ON ISA KHEL BY TRIBAL RAIDERS.

350. *Bhai Parma Nand: (a) Will the Secretary for Foreign Affairs be pleased to state whether the attention of Government has been drawn to the press report that the tribal raiders of the North-West Frontier Province, who recently attacked Isa Khel, District Mianwali, have again sent letters to the residents of Isa Khel threatening that they will again attack the town in order to wreck vengeance for the death of their bandit companions?

(b) If the answer to part (a) be in the affirmative, what steps do Government propose to take for the safety of the town?

(c) Is it not possible to have a permanent military post at Isa Khel?

Mr. O. K. Caroe: (a) Yes.

(b) The Police force at Isa Khel has been greatly reinforced, and defence measures generally have been improved.

(c) No. The responsibility for the local security of Isa Khel normally rests with the Civil authorities of the Punjab, who are in a position to ask for military aid when their resources appear unlikely to be adequate to deal with any particular situation.

I should add that in connection with the raid on Isa Khel troops were in fact requisitioned by the Provincial Government, and were immediately provided.

Bhai Parma Nand: Did they reach in time to protect them?

Mr. O. K. Caroe: They did not reach in time to repel the raid on Isa Khel, but the villagers of Isa Khel put up an extremely stout resistance. They were called in to comb the hills in the neighbourhood of Isa Khel.

Mr. Lalchand Navarai: Why did the troops not reach in time? Was it due to the fact that they were called late?

Mr. O. K. Caroe: I imagine that the raid was not anticipated in time to get troops to the spot.

COMPLAINT BOOKS AT RAILWAY STATIONS.

351. *Bhai Parma Nand: Will the Honourable the Railway Member be pleased to state whether Government are prepared to place complaint books at principal railway stations for the public to record their complaints against the railway officers?

The Honourable Sir Andrew Olow: Complaint books are already provided at important stations.

RAILWAY FACILITIES FOR RELIEF OF PEOPLE IN FAMINE-STRIKEN AREAS IN THE PUNJAB.

352. *Bhai Parma Nand: Will the Honourable the Railway Member be pleased to state whether any facilities were granted by the Railway Department for the relief of the people in famine stricken areas in the Punjab or elsewhere? If so, what are they?

The Honourable Sir Andrew Olow: Railways, when requested to do so by Provincial Governments, have introduced special rates for the transport of fodder to famine-stricken areas. I would refer the Honourable Member to the statement showing these concessions on the broad, metre and narrow gauges, which was laid on the table, in reply to Mr. T. S. A. Chatter's starred question No. 757 of the 28th February, 1939. In imposing the recent enhancements of freight, an exception was made in favour of fodder and manures.

COMPLAINTS AGAINST THE HINDU VENDING CONTRACTOR FOR FRUITS AND CIGARETTES AT THE DELHI RAILWAY STATION.

353. *Mr. H. M. Abdullah: (a) Will the Honourable Member for Railways please state whether it is a fact that serious complaints have been made against the Hindu vending contractor for fruits and cigarettes at Delhi Junction?

(b) Is it a fact that the said contractor was fined during the month of October 1939 by the D. C. O., Delhi Division, for selling fruits of inferior quality?

The Honourable Sir Andrew Olow: (a) I understand that three minor complaints were received during 1939.

(b) Yes, but the fine was subsequently cancelled on appeal.

Mr. Lalchand Navarai: With regard to clause (a), is it not a fact that there was only one vending contractor for fruits and now that there are two contractors, there is so much disturbance between them? Is the Honourable Member aware of that?

The Honourable Sir Andrew Olow: I am not aware of that.

DIVIDING OF CERTAIN VENDING CONTRACTS ON COMMUNAL BASIS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

354. *Mr. H. M. Abdullah: (a) Will the Honourable the Railway Member please state whether it is a fact that in 1935 orders were passed by the Railway Board for dividing the betel leaves, matches, cigarettes, bidis and nuts vending contracts on communal basis between Hindu and Muhammadan contractors?

(b) If so, have those orders been carried out at all stations in the Delhi Division?

The Honourable Sir Andrew Olow: (a) No.

(b) Does not arise.

ARRANGEMENTS FOR VENDING AERATED WATERS TO MUSLIMS AT THE DELHI RAILWAY STATION.

355. *Mr. H. M. Abdullah: Will the Honourable the Railway Member please state whether any arrangements exist at present for vending aerated drinks to Muhammadans by a Muhammadan contractor at Delhi Junction platforms and passengers hall, and, if not, why not? Is it proposed to make some arrangement in the near future, and, if not, why not?

The Honourable Sir Andrew Olow: I am having enquiries made and hope to lay a reply on the table of the House shortly.

MUSLIM HAWKERS AT THE DELHI RAILWAY STATION.

356. *Mr. H. M. Abdullah: (a) Is the Honourable the Railway Member aware that the number of Muhammadan hawkers at the Delhi Junction is 25 as against 75 Hindus?

(b) If so, will he be pleased to account for this disparity?

The Honourable Sir Andrew Olow: (a) I am not aware of the communal distribution of the vendors.

(b) This does not strictly arise but as I stated in reply to part (a) of the Honourable Member's question No. 354, the Railway Board did not issue orders directing that vending contracts should be distributed on a communal basis.

UNSTARRED QUESTIONS AND ANSWERS.

BATHING ARRANGEMENTS FOR THIRD CLASS PASSENGERS ON THE NORTH WESTERN RAILWAY.

66. Mr. Lalchand Navalrai: (a) With reference to the reply to parts (a) and (c) of my starred question No. 1005, dated the 18th March 1939, laid on the table of the House on 6th February, 1940, will the Honourable the Railway Member be pleased to state why no bathing arrangements have been made on the North Western Railway for third class passengers?

(b) In view of the fact that bathing arrangements exist at many stations on other State-managed Railways, do Government propose to provide similar arrangements at stations on the North Western Railway? If not, why not?

The Honourable Sir Andrew Olow: (a) I understand that bathing arrangements exist at Delhi and a design for the provision of suitable bathing compartments at Lahore is under consideration.

(b) The attention of the North Western Railway Administration had already been drawn to the absence of bathing facilities and my reply to part (a) indicates that action is being taken.

REFUND OF OVERDRAWALS BY CERTAIN EMPLOYEES ON THE NORTH WESTERN RAILWAY.

67. Mr. Lalchand Navalrai: (a) With reference to the reply to my starred question No. 1537, regarding refund of overdrawals by certain employees on the North Western Railway, laid on the table of the House on 6th February, 1940, will the Honourable the Railway Member please state why full amount of the deductions made has not been refunded?

(b) Did the North Western Railway Administration obtain opinion of the Supervisor of Railway Labour, whether the deductions referred to in part (a) above were legal within the provisions of the Payment of Wages Act? If so, was the reply to the effect that the deductions would be illegal?

(c) Do Government, in view of the Supervisor, Railway Labour's opinion, propose to refund the full amount? If not, why not?

The Honourable Sir Andrew Olow: (a) Because the amounts deducted represented overpayments.

(b) I would refer the Honourable Member to my reply to parts (b) and (c) of his question No. 281 asked on 22nd September, 1939.

(c) In view of my reply to part (b) this does not strictly arise; but no further action is contemplated.

DISPOSAL OF REGISTERED ARTICLES BY BRANCH POST OFFICES.

68. Mr. N. M. Joshi: (a) Will the Honourable the Communications Member be pleased to state whether recently all the Branch Offices, departmental or extra-departmental, have been authorised to accept registered articles of the letter and parcel mail direct, independent of their account offices?

(b) If so, what is the cost of printing of vernacular registered and parcel lists and journals and in how many languages are those printed?

(c) What is the cost of supplying number slips and name stamps to the Branch Offices?

(d) What is the number of Branch Offices which book more than 50 registered articles of the letter or parcel mail per month?

(e) Is it proposed to restrict the authorisation to Branch Offices booking more than 50 articles of each class per month?

(f) Is it a fact that the measure referred to in part (e) above is taken to save waste of labour and stationery?

(g) If not, what is the intention of the Department in authorising the Branch Offices which book less than 50 articles per month?

The Honourable Sir Andrew Olow: (a) The orders are that all branch postmasters, departmental or extra-departmental, should ordinarily be authorised to perform registration and parcel work (excluding insurance

and value payable) independently of their account offices, but in special cases, where the Divisional Superintendent concerned considers that an extra-departmental branch postmaster cannot be relied upon to perform the work properly he should not be so authorised.

(b), (c) and (d). The information is not readily available and cannot be collected without an undue expenditure of time and labour.

(e) No.

(f) This measure is not being taken.

(g) The intention in making the change is to expedite the transit of registered letters and parcels as well as to save labour by obviating duplication of work in the accounts offices.

INSTRUCTIONS RE GRANT OF EXTENSIONS OF SERVICE IN THE BOMBAY POSTAL CIRCLE.

69. Mr. N. M. Joshi: Will the Honourable the Communications Member be pleased to state:

(a) whether Government are aware that Rule 421 of the Bombay Civil Service Rules of the Bombay Government provides that extensions of service beyond superannuation will be given to the officers in their own grades and that they will not be entitled to promotions in higher cadres;

(b) whether similar provision was introduced by the Postmaster General, Bombay, on the ground that the officers after superannuation, if not already tried in the higher grades, will be considered as unfit for that higher grade, although they may be fit in their own grade because of their having worked in that grade;

(c) whether the provision referred to in part (b) was recently cancelled under instructions from the Postmaster General, Bombay; and

(d) whether Government propose to re-impose the same for all central services to secure efficiency of service?

The Honourable Sir Andrew Clow: (a) The relevant rule is rule 165 of the Bombay Civil Services Rules, which provides *inter alia* that "without the previous sanction of Government no promotion, whether acting or substantive, in a permanent or temporary establishment should be given to a Government servant who is under extension".

(b) An order was issued by the Postmaster-General, Bombay Circle, in January, 1939, to the effect that men on extension should not be considered eligible for any promotion, whether acting or permanent.

(c) The order referred to in part (b) was cancelled by the Postmaster-General, Bombay Circle, in June, 1939.

(d) No. An extension of service is granted to an officer only on public grounds and only if he continues to be fit and efficient.

POST OFFICES IN THE BOMBAY POSTAL CIRCLE.

70. Mr. N. M. Joshi: Will the Honourable the Communications Member be pleased to state:

(a) the number of Post Offices in the Bombay Circle;

(i) with four clerks and a Postmaster; and

(ii) with five clerks and a Postmaster;

(b) whether it is a fact that offices mentioned in part (a) above are required to be in charge of a selection grade Postmaster; and

(c) if the reply to part (b) be in the affirmative, how many of each kind are in charge of selection grade Postmasters, and what steps are being taken to sanction the required selection grade appointments in respect of (i) and (ii) referred to in part (a) and when they would be sanctioned?

The Honourable Sir Andrew Clow: (a) (i). 12.

(ii) 15.

(b) No. The general principle followed, subject to funds being available, is that where post offices have not less than five clerks and a postmaster, the postmaster should be in the selection grade.

(c) (a) (i). None.

(a) (ii). Five.

The question, in relation to post offices with not less than five clerks, is one for the consideration of the Postmaster-General in the first instance, and a copy of this question and answer will be sent to him.

SUPPLEMENTARY RESULT OF EXAMINATION FOR RECRUITMENT OF CLERKS IN THE BOMBAY POSTAL CIRCLE.

71. Mr. N. M. Joshi: Will the Honourable the Communications Member be pleased to state:

(a) whether it is a fact that in Bombay Postal Circle a supplementary result of the recruitment examination for clerical cadre held in October, 1938, was published a year after, in October, 1939, and that a second supplementary result was published in January, 1940;

(b) what steps have been taken to protect the rights of sons and dependents of the Post Office employees for whom a reservation is provided and who may exceed the age limit on account of non-holding of the said examination in 1939 and declaring supplementary results in 1939 and 1940;

(c) what is the number of officials below clerical cadres in the Bombay Circle who have completed five years permanent service or 28 years of age in October, 1939, and who are also matriculates of the Bombay University; and

(d) whether the subordinates referred to in part (c) above have a reservation of 50 per cent. of the clerical posts and if so, whether the Director General of Posts and Telegraphs proposes to take them up immediately in the clerical cadre subject to their passing the prescribed test, to compensate them for their loss in non-holding of the recruitment examination in 1939 and declaring supplementary results in 1939 and 1940; and if not, why not?

Sir Gurnath Bewoor: (a) Yes.

(b) The rights of sons of the post office employees for whom a reservation is provided were not injured by the announcement of the two supplementary results as the number of candidates selected did not exceed the number originally advertised. There is no reservation for the dependents of post office employees other than sons and daughters. No examination was held in 1939 as there was a sufficient number of qualified candidates available to fill all the anticipated vacancies during 1940.

(c) The information is not readily available and its collection would involve an undue expenditure of time and labour.

(d) As regards the first part, the position is not exactly as stated by the Honourable Member. Fifty per cent. of vacancies in certain cadres are reserved for departmental employees who have had five years' substantive and unblemished service and who appear and qualify in the prescribed examination by obtaining the minimum number of marks. The latter part of the question does not arise.

GRIEVANCES OF MUSLIMS IN THE MORADABAD DIVISIONAL OFFICES ON THE EAST INDIAN RAILWAY.

72. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please state:

(a) whether he has received a copy of Memoranda Nos. 1, 2 and 3 from the East Indian Railway Muslim Employees' Association, Moradabad;

(b) if the reply to part (a) be in the affirmative, the action taken to enquire into each item of complaint contained therein;

(c) if the reply to part (a) be in the negative, the reasons for not enquiring into each item of those complaints; and

(d) the steps taken to provide for Muslim quota in the establishment Section of the Moradabad Divisional Office on the East Indian Railway; if no steps have been taken, why not?

The Honourable Sir Andrew Clow: (a) I have seen copies of memoranda Nos. 1 and 2, but I have not been able to trace receipt of memorandum No. 3.

(b) No action has been taken.

(c) Because it is open to any employee who considers that he has received inequitable treatment to make a representation to the proper authority in the proper way; I would add, however, that an officer has been appointed on special duty to look into certain matters regarding communal representation, and it is contrary to the principles adopted by Government to deal with allegations of this character put forward by unrecognised unions.

(d) There is no Muslim quota fixed for an individual office of this kind; but Government have brought to the notice of General Managers of State-managed Railways the necessity for ensuring that no particular community are handicapped by the undue preponderance of any one community in the Establishment Branches of Railway offices.

COMMUNAL COMPOSITION OF CERTAIN STAFF IN THE MORADABAD DIVISIONAL OFFICES ON THE EAST INDIAN RAILWAY.

73. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please lay a statement of Muslims, Hindus, Europeans, Anglo-Indians, Parsis, Indian Christians, Sikhs, Jains and other communities employed in the various sections of the Divisional Office, Moradabad, on the East Indian Railway showing the strength of each community and the grades of pay in each class of:

(a) Transportation Inspectors (Movement, Traffic, Commercial, Stock, Power respectively);

(b) Chief Controller, Deputy Controllers, Section Controllers and Assistant Controllers;

(c) Drivers, Firemen, Shunters, Cleaners;

(d) Station Masters, Assistant Station Masters, Yard Masters, General Supervisors, Yard Foremen;

(e) Chief Booking Clerks, Chief Parcel Clerks, Chief Goods Clerks; and

(f) Inspectors and Assistant Inspectors of the Engineering Department (Permanent Way, Block, Works and Signals)?

The Honourable Sir Andrew Clow: (a) to (f). With the exception of Controllers, none of the classes of staff referred to by the Honourable Member is employed in sections of the Divisional Office, Moradabad. With regard to Controllers, such information as is available to Government is contained in the Classified List of Subordinate Staff of all Departments on scales of pay rising to Rs. 250 and above, corrected up to 30th September, 1939, for the East Indian Railway, a copy of which is in the Library of the House.

COMMUNAL COMPOSITION OF CERTAIN STAFF RECRUITED BY THE DIVISIONAL SUPERINTENDENT, EAST INDIAN RAILWAY, MORADABAD.

74. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please state the number of Muslims, Hindus, Sikhs, Parsis, Jains, Anglo-Indians, Europeans, Indian Christians and other communities recruited against permanent vacancies since June 1934 by the Divisional Superintendent, East Indian Railway, Moradabad, in the following categories:

(a) ministerial establishment,

(b) superior establishment, and

(c) inferior establishment?

The Honourable Sir Andrew Clow: No superior establishment is recruited by the Divisional Superintendent. I regret it is not possible for Government to undertake the researches necessary to obtain the information required by the Honourable Member over these years for ministerial and inferior establishment. The communal returns submitted to Government do not show recruitment by divisions but by departments and ministerial staff are not shown separately.

COMMUNAL COMPOSITION OF TEMPORARY EMPLOYEES IN THE MORADABAD DIVISION OF THE NORTH WESTERN RAILWAY.

75. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please state the strength of temporary employees (Muslims, Hindus, Sikhs and Indian Christians) maintained in the temporary panel of 1936 and *Kumbh Mela* panel, and how many from each category have been provided by now with permanent posts by the Divisional Superintendent, East Indian Railway, Moradabad?

The Honourable Sir Andrew Olow: A statement is placed below giving the information required by the Honourable Member.

Statement.

	Muslims.	Hindus.	Sikhs.	Indian Christians.
Staff on temporary panel on Moradabad Division 1936.	26	85	1	Nil.
Staff on temporary panel on Moradabad Division 1936 absorbed in permanent posts.	24	81	1	Nil
Staff on temporary panel for <i>Kumbh Mela</i> on Moradabad Division 1938.	76	192	1	8
Staff on temporary panel for <i>Kumbh Mela</i> on Moradabad Division 1938 absorbed in permanent posts.	Nil	Nil	Nil	Nil

SUSPENSION OF STAFF IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

76. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please state the number of persons placed under suspension during the preceding five years in Moradabad Division on the East Indian Railway, the nature of punishments inflicted on them and the payments of wages made for the period of suspension?

The Honourable Sir Andrew Olow: I regret that I cannot undertake the research necessary to secure this information; but if the Honourable Member has any particular recent cases in view regarding which he desires information, I shall endeavour to secure it.

HARASSMENT OF VENDORS AT THE AMBALA CANTONMENT AND DELHI RAILWAY STATIONS.

77. Mr. M. Ghiasuddin: Will the Honourable Member for Railways please state:

- (a) whether Government are aware that vendors are now and then harassed by the staff at Ambala Cantonment and Delhi Railway Stations on the North Western Railway;

- (b) whether Government are aware that that harassment causes great inconvenience to travelling public; and

- (c) the steps taken to prevent harassment; if no steps have been taken, why not?

The Honourable Sir Andrew Olow: (a) and (c). I am having enquiries made and hope to lay a reply on the table of the House shortly.

- (b) No.

PUBLICITY OF THE PROCEEDINGS OF THE MEETINGS OF THE SELECT COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): Mr. F. E. James has drawn* my attention to the fact that certain decisions purporting to have been arrived at by the Select Committee on the Excess Profits Tax Bill had been published by a press agency and appeared in a number of newspapers and had even been broadcast by the Government of India from the All-India Radio Station in Delhi several days before the Select Committee presented its report to the House. The Honourable Member has asked me to give explicit directions in the matter and to put beyond any doubt the position of the Members of the Select Committee and the confidential nature of their proceedings and clear up any doubts that may have arisen in this connection from some previous rulings of the Chair. I was rather surprised at the statement made by Mr. James and wanted to find out how such widespread violation of an important privilege of the House had occurred. There seemed to me some force in the explanation suggested by the Honourable Member, though the real position is quite simple.

When the Legislative Assembly appoints a Select Committee, it directs the Committee to report its conclusions to the House itself and it has been always understood that the proceedings of such a Committee are entirely confidential, so that what transpired during the deliberations of the Committee cannot be discussed even on the floor of the House. The press and the public are not admitted to the meetings of a Select Committee and it has never been doubted that it is a breach of privilege to publish the Committee's report before it has been presented to the House. It is laid down in May's Parliamentary Practice (page 482):

"Both as a breach of the Commons' privileges and pursuant to the Resolution of the House forbidding the publication, no Member, or any other person, may publish any portion of the evidence taken by, or documents presented to Select Committees, which have not been reported to the House; and this rule extends equally to the report of a Committee before it has been presented to the House."

I find, however, that on the 14th April, 1934, Sir Shanmukham Chetty, in explaining the position, used the following words in one passage of his ruling:

"It is essential that the press should not give publicity to detailed reports of the proceedings of a Select Committee until that report had been actually presented to the House."

It has been hinted that these words may have given rise to a misunderstanding and created an impression to the effect that while publication of a *verbatim* or detailed report of the proceedings of a Select Committee would constitute a violation of the privilege of the House, no such ban is placed upon publication of the *gist* or substance of the proceedings

*Vide pages 912 and 979 of these debates, dated the 5th and 6th March, 1940, respectively.

[Mr. President.]

of a Select Committee or of some of its decisions in anticipation of the presentation of its report. Such a notion, if entertained by anyone, is wholly unfounded. Sir Shanmukham Chetty's observations must be taken to have been confined to what had happened in the particular case on which his ruling was sought and where the offending publication was a detailed report of the Select Committee concerned. The privilege of the House covers the entire proceedings of a Select Committee and it is equally a breach of that privilege whether the proceedings or the report of a Select Committee are published *verbatim* or in detail or only a summary or selected portions of its proceedings or of its report is published before it is presented to the House. It is not permissible to a Member of the Select Committee or to any one who has access to its proceedings to communicate directly or indirectly to the press any information regarding its proceedings including its report or any conclusion supposed to have been arrived at finally or tentatively before the report has been presented to the House. It is equally expected of the Press to co-operate with the House in this matter and to abstain from publishing such information from whatever source it may have been received.

I trust this makes the position quite clear and will help to remove any doubt that might have arisen on the subject. In this case, as I have indicated, there has been a gross breach of the privilege of the Assembly and, that being so, it would ordinarily be incumbent on the Chair to take such appropriate and adequate action as is available against those who have offended. After anxious consideration, however, I have come to the conclusion that I should not take any further action in the matter, since it is possible that those who supplied the information in this case and those who published it might not have fully realised the exact scope of the privilege of the House in this connection and might possibly have been misled by certain words in the ruling of my predecessor already referred to. I would, at the same time, express a hope that what has happened is in no way due to the fact that the Indian Legislative Assembly has not been vested with the same plenary powers to deal with offences of this character as the British Parliament possesses.

The Honourable Sir Andrew Olow (Member for Railways and Communications): Sir, I would like to express my regret that All-India Radio was one of the organisations which disseminated the substance of the message received from this Agency.

THE GENERAL BUDGET—LIST OF DEMANDS—concl'd.

SECOND STAGE—concl'd.

DEMAND NO. 12—EXECUTIVE COUNCIL—concl'd.

Mr. President (The Honourable Sir Abdur Rahim): The European Group will now move their cut motion. The Chair understands they want to move motion No. 54 on the final list.

Taxation Policy of Government.

Mr. T. Chapman-Mortimer (Bengal: European): Sir, I move:

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

In and out of season the Congress Party in this House and their press in the country are never tired of telling us that the financial policy of the Government of India follows no plan; or, alternatively, that in so far as it does follow a plan, that plan is to further the interests of England at the expense of the interests of India. They go on to say that the financial policy results in an unfair burden being placed on the poorest classes, leaving the wealthier classes comparatively lightly hit. Finally, they say that that policy is damaging to the trade and industry of the country.

Now, Sir, at a time such as this when the Congress threatens once more to throw this country into turmoil claiming as they do that they alone have the right to speak on behalf of India and to settle the future of the Constitution, it seems to me to be of great importance that this House should express its views on the financial policy that has been so consistently attacked by the Congress Party. I should like to draw the attention of the House to the nature of their propaganda directed against this financial policy. Long before Hitler discovered that by the constant repetition of inaccurate statements people come to believe—or a large section of people come to believe—that there is some truth or substance in these statements, the Congress had made use of this idea. As an example,—I can quote many examples, but one will suffice,—last year the Government of India decided to increase the duty on imported cotton. The Congress Party in this House and their press throughout the country endeavoured to suggest that that was not only a burden, and an unfair burden on a heavily protected industry, but also—it is almost laughable to think of it—a damaging blow aimed at the producers of Indian cotton.

Sir Abdul Halim Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Is it the cotton producer or the cotton mills?

Mr. T. Chapman-Mortimer: My Honourable friend may well ask me whether it was the cotton producer or the cotton mills. The Congress propaganda was such as to suggest that it was not only on the mills but also on the producers. The intention of the Government in imposing this increased duty was to safeguard these producers from the activities of those who took advantage of the enormous stocks of American cotton that were at that time flooding the world markets to depress the price of cotton for the agriculturists all over northern India. The Congress Party which had in the past told us that higher and higher protective duties were essential for the development of this country's industries at once adopted a different tone. They said in this case that such a duty was a bad thing.

Now, Sir, I consider this a very good example of Congress propaganda

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): I rise to a point of order, Sir. The Honourable Member has not at all been speaking on his motion. He is constantly referring to the Congress Party and their activities last year which has nothing to do with the motion before the House.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member obviously wants to show that a certain kind of propaganda which admittedly has relation to the taxation policy of the Government is not justified.

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LEGISLATIVE ASSEMBLY

[12TH MAR. 1940]

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I rise to a point of order. Can the Honourable Member attack the Congress whose members are not present here in this House? The Congress Party are being condemned in their absence.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member is attacking any individual or any Member of the House who is absent. He is merely impugning the policy of a large political body.

Sir Abdul Halim Ghuznavi: Is not the Honourable Member, Mr. Lalchand Navalrai, part of the Congress?

Mr. Lalchand Navalrai: Ask yourself whether you belong to the Muslim League?

Mr. T. Chapman-Mortimer: I will leave the Congress. I only referred to the point to show that the Congress Party have consistently misrepresented the financial policy of the Government of India. They have represented it to be what in my opinion it is not. I propose to examine that policy now from four points of view. First of all, has it been in the interest of India. That is the acid test which Mr. Gandhi applies and quite rightly applies to his judgment of the policy pursued in this country. Secondly, has it strengthened the financial position of the Central Government, not only of that Government but also of the Provincial Governments that are so largely dependent upon it for very considerable sums of revenue. Thirdly, has it spread the burden of taxation evenly and fairly over all sections of the community? Fourthly and lastly, what has been its effect on trade and industrial development of India?

In regard to the first point, I believe, and we on these Benches all believe that no impartial critic will deny that the policy pursued by the Government of India during the last eight years has been wholly in India's interests. There is no country in the world that since the great financial depression of 1931 has made such a remarkable recovery as India. In the beginning of 1932, the whole basis of the financial structure at the Centre was undermined and threatened. Today thanks to the policy of successive Finance Members, a very different picture is before us. The position of the Centre has been completely restored and, in addition to that, enormous sums—crores of rupees—are surrendered annually to enable the Provincial Governments to carry on their administration. For three years, we have had Governments responsible to Provincial Legislatures functioning in this country. These Provincial Governments, though no one would suggest that they have ample resources, at all events are a great deal better off than they would otherwise have been had the Government of India not pursued the financial policy that they have pursued.

I turn now to the question of the spread of the burden of taxation. Has it been evenly and equitably spread over all sections of community? I have referred to the strengthening of the financial position. That has been achieved without any increase on these three or four main heads of Central taxation that press most severely on the poorest classes. In regard to the middle classes, the whole policy of my Honourable friend's predecessor was directed to shift the burden of direct taxation, partially at least, from the shoulders of those less able to bear it to the shoulders of those better able to bear it. For example, in the Income-tax Amendment Act and by raising the free minimum from Rs. 1,000 to Rs. 2,000, as well as in various other ways, the Government of India quite

definitely shifted the burden of taxation to some extent from the middle classes on to the shoulders of the wealthier classes. We all know that the middle classes in this country are not only heavily hit by direct taxation but they are also the people who most suffer through indirect taxation arising from protective tariffs, revenue duties, excises and so on.

In this connection, there is a very close relation between the Central Excises and the sales taxes that are now being imposed by many Provincial Governments. In doing this, that is to say, in shifting the burden to some extent from the middle classes, the whole policy of the Government of India has been designed to strengthen the social and economic structure of the State. But they have done this also in another way. They have firmly refused, notwithstanding strong propaganda from certain quarters, to resort to a policy of taxation by loans. They have all along believed in the policy of balanced budgets.

The Honourable the Finance Member told us the other day that it can never be a sound policy to spend beyond your means. What I should like to hear from him today would be a slight development of that very point. I should like him perhaps to take up the time of the House for a few moments by explaining how it is that failing to balance your budget and resorting, therefore, to large loans you are tending to shift back the burden of taxation from the wealthier classes on to the shoulders of the middle classes and the cultivator. In regard to excises also a good many crores of revenue is dependent on these Central Excises, and I should like to hear from the Honourable the Finance Member what steps he is taking to protect these excises against inroads from sales taxes imposed by the provinces. I refer not only to existing excises but the excises that the Honourable the Finance Member may have to impose to find money to off-set the certain loss of revenue that will arise as the war progresses. By "revenue", of course, I mean the revenue duties on imported articles.

And here I come to the effect of Government's taxation on the trade and industrial development of the country. We all know that here, as in other directions, the Congress cry has been that the Government policy so far from being designed to assist trade and the development of industry has been designed to damage Indian industry and to help British goods imported into this country. Now, Sir, whatever may have been the case over one or two famous instances in the past no one, with any sense of fairness, can make such a charge today, against Government. The whole of their policy has been directed along lines wholly in the interests of the development of Indian industry. The Congress also says that the Finance Members of the Government of India do not pay sufficient regard to the broad background of industrial development. I suggest that that is a very unfair charge. Since discriminating protection was adopted by the Government of India that is an aspect of the background that we must never overlook in criticising their policy, because as a result of that protection they have lost many crores of revenue. As a result of that protection also, of course, they have gained many crores of revenue from income-tax, and otherwise, derived from the industries so protected.

The Honourable the Finance Member has warned us that as this war progresses and as the war on sea is intensified he is likely to be faced with danger of a serious falling off in his revenue duties. It is, therefore, very

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important that the Government of India, and, in particular, the Honourable the Commerce Member should consider how they propose to develop industry in this country or to encourage its development during the time of war. One of the recommendations of the Fiscal Commission was that industries necessary for national defence, in the widest sense, should be encouraged and I should like to hear the Commerce Member's views on this point. But in addition to that we should like to know what steps Government are taking to plan for what is going to happen *after the war* to industries that have come into being *during the war*. Stability in industry is of very great importance not merely to industry itself but to the whole country. On the occasion of the last war very unstable conditions arose after the war and we should like to know what Government propose to do in this regard at this time. We should also like to know what steps they propose to take to maintain and strengthen the existing import trade, threatened as it certainly will be by the war on sea. In this connection it is perfectly clear that they can mainly do this by encouraging trade with the United Kingdom. No one in this Group would suggest for one moment that to encourage the import trade of India any of the great industries in this country should be damaged. On the contrary we also fully support the idea that these great industries should be developed and encouraged in every possible way. But what I do suggest is that in view of the great importance to the Finance Member of the revenue he derives from revenue duties he and his Colleagues should take every step that they can to secure that imports are maintained at this time.

Pandit Lakshmi Kanta Maitra: Now the cat is out of the bag.

Mr. T. Chapman-Mortimer: It is not only in Government's interest, but it is also in the interest of exporters such as come from my Honourable friend's own province. How can the Bengal cultivator secure the benefits derived from jute exports if there are insufficient imports to off-set exports? How is the Bengal cultivator going to get a decent price for his jute?

Pandit Lakshmi Kanta Maitra: The cultivator gets nothing.

Mr. T. Chapman-Mortimer: My Honourable friend suggests that the Bengal cultivator gets nothing. All I can say is that his views are entirely contrary to the views of all those in the province who have any knowledge of the circumstances of the province.

Now, Sir, we should like to know what Government's views are on that point—the maintenance of imports—and also in regard to the encouragement of export trade generally. Exports, as I have said, obviously cannot be encouraged if the import trade is not going to be maintained. So that on both these points we should like to have Government's views. We should like to know also what they think about such matters as export licenses. Accurate information regarding Government's policy in regard to such matters at this time is of very great importance to all traders. We should like to hear from the Commerce Member in a few brief sentences the basic principles that determine the granting of these licenses.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more.

Mr. T. Chapman-Mortimer: Finally, I should like to hear from the Honourable the Finance Member what steps he is taking in consultation with the Provincial Governments to protect industry from the two shearers who approach it from either side—the Finance Member of the Government of India and the Finance Members of the provinces,—each seeking to shear that rather fat lamb; let us hope, to shear it not too closely that it may die of cold! 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."

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I heard with great interest the speech of my Honourable friend, Mr. Chapman-Mortimer. He has been diffident in giving expression to his own views but he has invited the Commerce Member and the Finance Member to state the steps which they propose to take on various measures mentioned by him. As I stated on the General Discussion of the Budget, I agree with the Finance Member on four points. Firstly, that the budget deficits should not be met by loan but should be met by taxation. Secondly, that taxation should be levied as far as possible on the rich and the middle classes, and the poor should be avoided altogether. The third point is about the repatriation of the sterling loan and the fourth, which I noted with great satisfaction, is the programme of ways and means resulting in strengthening the position of the rupee in the world market.

The taxation policy of Government is really based on the Fiscal Commission's Report, which was written in 1922. But four important factors have since occurred and the whole policy, therefore, requires thorough revision and investigation. These four factors are: (1) the collapse of the monetary system of several countries, resulting in the introduction of the barter system. Many countries have got no money to pay and they can only barter their goods. (2) the high tariff walls initiated by smaller countries in Europe and, afterwards, imitated by bigger countries and even by free trade countries. (3) the introduction of combines and monopolies of sale on a very large scale, which was mentioned in the Fiscal Commission's Report. Warning was given at that time but now it is freely exercised in this country. The incidence of taxation by this system falls entirely on the consumers. (4)—and this is very important—the chaotic conditions introduced by the Act of 1935 in not clearly defining the sphere of Central and Provincial Governments in matters of taxation. I will give a few illustrations to prove this.

My first illustration is the subject which Mr. Chapman-Mortimer took—petrol. This unfortunate commodity is one which every person who has the power to tax lays his hands upon. We have the Central Government levying a duty of 10½ annas per gallon; and it is further being taxed by the Central Government by two annas a gallon. The Provincial Governments also levy a duty of two annas per gallon in the form of Sales Tax. The local bodies also levy a certain kind of duty in the name of Vehicle Tax. The second example is sugar. I shall not discuss it in detail now as I shall discuss it later on on the Finance Bill. I merely wish to say now that the action of the United Provinces Government and the Bihar Government has created a vicious circle. We really gave protection to the industry but the action of the Provincial Governments has transferred that protection

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from the industry to the sugarcane growers. The third illustration is income-tax. The Government of India levy taxation under the name of income-tax super-tax, Excess Profits Tax and other names. Now, the provinces have come forward and levied a duty on the same income under different names: Profession Tax, Employment Tax and some other names. There is also confusion about the House Tax. The House Tax was always the exclusive privilege of the Central Government, but what do we find in Bombay? The Provincial Government is trying to collect more money from this source called, Property Tax.

Babu Bijnath Bajoria (Marwari Association: Indian Commerce): When did the Central Government put on a House Tax?

Mr. N. M. Joshi (Nominated Non-Official): This is news to us, that the House Tax was a Central Tax!

Dr. Sir Ziauddin Ahmad: Confusion between local bodies and Provinces. I think there ought to be simplification on this point. There ought to be a more clearly defined jurisdiction of the powers of the Central Government and the Provincial Governments as also of local bodies in this matter. A fourth illustration I will take is the proposed cess on agricultural products. This is really an encroachment on the powers of the Provincial Governments. A cess, if any, ought to be levied by Provincial Governments. It is they who ought to decide whether any commodity needs any kind of Central Research and they ought to contribute from their own funds. I have given these illustrations to show the necessity of defining very clearly the sphere of the various Governments in levying these taxes so that there should be no overlapping and the same article should not be taxed twice over.

Coming to the Fiscal Commission's Report, I would just draw attention to two important points. That Commission said very clearly at page 168:

"The ordinary functions which we suggest should devolve upon the Board are as follows:

"To watch the effect of protective duties or other measures of assistance on industries; to review periodically the results of such protection on each industry, and to make recommendations when necessary for the modification or withdrawal of protection."

May I ask the Honourable the Commerce Member whether he has ever examined the effect of protection given either to iron and steel, or to sugar or to textiles or to any other industry? They have failed in their duty in this respect and they have not laid reports before the Legislature from time to time on this point. The Fiscal Commission also say regarding combines:

"A protectionist system certainly gives the opportunity for undesirable forms of combination. In a free trade country no combination of manufacturers is able to keep the price of a commodity above the world price"

By means of combinations, it is possible for the home manufacturers to keep the price distinctly above the true competitive level without inviting foreign competition.

The matter should be investigated by the Tariff Board which we propose should be established, and, if the Board reports that the combination is in effect injurious to the interests of the Indian consumer, and the Legislature accepts the view, the protection given to the industry could be lowered or withdrawn, or possibly special legislation could be introduced to deal with the matter."

They were contemplating that there would be a permanent Tariff Board to look into the matter. I may just mention here that when protection was given to iron and steel, at which time the present Commerce Member was also present, I pointed out at the end of my speech that I calculated the monetary value of the protection given under various items and then said:

"Before I sit down, I will only say that the Tata Company would put a tablet in gold engraving—to commemorate the generous gift of sixteen crores from the Honourable Sir Joseph Bhore, K.C.S.I., K.C.I.E., the greatest patron of the Tata Company." (Hear, hear.) Sir, in another small village known as Murdanagar, there will be small tablet: 'Here lies buried the hopes of Indian consumers and of the small industries in iron and steel as the result of the action of our own countrymen. God save us from our friends.' (Loud Applause.)"

This was in 1934. Subsequent events have verified that the amount which I then put down at sixteen crores was really a very low figure and the actual amounts they have pocketed during the last few years on account of the protection we have given is much greater than anybody ever anticipated in 1934. In spite of this, no action has been taken by the Commerce Member. We know that they have pocketed such a big amount. We know the value of the shares has gone up; but in spite of all that, nothing has been done. I have got the prices of various articles here, but I do not want to mention them in detail in the fifteen minutes I have got now. Tata Company has fixed a lower price for exports and higher price for the markets in this country, which shows that the iron and steel industry which we are protecting are developing the smaller industries outside India, and discouraging local industries in this country.

The next point is about the Niemeyer Award. This report was written in 1936 under the circumstances then existing. Those circumstances have now changed entirely and it is now time that we reconsidered the matter. The Niemeyer Report said at page 12:

"I recommend therefore that, the initial prescribed period under Section 123 (2) (a) being five years, the prescribed sum which during that period the Centre may in any year retain out of the assigned 50 per cent. shall be the whole, or such sum as is necessary to bring the proceeds of the 50 per cent. share accruing to the Centre together with any General Budget receipts from the Railways up to 13 crores, which ever is less."

They gave 18 crores to the Centre out of the income from the Railways and the income from income-tax. On account of the changed financial position of the Railways on account of war conditions, I think it is highly desirable that we should no longer follow the Niemeyer Award. We should no doubt follow the Government of India Act. That is very necessary. But the Award is really out of date and the Government will be well advised to revise the Niemeyer's Award.

I think, therefore, the time has now come when we should now revise the whole of the fiscal policy, and consider the Niemeyer Award as well as the Fiscal Commission Report of 1922 as documents of classical interest, but which should have no practical application in the present financial policy of the country. Sir, some persons

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Dr. Sir Ziauddin Ahmad: Pity. Therefore, I would beseech the Government that their entire taxation policy including the manner of protection and supervision needs revision. The Government may set up a Commission either now or after the war to evolve a new

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policy. That is the first point. The second is that the Government should set up a permanent Board to review and watch the working of protection and recommend whether greater or lower protection would be needed; thirdly as Mr. Chapman-Mortimer pointed out, we should develop the industries during the war and ensure that they will not be killed as soon as the war is over, and fourthly, the division of functions in taxation between the Provinces and the Centre cannot be based so much on statutory provisions as on the traditions which may be established, and I hope the traditions will soon be established about this, in order to have a clear understanding between the Centre and the Provinces.

Babu Baijnath Bajoria: Sir, both the Central Government as well as the Provincial Governments pose to be friends of our trade and industries in this country, and they always cry hoarse that they are trying to advance our trade and industries, but from what they have been doing recently, we find that both of them are vying with one another as to how much more tax each can impose on the trade and industries of this country, how much each of them can squeeze out of our trade and industries by way of imposing fresh taxation. What do we find? During recent years there has been an increase in taxation both in the Centre as well as in the Provinces, and in this matter the advent of Provincial Autonomy has made matters worse. Here, at the Centre, the Government impose income-tax and super-tax, while the Provincial Governments also impose a similar tax; for instance, the United Provinces Government coined a new word and called it an Employment Tax on a graded scale, as they called it, and they imposed taxes which were nothing but a duplicate form of income-tax. I understand the Government of India considered the Employment Tax imposed by the United Provinces Government as unjust and so an amendment of the Government of India Act was made in the Parliament, and the Employment Tax has been declared *ultra vires*. Then, again, the Bengal Government also has levied an Employment Tax at a flat rate of Rs. 30 on each individual employed. The Provinces have also imposed another tax called the Sales Tax. For instance, petrol is one of the articles which has been very much in the fore-front as far as taxation is concerned, both at the Centre as well as in the provinces. The Excise Tax on petrol has been increased now to twelve annas per Imperial gallon, whereas many of the Provincial Governments have also levied a tax ranging from one anna to two annas; in many provinces it is rather two annas than one anna, and it is called a Sales Tax, which is identical to this Excise Tax. The judgment of the Federal Court in favour of the Provincial Governments enabling them to levy the Sales Tax has made matters worse, because, since that judgment has been delivered, the Bombay Government has also imposed a Sales Tax on cotton piecegoods. Here you have got a duty on piecegoods, and in Bombay, which is the greatest centre of piecegoods manufacture in India, there is a Sales Tax of one anna or 6½ per cent. on sales of cotton piecegoods.

An Honourable Member: It has been removed.

Babu Baijnath Bajoria: I am glad it has been removed.

The Honourable Sir Jeremy Raisman (Finance Member): It was not imposed. Power was taken to impose it, but it was not actually imposed.

Babu Baijnath Bajoria: Sugar is also one of the articles which has been in the fore-front to come under taxation. The excise duty on sugar was Rs. 1-8-0 formerly, then it was raised to Rs. 2 and now it has further been raised to Rs. 3 per cwt. As regards provinces, both in the United Provinces and Bihar, which are the provinces which manufacture sugar on a large scale, we find that the price of cane has been raised tremendously to ten annas per maund and with the increase in price of sugar by every three annas over the basic price there will be an increase in the price of cane by one pice per maund. Then there is also a cess on cane of six pies per maund. Therefore, it will be seen that sugar, which is an article of consumption by the masses, is taxed very heavily. I do not entirely agree with the Honourable the Finance Member when he said in his budget speech that sugar is not consumed by the masses.

The Honourable Sir Jeremy Raisman: Refined sugar.

Babu Baijnath Bajoria: Sugar is called refined sugar.

The Honourable Sir Jeremy Raisman: I said factory refined sugar is not consumed by the poorest classes.

Babu Baijnath Bajoria: The poorest classes do consume a considerable quantity of *Gur* and *khandsari* sugar, but they also use refined sugar on a large scale, specially in provinces where sugar is not manufactured, there sugar made in the mills is sent because the quantity of *Gur* and *khandsari* sugar available in those parts is small. Sugar is a commodity mostly consumed by the masses and it has been very highly taxed. So we find that both the Central as well as the Provincial Governments are out to tax the industries in all possible ways, and this is having a very depressing effect on industries. For once I agree with my Honourable friend, Dr. Sir Ziauddin Ahmad, when he said that the policy of the Tata Company is not very just inasmuch as they sell to foreign customers their products at cheaper rates than they do for internal consumption. This fact was borne out in another debate in this Assembly in the matter of helping the cottage industries of this country. I hope they will revise their method and help the Indian industries, because a big industry can help the smaller concerns in these matters. It is my considered view that there should be co-ordination between the Provinces and the Centre so that taxation on the same articles may not be levied by both the Governments. The present taxation is very high, especially on the industries.

Mr. M. S. Aney (Berar: Non-Muhammadan): Mr. Chapman-Mortimer does not agree with you.

Babu Baijnath Bajoria: Does he say that the taxation is low?

Mr. M. S. Aney: That it is in the best interests of the industries.

Babu Baijnath Bajoria: I do not agree with him there. There is a reason for his saying so now, because, probably, he thinks that the amount received from increased taxation will go to help his country and its industries. The suspicion that I have got in my mind is that it is not considered desirable that Indian industrialists and Indian commercial men should make large profits and retain them because we are considered to be dangerous

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to British commercial interests, because if we have more money with us we will expand the industries of this country, which will mean that correspondingly imports of those articles from Britain and other countries will diminish and they will suffer consequently.

Mr. T. E. James (Madras: European): What do you do with all the money that you have got? Have you expanded industry?

Babu Baijnath Bajoria: Oh, yes, we have. It is well-known that with the money which has been made, the sugar, cotton, steel industries have all expanded. But for the profits which had been made after the last war, these industries would not have been in the state in which they are now, and they would not have been in a position to supply the major requirements of this country. If more money is made, I am sure the industries will continue to expand, but if the Honourable the Finance Member takes away all that profit. . . .

The Honourable Sir Jeremy Raisman: Only half.

Babu Baijnath Bajoria: It is not half. As I have pointed out, what with the Excess Profits Tax, the income-tax, the super-tax, he is taking away practically about 75 per cent. in the case of individuals and 62½ per cent. in the case of companies. In conclusion, I would submit that we must cry halt as regards this rapid increase in taxation which affects the industrial development of the country, and there must also be some co-ordination in the matter of taxation policy as between the Centre and the Provinces. With these words I resume my seat.

Mr. M. S. Aney: I listened with great attention to the speech of my Honourable friend, Mr. Chapman-Mortimer. It is always interesting to listen to him. I tried to gather from his speech the purpose which he had in view in moving this cut motion. He began by attacking the Congress Party on certain propaganda which seems to have touched him adversely. After that, he came with a good deal of praise for the existing policy of taxation pursued by the Central Government, and on that point he said that our strong financial position is itself a proof of the soundness of the policy of taxation pursued by the Government of India. So, he has no complaint about that, that is perfectly clear. Then he put a number of questions at the end of his speech without saying anything about the soundness or unsoundness of the policy. He argued his case in the form of putting a number of questions and thereby indicated that something has to be done by the Government of India to relieve him from extra burdens that are cast in the name of provincial taxation. That appeared to me to be the trend of the questions which he put one after another. That was the whole of the speech, if I mistake not, delivered by my Honourable friend, Mr. Chapman-Mortimer. I agree with him that there is a good deal of complaint in the country on account of the overlapping jurisdiction of the Provincial and Central Governments in the sphere of taxation. The complaint is there, but there is one fact which I wish the Honourable Members of this House to bear in mind with regard to this. Provincial Governments in one form or another are bound to remain in existence in this country and the Central Government will also be in existence here. Unless one is entirely and hopelessly mistaken in prejudging the future, I have no doubt

that most of the powers at present assigned to Provincial Governments will also remain with them in any future arrangements that may be made. We are trying to enunciate some principles for the sake of taxation which have to come into force in future. So, we must try to peep into the future as much as we can. Assuming this position to be in the manner in which I have tried to visualise it, namely, that the Provincial Governments will practically be having the same jurisdiction with regard to a number of subjects as they have today, we have to see that they are also duly provided with means for carrying out their responsibilities. Whether you tax a people in the name of the Central Government or whether you tax a people in the name of the Provincial Government, it is ultimately the people who will have to be taxed. It is now well-known, and this fact has been thoroughly recognised by the Central Government and also by various financial reports that were made before the present arrangements came into existence, that the resources at the disposal of the Provincial Governments as they are at present are not sufficient to enable them to raise the funds requisite for carrying on their duties efficiently and properly. If they have to lend their helping hand to some extent in the building up of the nation by carrying out properly the nation building work which is entrusted to them, then they are required to be in possession of bigger funds. The need for that is appreciated by the Central Government already. That is one of the reasons why the Niemeyer Award has made certain provision for allotment of a considerable portion of our income to them under certain conditions which I need not refer to now. What I wish to bring to the notice of the House is this. I think all Provincial Governments will be very glad to be entirely rid or deprived of the power of taxation and only left with the power of spending money. They will be very glad to do that and they will only say:

"We do not want to tax at all. We prepare schemes and shall carry them out and you provide us with the necessary funds. Let all the taxation power be given to the Central Government. Let them find the money both for the Central Government and the Provincial Governments and divide the funds between the Central Government and the Provincial Governments on certain definite proportions."

It matters very little who taxes. I am sure if we take away the power of the Provincial Government's taxation in certain matters, the necessity for the money under which they are labouring will not be obviated thereby and they will make a demand on the Central Government for money. In that case the Central Government will increase their own taxation on the several articles about which we are complaining that there is double taxation now and the tax will be recovered in their own name. That is one of the main ways in which the Central Government might try to meet the difficulty. Unless we are in a position to find out some other independent articles, the money must come from higher taxation on the articles which have already been taxed. If we take away the jurisdiction of the taxing power of the Provincial Governments and the Central Government is made to find the resources for them, then it is obvious that the Central Government will impose the additional taxation in their own name, keep what they want for themselves and give the rest to the provinces. So this question is not to my mind so easy as it appears to be.

It is not a question merely of asking the Government of India or the Parliament to make certain rigid rules to demarcate the spheres of taxation between the provinces and the Centre in such a way as to make it impossible for them to overlap each other. The difficulty of demarcation is not very great. They can be easily demarcated but that solution by

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itself will not really prove a solution of the difficulties under which the Provincial Governments will have to labour for want of funds. In that case who will provide the money? We shall have to take away from the provinces their jurisdiction over the subjects entrusted to their charge and assume the task of the nation building departments ourselves. In that case, the Central Government will have to assume much more responsibility than they have today. This question of taxation, if we are to go into the details of it, is not by itself such as can be detached from the broader questions of the constitution itself. The position comes to this. The proper time in my opinion for the consideration of the revision of the policy of taxation will be when the entire question of constitutional reform will have to be tackled by the Government of India or the British Government and the sooner that time comes the better. That was the plea that I put forward when I moved my cut motion yesterday. On account of certain minor points made by my Honourable friends on my left and on my right, the main point of that cut motion was entirely ignored. The main point of it was that the time had come when the whole question of constitutional reforms ought to be tackled by the Government of India and the sooner it is done the better for all concerned and I pointed out that by not visualising the magnitude of that subject, the Government of India were running a great danger. Unfortunately the object of my cut motion could not be seen even by so shrewd, astute and highly intelligent a Member as the Leader of the House himself. He said that he did not appreciate the purport of the motion. The real object of that motion was to bring to the notice of the House the urgent need of tackling the question of constitutional reform and accommodating all our differences in such a way that we will be able to solve all these questions as early as possible, so that the serious catastrophe which is likely to come and engulf the whole of this country, if proper steps are not taken, may be averted. The picture I tried to draw was not realised and today we are taking up a little point about taxation policy. If the Government of India could not make a considered statement on the very serious question I raised yesterday, I am sure the question of the taxation policy cannot be considered by them detached from that main problem to which I tried to invite their attention yesterday with all the earnestness at my command. I was mistaken by my friends

Dr. Sir Ziauddin Ahmad: Can we discuss again the points we discussed yesterday on Mr. Aney's cut motion?

Mr. M. S. Aney: I am not discussing it again. I am only trying to show how the question raised by this motion is inter-linked and inseparably connected with the question I brought up yesterday and if the attitude of the Government on that question is one of indifference of the kind which was shown by them yesterday, then I say that any interest that they may show on this question must be a bogus interest and a sham interest. That is what I want to say. They cannot consider this question of taxation entirely separately from the wider question of constitutional reforms. Whatever they may say on this question of taxation today, they will not be able to carry it out within a reasonable period of time.

Mr. F. E. James: May I congratulate my friend on his agility in replying to yesterday's debate?

Mr. M. S. Aney: I am not taking any undue advantage of the opportunity given to me to speak on this motion.

So far as the main question is concerned, I have already said what I wanted to say and there is not much left for me to say anything else. The various points raised by Dr. Ziauddin Ahmad are no doubt very important but I am very doubtful whether the Government can really make up their mind to make a considered statement on the whole position without appointing a small committee to go thoroughly into the whole question of taxation and study all the details. Without this, it seems to me that the object cannot be easily achieved. My Honourable friend, Mr. Chapman-Mortimer, did not make any suggestion to that effect. He only put in a number of questions in the nature of supplementary questions which are put in the course of the interpellation hour and if answers are given without much deliberation I do not think they will serve any useful purpose. With these remarks, I support the motion.

Mr. J. Ramsay Scott (United Provinces: European): Mr. President, I propose to deal with one aspect of taxation only, namely, the sugar industry. I shall be definite and I hope I shall be able to satisfy Mr. Aney. Though it is very hard to satisfy Mr. Aney.

Mr. M. S. Aney: I am one of the most reasonable of men in the world.

Mr. J. Ramsay Scott: To begin with I should like to congratulate the Finance Member on his candour and honesty. Unlike his predecessor, who maintained that the increase in the excise on sugar was put on to benefit and save the industry, he plainly states that he has increased the excise because he needs to raise money in this emergency. I propose to deal with the serious plight of the sugar industry today, due mainly to the Pull Devil, Pull Baker policy of the Government of India on the one side and the United Provinces and the Bihar Governments on the other.

Each party is looking after its own interests in its own way and brooking no interference. A complete lack of co-ordination, co-operation and consultation is evident. There is no sign of a consistent policy in any shape or form. I would, however, admit that conditions have not been very stable but I hope Government will be able to give us some indication of their plans, if any. The industry itself may be not altogether free from blame, but this is irrelevant to my cut motion. It is an old story; for the last decade Government has accepted the recommendations of a Tariff Board that sugar should be a protected industry for a period of fifteen years and has presumably envisaged the loss of the whole of the Customs revenue of eight crores in the course of time. There was to be a review of the position by a Tariff Board after seven years. In 1931 an emergency and financial chaos caused the Government to reconsider their position and in order to increase revenue, amongst other measures taken, was one which increased the protection on sugar by twenty-five per cent. Under the wing of such increased protection, the sugar industry rapidly expanded and India soon occupied the proud position of being the greatest sugar-producing country in the world; and instead of importing 900,000 tons of foreign sugar, she produced over one million and a half tons of sugar in her own factories. This enormous production, however, only utilised about sixteen per cent. of the cane grown in India. The

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industry prospered, and the Government of India imposed an excise of Rs. 1-4-0 per cwt. to make up part of what they had lost of the customs duty. Then came the measure for the further increase of excise to Rs. 2 per cwt., which was to slow down expansion and weed out the financial weak factories. Last year the Honourable the Commerce Member gave the sugar industry a promise of protection at a certain rate for two years and promised an inquiry in 1940 and the inquiry was, if I understood rightly, to take into consideration the effects of provincial legislation. This year, however, we have had the excise increased by a further one rupee per cwt. and the import duty has also been increased by a similar amount. The Honourable the Finance Member will no doubt tell you that by doing so he has honoured the obligation of the Commerce Member and I am prepared to admit that to a certain extent he has, but I propose on this point to reserve my comments for the Finance Bill, as a protest can be more effectively made then. This is the Pull Devil case and it does not sound a telling indictment by itself. I now come to the Pull Devil story.

The Provincial Governments of Bihar and the United Provinces thought something was to be made out of sugar, so they brought in legislation, firstly, to fix the price of cane, secondly, a cess on cane of half anna per maund, thirdly, a payment of co-operative societies commission of three pies per maund on cane, fourthly, the fixation of a minimum wage for sugar workers of five annas per day.—I would like some of the Honourable Members to remember that—fifthly, the zoning of areas to factories from which they can draw their cane supplies, sixthly, the licensing of factories, and seventhly and finally, the selling agency—the Sugar Syndicate. All this sounds very nice in theory, but there has been no consultation, co-operation or co-ordination between the Centre and the Provinces, and one effect which the Finance Member has forgotten is that the higher he pushes the price of sugar by excises or increases thereof, the higher the cost of cane to the factory, as the price of cane is based on the selling price of sugar.

The Honourable Sir Jeremy Ralsman: No, no,—not on the price including the excise.

Mr. J. Ramsay Scott: as the price of cane is based on the selling price of sugar. The effect of all this legislation is to put up the price of sugar to the consumer and to decrease the profits to the factory to a vanishing point. This is a situation which is disastrous to the Central Government.

We have a Tariff Board, which is an advisory body, and while its recommendations are in part sometimes accepted by the Central Government, there seems to be no obligation on the Provinces to pay any attention to its recommendations. The Tariff Board, after an exhaustive inquiry, has stated that cane can be produced in the United Provinces and Bihar for an average price of three annas six pies per maund, to which they add one anna per maund for cartage and half an anna for profit, a total of five annas. This figure gives the cultivator eleven per cent. profit. My Honourable friend, the Commerce Member, in reply to question No. 44 said the other day that the Tariff Board stated five and a half annas per maund and I presume this included the half anna cess. The price of cane at the time the Budget was introduced, as fixed by the Bihar and the

United Provinces Governments was ten annas per maund, or with the cess ten annas six pies per maund, which gave the grower over one hundred and twenty per cent. profit. The selling price of sugar was Rs. 11-14-0 per maund and I will now show you how it is made up. If I take an abstraction of nine per cent. sugar from cane, this means that it takes eleven maunds of cane to make a maund of sugar:

	Rs.	A.	P.
Eleven maunds of cane at ten annas per maund	6	5	0
The Provincial cess at six pies per maund	0	5	6
The cane Co-operative Society commission at three pies per maund	0	2	9
The charges incurred on handling and unloading as allowed by the Bihar and U. P. Governments.	0	4	6
The existing excise duty	1	7	8
Manufacturing costs as allowed by the Tariff Board	2	4	9
Total	11	8	0
On the 20th February, current price of sugar at factory	11	4	0
Profit to factory, per maund	0	6	0

Since the outbreak of war, factory costs have increased by four annas six pies, which has been admitted by the United Provinces and Bihar Governments so that the cost is Rs. 11-12-6 per maund, and all that is left for the poor factory is Re. 0-1-6 profit per maund, or just slightly less than one per cent. You have only to examine sugar factory results to see how true this is.

Sir, in quotations given in a financial paper for sixteen companies, of the total in the list nine pay no dividends at all, while five pay on an average seven and a half per cent. and two lucky companies in Indian States which pay no income-tax, pay eleven and a quarter per cent. and twelve and a half per cent. The consumer, however, pays Rs. 11-14-0 per maund for his sugar. The increase in excise by one rupee per cwt. or Re. 0-11-9 per maund means a further increase in price to the consumer of eleven annas and nine pies per maund, or a cost of sugar to the consumer today of Rs. 12-9-9 per maund. When the previous increase was put on, it took some time before it could be passed on to the consumer and this is the case today. You can expect little or no income-tax from sugar factories, and certainly no Excess Profits Tax.

Sir, I ask for a thorough examination of the position, a thorough examination of the effect of the Pull Devil Pull Baker policy and I ask for three C's: Co-ordination, Co-operation and Consultation between the Provinces and the Centre and a constant constructive policy of the Government of India. This alone can save the sugar industry from ruin, and I censure the Government for their lack of foresight and their lack of any constructive policy. Surely they cannot but see that a prosperous industry like a thing of Beauty is a joy for ever.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Mr. President, I am thankful to my Honourable friend, Mr. Chapman-Mortimer, for raising certain very important issues in connection with this debate, but I cannot promise that I shall be in a position to state the considered views of the Government on each of those issues. The Honourable Member has raised the question of the development of industries during the time of the war, particularly in view of the basic need that has arisen owing to war conditions; and, secondly, owing to the fact that important import commodities are either not being imported or are coming in a very restricted quantity. Sir, this question has been under the consideration of the Government for some months now. The outbreak of the war has naturally deflected the even course of the Commerce Department in many ways and new problems have presented themselves, problems whose weight, whose importance and the urgency of solution of which, I need hardly point out to this House. The development of industries which are required for war necessities is a matter of concern to this Government and I stated some time back as the Chairman of the Industries Conference what the policy generally of the Government would be with reference to the development of such industries. It was pointed out by more than one commercial organisation, and has been repeated in the press, that during the last war several industries came into existence which were of the very greatest help in the prosecution of the war to the Government of the day but that after peace was restored, those industries languished for want of support and that many a person who had invested his all in those industries stood a ruined, a sadder man at the end of the period of the war. I stated then, and I repeat, that I am unable to agree that that criticism is just. It is to be remembered that the Industrial Commission had just reported about the end of the war that the Fiscal Commission had not yet sat and considered the various problems which afterwards were solved by the recommendations of that Commission, that the Government of India had not accepted the policy of discriminating protection which has since the year 1923 been put into effect and, above all, that conditions during the last war and at the end of the war were naturally different from the conditions prevailing now. But, I gave this assurance on behalf of the Government that we shall not put ourselves in a position to be liable to the same charge once more and that in case we in any form encouraged the development of industries for our war needs, we shall make it clear that at the end of the war those entrepreneurs who had come to the assistance of the State and had developed such industries would not be left high and dry to take care of themselves.

One of the indications of this attitude of the Government in this respect would at least be found in the report of the Select Committee on the Excess Profits Tax Bill which has been presented to the House where a provision is contained that with reference to such new industries, the calculation of the excess profits and all the rest of the procedure will be on a different basis. But I would go further and state that the question is under active examination as to how far the essential industries that are needed for the prosecution of the war and for making up the lacuna to key industries that is found owing to the loss of some of our imports can be encouraged by the Government. The Fiscal Commission report lays down certain conditions regarding protection. It is possible that, if those conditions are merely re-stated and industries have to be developed on the basis of those conditions, capital may not be attracted for the development of such industries as the Government want to develop at this time. As I

said, the matter is under consideration and I hope, with the help of the various Departments of Government and the Finance Department in particular, to be able to come to a conclusion on this subject. I cannot anticipate what that conclusion will be at present, but broadly I may state that so far as my Department is concerned, our ideas are running on the line of making a little liberalisation in the conditions of the Fiscal Commission so as to encourage the production of those commodities which we feel essential for war needs.

Sir, Honourable Members would have noticed that an announcement was made recently by the Honourable the Finance Member, in another place, regarding the possible constitution of a Board of Scientific and Industrial Research, which could take up the question of such research as may have to be carried on urgently for the development of such industries as the Government may want to bring into existence. The lines on which this Board will be established, the kind of work that it will do, the personnel of the Board, I hope to announce by the beginning of the next week. I should gratefully acknowledge the liberal assistance that has been given to me by the Honourable the Finance Member who has placed a sum of five lakhs at my disposal both for the constitution of this Board and for disbursing grants and subsidies or scholarships to those research scholars who are spread all over the country and to whom may be allotted the task of conducting such research as we feel essential for the purpose of inaugurating new industries or developing such industries as exist at present but which are handicapped by the lack of essential imported commodities.

An Honourable Member: Will it be a recurring grant?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The grant of five lakhs is for this year.

Next, Sir, I would like to refer to a more general question that has been raised by my friend, Mr. Chapman-Mortimer. He emphasised the need for imported goods into this country and stressed its importance from two points of view. First, that our revenue system was so based, our taxation policy—the policy of indirect taxation—was so based that without a good deal of customs revenue, the machinery of administration from the financial point of view will break down. That aspect of the question I shall leave to my Honourable colleague, the Finance Member. But there was another aspect of the question even more interesting which I am glad he referred to and which I should like to take this opportunity of giving my views upon. He stated that the export of commodities from this country was inextricably connected with the question of the import of commodities from other countries. I fully share that view. There can be no one-way traffic with reference to trade. If we want to export our commodities, we must import commodities from other countries. If we want to keep up the very favourable position that we have with reference to exportable goods, we must realise that to a certain extent there ought to be freedom for importing goods from other countries into India. There is no use of relying upon the fact that our products are required by every other country, that we export agricultural products, that jute, for instance, is a monopoly with which no country can help doing business, and that, therefore, our position as an exporting country is absolutely assured whatever line of policy we adopt with reference to either the character of

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goods that we import or the quantum of goods that we import from other countries. I very respectfully differ from that view if it is put forward by any responsible commercial organisation or economic authority. There can be no question of self-sufficiency in these matters. It seems to me, even as the world is situated today, that exports and imports are the obverse and the reverse of the same picture and that without the one the other is impossible and the vital need for India to be an exporting country, a large exporting country, is obvious. My Honourable friends who have been speaking in the name of the agriculturist will be the first to realise that if export markets are cut off, it will mean absolute ruination to the vast millions and millions of agriculturists in this country.

Sir, my Honourable friend then drifted to the question of increased trade between India and the United Kingdom.

Mantana Zafar Ali Khan (East Central Punjab: Muhammadan): The question is one of industrialisation of India.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: My Honourable friend then referred to the question of increased trade between the United Kingdom and India. Well, Sir, this question has so often been connected with political considerations that I do not want to prejudge the issue by importing such considerations. But at the present time, there are practical considerations which I should like to place before this House and before the commercial public in general. There are practical reasons why import from the United Kingdom should be increased to than ever before. That practical consideration is merely this, that shipping facilities, priorities and all those other factors which the Government of this country can help the trader are only possible and can only be done with reference to products that are coming from the United Kingdom or from some of the Dominions of His Majesty. I would, therefore, like to convey to the commercial interests in this country my own belief that it will be to their best advantage if now and even more so in the coming months they resolve to place their orders within the orbit of the British Commonwealth of Nations as far as possible while they of course do not ignore the trading interests of other friendly nations.

There was one last point which Mr. Chapman-Mortimer referred to and that was the question of export licenses, and he wanted to know on what basis this was being worked. One of the greatest difficulties that the Commerce Department had in framing regulations with reference to export licenses was the consciousness that to a certain extent the trader would be hampered, would have difficulties placed in his way, but the overwhelming considerations of war and the necessities of the war were factors which influenced us in coming to this decision. On the narrow issue that has been raised, I may point out that it is not necessary for an export licensee to have a formal order in his pocket before he applies for his quota. There are two classes of export licensees: First, the regular shippers who have been shipping before, the established shippers and who therefore can have their quota readily because it is based on the averages of the previous two or three years as the case may be. When they apply for their quota on that calculation they are readily granted the licenses for the amount

that they have to export, but they are told that they must produce the actual order by the fifteenth of the second month in the quarter for which they have been given this quota. As my Honourable friend knows this quota is based on a quarterly basis. They can apply for the quota at any time without producing any order of regular sale or a formal sale, and they will be given licenses for that amount, but within the 15th of the second month, they have to produce the actual order of sale; otherwise we will be merely giving quota for a man who may not do business, and, thereby, some other person will be injured or hampered by the lack of that facility.

Let me now turn just for one moment to my old and honoured friend, Sir Ziauddin Ahmad, with whom on another side of the House I confess I was in a much more comfortable position. My Honourable friend referred to the Tariff Board, to the Fiscal Commission Report and to the recommendation in particular which the Fiscal Commission made that from time to time there may be a review of the position of the protected industries. He has specially singled out the Tata steel industry to show that the Government did not carry out their purpose and had allowed the protection to be continued when perhaps it was not necessary or at any rate not necessary at the level which had been adopted by the Government and by this House. My Honourable friend knows that it is a very old controversy whether there should be a permanent Tariff Board or whether there should be these *ad hoc* committees. It is equally an old controversy which he has raised on several occasions and which distinguished predecessors of mine in this side have answered whether the Tariff Board should merely examine the schemes for the protection of industry or should also go into the question of how far protection granted continues to be justified during the period it was granted.

Dr. Sir Ziauddin Ahmad: Both.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I had hoped within the very first few weeks after taking charge of reviving that question, because I personally was interested in the solution of that question. But again war broke out and the Tariff Board reports and all questions connected with it had necessarily to be put in cold storage.

But there are one or two considerations which I should like to place before the House. In other countries, the United States of America, for instance, the Tariff Board makes a report for the protection of an industry, and very often there is no time limit fixed at all and the duty is cast by the Act on the Tariff Board itself to scrutinise from time to time how this policy of protection or how the actual tariff wall raised is working and to make recommendations to the Government with reference to the level of duties. In this country we have adopted the system of protection for short periods, making it possible for the Government to institute periodic enquiries into the position of the industry and make recommendations. I believe that the steel industry is one of the very few industries that has been given a period of seven years protection, other industries have been given much shorter periods of protection.

My Honourable friend, Mr. Ramsay Scott, referred just now to one instance where every three years or so, the roots of the industry are dug up over and over again and the position of the industry is examined. Now,

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

I should like my Honourable friend to consider in view of these short periodic investigations and enquiries that are made into the industry whether he would further handicap the industry by almost annual revision or whether it is fair to the industry concerned to give it a certain limited time wherein it can adjust itself, rationalise its own industry, if I may use that very happy, that very unconvincing phrase and to see how far the industry can organise itself before the next enquiry. That is the only consideration—without prejudging the issue of either a permanent tariff board or of giving powers to the Tariff Board to conduct these investigations—that is the only point I should like to raise before the House and present it to my Honourable friends. I do not think, Sir, I will be justified in taking up any more time of the House.

The Honourable Sir Jeremy Raisman: Sir, the points on which my Honourable friend, the Mover of this cut motion, desired to elucidate the attitude of the Government have largely been dealt with by my Honourable Colleague and I think the House will agree with me that he has shed a good deal of light on the immediate questions which face us during the war.

A discussion on taxation policy is at any time a difficult subject for a Finance Member to participate in. It is well-known that taxes are usually determined under the stress of immediate necessity. Although I entirely agree with the view that the actions taken in emergencies should be related to a general policy, it is obviously difficult and dangerous to attempt to formulate too precisely the terms of that policy when one may have to adjust oneself to the needs of a rapidly changing situation. Standing as I do now at this point of time when the future is dark with uncertainty and when many emergencies which cannot be foreseen may arise in the next few months or years, it would obviously be highly imprudent of me to lay down for myself a policy to which I can undertake to adhere closely. I claim that the circumstances are such that it is inevitable that any one in my position must retain for himself a large measure of discretion to deal with situations as they arise. But having said that, Sir, I am free to admit that many of the objections which have been raised in different quarters this morning have considerable force and that at a suitable time they would call for serious consideration. I refer particularly to the problem to which speaker after speaker has drawn attention, and not for the first time, to the overlapping of Central and provincial taxation. That, Sir, is a matter which has given continuous and deep anxiety to the Government of India; and I should like at this moment to pay a tribute to the insight of my distinguished predecessor in this respect. For he it was who realised from the earliest moment that this was going to prove one of the most difficult and perplexing aspects of the new constitution in working. He endeavoured at the very first occasion that he could get into contact with the Finance Ministers of the provinces to evolve a working basis for the Centre and the units. If he did not succeed, Sir, I have the very best reasons for knowing that it was not for lack of trying. I myself had intended, if circumstances had been different and if a conference of Provincial Finance Ministers could have been held early this year, to make another effort to secure co-operation on this subject. But the development of the political situation, of which the House is aware, frustrated that intention. I would, however, like to emphasise this point. The attitude of the Centre in regard to this matter

is an acute realisation of the difficulties and dangers inherent in an unco-ordinated policy. But the political circumstances hitherto have been such that the attitude of various units has, I regret to say, not been one of whole-hearted co-operation. To put the situation plainly, the attitude of many provinces has been that the only solution which they were prepared to contemplate is one which resulted in an immediate transference of large sums of revenue to the provinces. That, Sir, is a solution which, obviously, was not compatible with the maintenance of the financial stability of the Centre, and, therefore, a solution which the Centre could not accept.

The constitution itself contains certain provisions which enable the conflicting claims of the Centre and the Provinces to be adjusted on the basis of a harmonious policy of co-operation between the two. There are provisions which contemplate that the Centre would levy taxation to be handed over to the Provinces or that it would share the proceeds of Central taxation. Many of the Provinces were not disposed to await the development of that type of solution. They were determined to exercise their own powers of taxation and immediately to assume to themselves additional revenues. In that situation, Sir, the only relief which the unfortunate taxpayer could have obtained would have been by an immediate remission of Central taxation, and that, in its turn, would have meant severe financial difficulties for the Centre. I hope, Sir, that when the constitution resumes its normal working, and I agree with my Honourable friend, Mr. Aney, that this problem is part of the larger constitutional problem, we shall find ourselves in a position to tackle this problem. I said just now that I agree with my friend, Mr. Aney, that it is part of the larger political problem, because, as I have just indicated, the reason why it presented so much difficulty was that there was not an atmosphere of full co-operation. It was because certain units did not accept the necessities of the Centre and were not prepared to proceed on a basis which recognised both sides of the question. So long as there is not an atmosphere of co-operation so long it is obvious that a question of this kind cannot be solved. No constitution however carefully framed can exclude the possibility of overlapping jurisdiction in the fiscal sphere, and if we are to be driven constantly to the courts for decision of problems no finality can ever be reached. I am sorry, Sir, to have taken so long in dealing with this point but it seemed that this question of overlapping jurisdictions was an aspect of this motion which, apart from the questions posed to my Honourable Colleague, was the one which most concerned the House.

My Honourable friend, Mr. Ramsay Scott, delivered himself of a tirade on the same subject. I think the case of the sugar industry illustrates what I have said as fully as any other case. It is true that there has been a lack of co-ordination but I claim that that is not the fault of the Government of India and I am not prepared to accept any censure on that subject. I claim that the Government of India were prepared to consider the case in question in a reasonable spirit.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural). May I know whose fault was it then?

The Honourable Sir Jeremy Raisman: The Honourable Member can draw his own inferences. But here again, as in other spheres, the solution could not come by sacrifice only on the part of the Central Government. At the same time, I do not wish to anticipate what I shall have to say when the question of the sugar excise comes up in connection with the Finance

[Sir Jeremy Raisman.]

Bill. I am not prepared to accept the proposition that the commodity sugar is over-taxed and that brings me to one and the only other matter which I should like to deal with in the few minutes left; and that is, the relation of a Central Excise Policy to the policy in regard to the import trade. At the stage when requests are being made to the Central Government to assist in the development of indigenous industry, glowing visions are frequently held out of the revenue which will accrue to the Centre and the general economic benefit which will accrue to the country from the substitution of indigenous products for imported commodities. It has been accepted as a principle by the Fiscal Commission that the use of excises in order to make up for losses of revenue is not only legitimate but desirable in order to prevent the taxpayer from being laid under an excessive contribution. In the case of the sugar industry we have an example, which, as my Honourable friend, Mr. Ramsay Scott, himself explained, shows how the imports of a commodity can be almost entirely replaced by indigenous production. I agree that the sugar industry has reached the stage at which it commands practically the whole of the Indian market. Mr. Ramsay Scott said that we must be considered to have reconciled ourselves to the loss of over eight crores of revenue at the time when we embarked on the policy of protection of the sugar industry. That I entirely deny. It seems to me that it is preposterous to suggest that Government by embarking on the protection of the sugar industry in any way forewent its right to tax so suitable a commodity as sugar, a commodity which in all countries, as I explained in another place, the other day, invariably carries an important tax. It does not matter whether the sugar consumed in this country is derived from abroad or is produced in this country. At the moment, and looking at it from the purely financial point of view, I am entitled to see whether sugar is a commodity which can suitably bear an indirect tax, and I come to the conclusion, as most other countries have done, that it is admirably suited to bear such a tax. When the sugar industry comes forward and claims that it should be exempt from this fundamental and vital revenue consideration, I say that it is making a claim which is entirely unwarrantable. If the establishment of the sugar industry were to have meant that the Government should for all time forego its claim to this important revenue, then I say that no fiscal commission and no tariff board would have been prepared to recommend that the protection of the industry should be proceeded with. A calculation of the amount which the revenues would have to forego on that basis would have resulted in astronomical figures.

Mr. President (The Honourable Sir Abdur Rahim): It is now quarter past one of the clock. The question is—

Mr. T. Chapman-Mortimer: Sir, I want leave of the House to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

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.

Grievances of Government Employees.

Mr. N. M. Joshi: Sir, I move:

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

Mr. Deputy President (Mr. Akhil Chandra Datta): What Number?

Mr. N. M. Joshi: It is Demand No. 12, at page 3, No. 21 in the Final List. The object of moving this cut is to discuss the grievances of Government employees. I have sent in motions from Nos. 19 to 28 to discuss various questions affecting the interest of employees, and I shall discuss the subject under all these cuts in one speech. The first point which I should like to make is that, although Dr. Gregory, the Economic Adviser to the Government of India, and the Honourable the Finance Member have admitted that there is a rise of 40 per cent.

The Honourable Sir Jeremy Raisman: In the price of articles of export.

Mr. N. M. Joshi: In the prices of articles of export, and although the prices of all other articles of internal consumption tend to advance in unison with the prices of exported articles, the Government of India have taken no steps whatever to increase the salaries of their employees. Admittedly the cost of living has gone up. I had referred to this question during the Railway Budget. The Government of India had then stated that they had not reduced the salaries of their employees, although in their view the cost of living had gone down. That was their argument for not giving any war allowance. I said, on that occasion, that that argument might be a good one in the case of those Government employees who were already enjoying a proper standard of life, but in the case of those employees whose standard of life was inadequate the argument did not hold good. You cannot reduce the standard of life of your employees beyond a certain limit, and if there is a threat of its being lowered, then the Government of India must take steps to give them increases in their salaries so that their standard of life may not go down.

Sir, the Government of India a few years ago introduced new scales of pay. I do not know why they did it. It may be that they did it because the prices had gone down. But, Sir, there are services in which new scales were not introduced at all. Naturally the services who were not paid new scales of pay were the ruling services. If you study the payments made to the Government employees who rule over us from the Governor General down to the Under Secretary, and from Members of the Executive Council in the provinces to District Magistrates and Assistant Magistrates, no new scales of pay were introduced. I suppose only in their case the prices had not gone down. The fact is that those people who have got the Government in their hands do not like to make any sacrifices. It is easier for them to ask others to make sacrifices. Sir, I would like the Government of India to consider whether, at least in the case of new entrants, they should not give war allowances in order that their standard of life should not go down.

[Mr. N. M. Joshi.]

Sir, I have got many grievances to refer to, and so I shall now refer to another grievance of the inferior servants of the Government of India. That subject I have placed before the Assembly on several occasions. I think in 1937 I moved a Resolution asking that the pension rules applicable to inferior servants should be the same as those applicable to superior and subordinate servants. The Finance Member of those days admitted that at least in some cases the rules deserved to be looked into. For instance, a man belonging to the inferior service does not get half pension; his maximum pension is Rs. 8. If his salary is Rs. 20, ordinarily he should get Rs. 10, but he is told he shall not get more than Rs. 8. Then, Sir, ordinarily members of the subordinate service who get fat salaries and, therefore, live longer, get half pension after 25 years' or at least 30 years' service, but in the case of inferior servants, they become entitled to what is called full pension of Rs. 8 only after forty years' service. Not only that they must serve for 40 years, but they must also become 60 years old. I am told on the authority of people who have collected statistics that on account of the low scales of pay which the Government of India are paying to their inferior servants, they do not live as long as their other servants, with the result that a very small number of people who belong to the inferior services enjoy pensions sufficiently long. In the matter of pensions, Sir, the Government of Bombay have progressed far beyond what the Government of India have done, and the Government of India's inferior servants in the Bombay Presidency feel that, while those people who are the employees of the Government of Bombay get better rates of pension and better terms, they, employees of the Government of India, are treated very shabbily. I asked a question last year whether the Honourable the Finance Member could at least take steps to revise the rules relating to the maximum qualifying service which he himself had admitted deserved to be looked into, and I do not know what the Government of India have done.

Then, Sir, I have got to place before the Assembly some specific complaints of the employees of the Government of India of the Imperial Secretariat here. They have got inferior servants belonging to various categories, peons, dufftries, duffedars and Jamadars. Sir, the members of this service get very low salaries. You will be surprised to know that in Delhi they pay Rs. 14 a month and those people who are on new scales get Rs. 14 and end there. Those who belong to the old scales get Rs. 14 and rise to Rs. 16. The first grievance of the inferior servants of the Government of India Secretariat is that their salaries are low. Some of the members belonging to the inferior service of the Government of India Secretariat are given some allowance. Some of them get Rs. 3-4-0 and others get Rs. 4-8-0. I am told that the Government of India have now decreed that as the headquarters of the Government of India will be permanently located in Delhi the allowance is not necessary. I do not know why this should be done. The present allowance is paid to the inferior servants both when they are in Delhi and when they are in Simla. The allowance has been given to them for more than fifteen years. Merely calling Delhi as the headquarters of the Government of India—I do not know how that makes any difference at all. I could have understood if the allowance had been paid only when they went to Simla. But the allowance is paid when they live in Delhi and also when they live in Simla.

What difference is made by changing the name of the place of the headquarters I do not know. I do not know whether Delhi or Simla is the headquarters of the Government of India. For my purpose it is not necessary, because the allowance is paid at both the places. It is in my judgment very cruel on the part of the Government of India to take away this allowance on a flimsy ground, namely, the mere change of the name of the headquarters. I hope the Government of India will not do such a thing. It is wrong, and it is wrong especially at this time when the prices have gone up, when the cost of living has gone up. Besides this grievance, some of them have got a grievance about pensions. I have already spoken about pensions. I would like the Government of India to give pensions to all their inferior servants according to the same rules as are followed in the case of subordinate services and superior services.

I would like to say a word or two about the employees of the Government of India in the Postal Department. There again, I would like to restrict myself generally to what are known as inferior servants. In the case of the subordinate servants of the Postal Department, my demand is the same, namely, that there should be a war allowance given to those people who do not enjoy an adequate standard of life. I would like to make a request to the Department, namely, that they should examine the conditions under which their inferior servants are working. I am told that the Government of India do not make any distinction between those people who work on the plains and those who work on the hilly tracts. The postmen who have to distribute letters in villages and plains have not to undergo as much exertion as those postmen who have to walk several miles in hilly tracts. I would like the Government of India to consider the case of those people who have to travel every day long distances in hilly tracts. Then, as regards distances, I think the Government of India are somewhat cruel. Every postman is expected to walk every day ten miles. I do not know what will happen to me if I begin to walk ten miles every day and distribute letters.

An Honourable Member: Very good exercise.

Mr. N. M. Joshi: It may be a very good exercise but it is too good. I would like the Director General of Posts to consider this question. Ten miles is the minimum that has been prescribed. In the case of some postmen they have to walk twelve miles, and in the case of some others they have to walk fourteen miles. Ten miles is the minimum. I mention specially the case of those people who have to walk on hilly tracts. I shall mention the case of runners. The postmen have to walk ten miles, sometimes twelve and sometimes even fourteen on the plains. But the runners have to run. Ordinarily, if a man has to walk, he can do ten miles in a day, but if you are asked to run, ordinary common sense will tell you that you cannot ask a man to run ten miles. (Interruption.) Ten miles is too long a distance for a man to run every day. For a race, you can run once in a way ten miles. In this case also ten miles is the minimum beat. Some runners have to do twelve miles, some fourteen miles. I would like the Department to consider this question from a humanitarian point of view and reduce the distance which these runners have to run every day.

[Mr. N. M. Joshi.]

Then, there is the question of the shortage of staff and over-work. These two points are really two aspects of the same question. The Government of India are very rightly opening new Post Offices in villages and also in towns. Unfortunately, although they open new Post Offices and some of the Post Offices are well patronised, the Government of India do not increase the staff. They keep the staff on a temporary basis for some years, and they go on waiting till the staff goes on agitating, and when they find that the agitation has reached the extreme limit they make some of the staff permanent. I think it is wrong for the Government of India to keep people temporary and hanging about without any permanency in the department longer than one year. After a year the man should be made permanent. But they keep these people on a temporary basis. I hope the Government will change their policy. I hope the Government of India will also appoint a sufficient number of people so that there will be no over-work.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

Mr. N. M. Joshi: I shall not detain the House much longer. The grievances which I have to place before the Assembly are too many, but I shall content myself with requesting the Government of India to consider these grievances very sympathetically. I would like them to look into those grievances very carefully and to do justice to a class of their employees who are not sufficiently educated to carry on an agitation on their own behalf and who suffer on that account. Moreover, I would like to say a word to the Members of the Legislative Assembly. I would like them to take some interest in the case of these low paid employees of the Government of India.

Dr. Sir Ziauddin Ahmad: Hear, hear.

Mr. N. M. Joshi: My Honourable friend, Dr. Sir Ziauddin Ahmad, says, "hear, hear". Let me tell him that among these employees of the Government of India, especially in Delhi, there is a very large section of Muslims. Dr. Sir Ziauddin belongs to the Muslim League Party and I would like his Party to take some interest in this subject. It is no good blaming people for keeping contact with the Muslim masses. We are going to keep contact with the Muslim poor people. If you prevent us from getting into contact with the Muslim poor people, the best thing is that you should keep contact with them. If not, you should not prevent us from keeping contact with them. I hope that the Members of all Parties in this House will take interest in the case of these poorest employees of the Government of India.

Mr. Deputy President (Mr. Akhil Chandra Datta): Cut motion moved.

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

Sir Abdul Halim Ghuznavi: Sir, this morning we listened to an inspired speech by the Mover of the cut motion of the European Group.

Mr. J. D. Boyle (Bombay: European): Who inspired it?

Sir Abdul Halim Ghuznavi: That explanation I will give you in the lobby. In the afternoon, Mr. Deputy President, we have listened to the speech of my Honourable friend—a labour staff. His inner man failed him. My friend's inner man failed him because he could not give us the stage thunders; when making his speech, he knew that he had no case. Now, what is the case he has made out for this Honourable House to consider: poor labourers of the Government of India, menial servants, inferior servants—those are the words he has used.

Mr. N. M. Joshi: Not my words. I used a better word.

Sir Abdul Halim Ghuznavi: I am only quoting you and particularly you mentioned, pointing out to my Honourable friend, Sir Ziauddin Ahmad, 'Bear in mind that large numbers of those employed in Delhi are Mussalmans'.

Mr. N. M. Joshi: They are.

Sir Abdul Halim Ghuznavi: He said to Sir Ziauddin, "Don't oppose me. Support me as you are a Muslim and you belong to the Muslim League Party". My Honourable friend's first grievance was that, as the Honourable the Finance Member said that things are going up . . .

Mr. N. M. Joshi: Prices.

Sir Abdul Halim Ghuznavi: Prices are going up. Therefore, these inferior servants of the Government of India and everybody else—shall I say the Government of India employees . . .

(Here the Honourable Member was engaged in conversation with Mr. Joshi.)

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member had better address the Chair.

Sir Abdul Halim Ghuznavi: . . . should get a war allowance.

Mr. N. M. Joshi: He does not want the other cuts to come.

Sir Abdul Halim Ghuznavi: Mr. Deputy President, is it fair? He took 15 minutes.

An Honourable Member: 20 minutes.

Sir Abdul Halim Ghuznavi: . . . and he does not allow me to speak even for five or six minutes.

Manvi Muhammad Abdul Ghani (Tirhoot, Division: Muhammadan): We are hearing you patiently.

Sir Abdul Halim Ghuznavi: He wants the employees of the Government of India to get a war allowance. The prices of commodities have gone up. I don't think the prices of foodstuffs have yet gone up to that height

Mr. N. M. Joshi: You have got lots of money. You don't go to the baniya.

Sir Abdul Halim Ghuznavi: You mean to borrow money?

Mr. N. M. Joshi: I don't know whether you borrow or not. I mean the grocer's shop.

Sir Abdul Halim Ghuznavi: The newspapers will give you the prices of the commodities.

Mr. Lalchand Navalsai: Come to some substantial point.

Sir Abdul Halim Ghuznavi: What did he say?

Mr. Lalchand Navalsai: Nothing wrong.

Sir Abdul Halim Ghuznavi: The various chambers considered this question

Mr. N. M. Joshi: The Government of India themselves considered this question. The Finance Member has put it down in his speech. Why don't you take him as your authority, 40 per cent. rise of prices of articles.

Sir Abdul Halim Ghuznavi: Take for instance expensive cigars—50 per cent. rise. Now cigar is an article. Has that anything to do with the inferior staff of the Government of India that they should get war allowance on that account?

Mr. N. M. Joshi: You have not read his speech.

Sir Abdul Halim Ghuznavi: I have. Here is the speech. Do you want to see that? What I want to impress on the House is this. We realise that the inferior servants have got fixed pay. Whether that pay is too little or too big or too high, I am not questioning that, but they should be entitled to an allowance if the prices really go up. Immediately after the war, three months after—we had a conference in Calcutta

Mr. N. M. Joshi: What is the use of saying this. It refers to jute.

Sir Abdul Halim Ghuznavi: I am not discussing jute. My friend will not allow me

Mr. Lalchand Navalsai: On a point of order. I see that there is more or less a dialogue going on between two Members. Is that allowable?

Mr. Deputy President (Mr. Akhil Chandra Datta): Sir Abdul Halim Ghuznavi.

Sir Abdul Halim Ghuznavi: The various chambers considered the position because we felt that if any increase should be given to the employees, it should be for all—a general rate to be accepted by all concerned. Ultimately it was felt that the time has not yet come. It is not too high yet but if the war goes on and if after another few months it is necessary, certainly that point will have to be considered. It is only three or four months.

Mr. N. M. Joshi: You won't be here.

Sir Abdul Halim Ghuznavi: My Honourable friend can come before this House next year.

Mr. N. M. Joshi: Why not now?

Sir Abdul Halim Ghuznavi: Because I feel that they are not entitled to the excess amount which you want to give them now. The prices have not gone up, so far at any rate as food-stuffs are concerned; that is actually we have now to consider only the point about foodstuffs.

An Honourable Member: and clothing.

Sir Abdul Halim Ghuznavi: and clothing. There is the controlling body throughout the provinces, viz., the Provincial Governments. They are reducing the prices, they are sending men who want to profiteer to jail, they are fining people every day, and they are keeping down the prices at a fair price level. So my friend cannot have any grievance whatsoever; in any province they have not allowed the prices to go up.

An Honourable Member: Question.

Sir Abdul Halim Ghuznavi: It is no use arguing; the point is that a strict control is being maintained in the provinces, and whenever they find any man who profiteers, that man gets the penalty that he deserves. Sir, then my Honourable friend goes on to the postmen. He shed crocodile tears because the postman has to walk ten miles. What a shame! Why should not he get a motor car or a motor cycle

Mr. N. M. Joshi: That is the right thing to do

Sir Abdul Halim Ghuznavi: to deliver a few, four or five letters, which have to be delivered in the course of the whole day? After that, he goes on to the postal runners. How cruel the Government are! They get the runners to run, not walk, and ten miles a day they have to run! Sir, my Honourable friend spends the whole of his life-time in Bombay, Delhi and Calcutta

An Honourable Member: and Geneva.

Sir Abdul Halim Ghuznavi: and Geneva at the Government expense

Mr. N. M. Joshi: Well, Sir, not always at Government expense.

Sir Abdul Halim Ghuznavi: . . . and he has no experience of mufassil life. **Mr. Deputy President,** you and I come from East Bengal; you have landed properties and I have too.

Mr. N. M. Joshi: That is the worst of it.

Sir Abdul Halim Ghuznavi: God has given us landed properties. What do we do to collect our rents? We employ peons: do they not walk ten and twenty miles and collect the rents and bring them into the Kutcherry? Are they not paid to do that? Is not the postman being paid? Does he not get a salary to deliver those letters? Our peons, Sir, walk almost seven miles an hour. Surely our servants who go into the mufassil to collect rents have to go for miles to collect rents. (Interruptions.)

Mr. Deputy President (Mr. Akhil Chandra Datta): There should be no interruptions. The Honourable Member has got only two minutes more.

Sir Abdul Halim Ghuznavi: Mr. Deputy President, it is difficult to proceed with so many interruptions from all sides.

An Honourable Member: Why don't you close your ears to all that?

Sir Abdul Halim Ghuznavi: Next time I will do that. Sir, my Honourable friend made four points in his speech. The first was to give a war allowance. The second was pensions and higher pay, as Rs. 14 is not enough. The third was, why should Government discontinue allowances to the Secretariat staff because they have not to run up to Simla? So, he said, better give that allowance. Then, next the postmen walking ten miles, and as regards the runners, he said that running shortens their average life-span . . .

An Honourable Member: . . . and his girth.

Sir Abdul Halim Ghuznavi: Sir, if the Honourable the Finance Member concedes to the proposals that he has made, then the Excess Profits Tax will have to be raised to 75 per cent. I oppose the cut motion.

Mr. Lalchand Navalrai: Sir, I rise in the interests of the poor. There is no question of Hindu and Muslim with me.

Dr. Sir Ziauddin Ahmad: Question.

Mr. Lalchand Navalrai: I am not going to tell the Honourable Sir Ziauddin Ahmad that you should have more of Muhammadans in the service, but, I say, Muhammadans or Hindus, they are on the same basis on this point, so do not raise the question of Hindu-Muhammadan or any communal questions here. Therefore, let us take this as a joint question and join hands with Mr. Joshi in securing some relief for these poor people who are suffering so much. The first point that arises is whether the prices of food have at present risen or not. I was glad to learn from the Honourable Sir

Abdul Halim Ghuznavi that the prices have not risen, but the truth is perhaps that the prices have not risen in his case, because, it may be, he may be getting his food at concessional prices, or, as an Honourable Member is hinting to me, he does not pay for food, but I do not go so far. Any way, he is a gentleman who is so well-known, is an M. L. A. who wields an influence in coal mines and others, and he says the prices have not risen. Well, he may not be touched by the rise in prices, but the fact cannot be concealed from anybody that the prices have risen and if they are affecting anybody more, it is these poor people.

Now, there were two cuts by my friend, Mr. Joshi, Nos. 20 and 21, and when he at once came down to No. 21, I wondered whether he was also letting go the case of these peons and duffries and others, but I was glad again when he took up the point as a general issue and under that general cut he has spoken of the sufferings of these poor people also. Now, he has placed before us some cases in order to show that justice should be done to these men. The first point that he made or rather the first reason that he gave for the increase was on account of these higher prices. The second, he says, is, put them on the same level as they are in the provinces. Why should it be that they being the Central subordinate servants and inferior servants at the Centre, why should they get lesser emoluments or allowances than what they are getting in Bombay and other places; and, therefore, that there ought to be a uniform system, because, after all, they are all peons, and their conditions everywhere are the same, unless it be that they get their food at certain places at lower prices and at other places differently, and then it may be that a difference might be made, but Delhi is costly, so is Simla, therefore these people should, on the contrary, be given certain concessions and certain increases. What, however, I fear is going to be done now is that instead of giving them anything, their pay or rather their allowances are being cut down. Is that fair, I ask?

Now, it is necessary to give a few details with regard to what their complaints are. Let me take up the first, the case of the peons. Peons at present in the old scale have been getting a pay of Rs. 14 to Rs. 16, but now the new scale is to come into force. Government are going to reduce their pay. Is there any justice for doing this? The new scale of pay is Rs. 14 only without any rise. They must die on this pay. If it is correct, then I appeal to the Honourable the Finance Member to be a little more sympathetic to them. Then, there is the question of the pension. They get now Rs. 8 as pension, but I am told and I would like to know from the Honourable the Finance Member if it is a fact that their pension is going to be stopped altogether. A

The Honourable Sir Jeremy Raisman: That is not a fact.

Mr. Lalchand Navalrai: Therefore, my fear is removed and they will be thankful to the Honourable the Finance Member on that account.

Then, Sir, I come to the allowances. The question of these allowances is applicable to all the inferior servants. It is a question that the Honourable the Finance Member should take into his own hands and consider whether any injustice is being done to them. Even from those days when the seat of Government was in Calcutta, these inferior servants used to get certain allowances. These peons used to get Rs. 3-4-0 a month, with the result that it was a sort of permanent addition to their pay of Rs. 14 to Rs. 16. Now, it is said that that allowance is going to be removed. I wish

[Mr. Lalchand Navalrai.]

the Honourable the Finance Member could give me a reply that that was also not a fact. But if he is not in a position to give me that reply, I hope he will look into this matter, otherwise it will be a great hardship. It might be said that this allowance is going to be stopped, because the Simla exodus has been curtailed. But, all the same, the inferior servants will be stationed both in Delhi and in Simla for some part of the year, and, therefore, there is no reason why their allowances should be stopped. Even when the seat of Government was in Calcutta, they used to get these allowances although they were not stopping in Simla throughout the year. Sir, these allowances have become their right as they have been getting them for the last 25 or more years.

I now come to other inferior servants. Take the daftaries. Under the old scale, they used to get from Rs. 15 to Rs. 35. Under the new scale, they will get from Rs. 15 to Rs. 30. They used to get an allowance of Rs. 4-8-0 a month which is now going to be stopped. Their case is on all fours with that of the chaprassis and they should also be given this allowance.

Then, I come to the Jamadars. They get from Rs. 25 to Rs. 80. Their grievance at present is about the pension. Their pension is only Rs. 12 a month instead of half the pay which they used to get before. Mr. Joshi and several other Honourable Members have been advocating that their pensions should be revised and increased, whereas now they are going to be curtailed. Their allowance is also going to be removed. This is a great hardship.

Then, I come to the Dafadars. Their pay is from Rs. 17 to Rs. 22. In their case, the pension is Rs. 8 only. Why should they not get half their pay as pension? There should not be any invidious distinction in the case of smaller Government servants and those servants who stand on a higher pedestal and get half their pay as their pension. Do not grudge these inferior servants these small concessions, but do them some good.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: For all Government servants!

Mr. Lalchand Navalrai: Not so much for those servants who get fat salaries and put by so much in their bank accounts.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Invidious distinction!

Mr. Lalchand Navalrai: Then, let us have a limit at Rs. 500 a month at the top.

With regard to these Dafadars, the complaint is the same in respect of the allowances. Sir, we are concerned more or less with the subordinate and inferior servants. The bigger servants, who are really bigger masters, take care of themselves. They do not want our help. They have the treasury in their own hands and they get their support from a higher place, namely, the Secretary of State for India. But so far as these subordinate and inferior servants are concerned, their grievances come into our hands and we request the Members of the Treasury Bench to consider their cases favourably. Please do not take away what they have been getting so long.

Then, I come to the Postal Department. Small clerks and the peons and runners also require a revision of their pay and their allowances. Something more should be given to them. Sir, I do not want to take any more time of the House, and I finish my speech by saying that this is a very serious matter and I trust the House will pass this cut motion.

Sir Gurnath Bewoor (Government of India: Nominated Official): Sir, I should like to intervene in this debate only to deal with those points raised by the Honourable the Mover of this motion which relate to the Post and Telegraph Department. Those questions which affect all the servants of the Central Government including those of the post and telegraph department will be dealt with by the subsequent speaker on this side of the House. My Honourable friend, Mr. Joshi, referred to the hardship involved in postmen and runners being required to walk or run ten miles a day. Sir, I am afraid my Honourable friend was speaking of the hardships judging them from his own personal point of view. I have seen my Honourable friend, Mr. Joshi, going out for a walk in the evenings after his day's labours here and probably when he had walked about a mile or so, he felt extremely exhausted. He probably judged that when he felt so exhausted by a walk of a mile, what the postmen or the runners must feel after walking or running ten miles. I am afraid his standard is somewhat misleading. We must judge the work involved by the class of persons who perform this work. I have no doubt that if a postman was asked to sit in a chair from morning ten o'clock till the evening and if he was asked to write all the time sitting at the desk, he would be absolutely dead beat and consider it a great grievance.

Mr. F. E. James: Ask him to sit in this House and be dead.

Sir Gurnath Bewoor: The point I wish to make is this, that in fixing the number of postmen for any particular area, we take the general standard of eight hours duty per day and a walk which involves about ten miles a day. In the case of the city postmen, of course, there is no question of their walking ten miles a day. In the bigger cities, they walk about three miles and probably they climb hundreds of steps. But in the case of the village postmen, they generally walk about ten to twelve miles a day, but they do not do it at one stretch. They go from village to village and in each village they probably spend a certain time, one hour or more and they take their meals also at one of the villages. So the ten miles they cover in a day are not always at one stretch. In the case of runners, it is usually five miles at a stretch, then they halt and hand over the mail bag to the next runner or to the Post Office; then they wait for a few hours and take rest and return to the place wherefrom they started. Ten miles walk a day should not be considered extraordinary for a villager. It is not any terrific exertion.

Then, Sir, Mr. Joshi spoke about the inadequacy of staff in the Post Offices. This question has been raised by him before and I have had to tell him that owing to want of funds, we were sometimes unable to give the full staff that was justified. That is no longer the case. I have not got the exact figures with me, but in 1939 up to now, we have increased the number of clerks by over 300 and the number of postmen by nearly 400. We have always been anxious to see that the staff required is always given. When Mr. Joshi talks of this staff being temporary, he must remember that the increase of work in a Post Office is not always necessarily a permanent

[Sir Gurunath Bewoor.]

increase. If, therefore, we increase the staff permanently and the increase of the work ceases to exist, we shall be left with men on our hands and we shall have to employ them unnecessarily. Therefore, the usual procedure is to employ the staff on a temporary basis and watch and see if the work has increased permanently; if so, the staff is made permanent; if not, the temporary staff is got rid of or employed elsewhere in some other office where the work warrants their employment.

I am always full of admiration for my Honourable friend, Mr. Joshi's advocacy of the grievances of the employees of the Department and I always listen to his speeches with great care and I am always prepared to take into consideration any genuine grievances that he may bring to my notice. It is quite possible that there may be cases, individual cases, where perhaps a runner is asked to run far too many miles. I forgot to mention one particular point—If it is a hilly tract, the runner is not required to cover ten miles a day. It is always reduced somewhat in proportion to the amount of height which he has to climb and then get down on the other side. For example, in the hilly tracts of Kashmir, the runner is not necessarily required to cover ten miles a day.

In conclusion I can only say to Mr. Joshi that I shall always be prepared to listen to any genuine grievance that he may bring to my notice, but I cannot admit that the standards which we have fixed are unreasonable.

Maulvi Muhammad Abdul Ghani: Sir, I have full sympathy with the class of men whose cause Mr. Joshi has been pleased to take up today. They have the same flesh and blood as we have, the only difference is that they cannot ventilate their grievances in an effective way. They do not know how to strike. They do not know how to compel their superiors or masters to yield to their requests. They do not belong to that class of employees who have some opportunity of getting *inams* or rewards or other illegal gratifications. Some of these chaprassis are standing here today and they have no opportunity of giving vent to their grievances and troubles. I fail to understand the argument of the Director General of Posts and Telegraphs that it is very difficult to sit in the chair, but that it is very easy to walk or run ten miles a day. It is well-known that these poor classes of people not only attend to their public duty, but they also attend to the private duties of their masters at home. Honourable Members sitting on the Government Benches should be conscious of the fact how much private duties are extracted from these poor chaprassis and menials. They have to yield to their master's words and perform private duties, lest they should lose their jobs otherwise. So they have double grievances.

My Honourable friend has not taken up the case of those who are not in railway services. These poor people employed outside the Railway Department do not get any free passes. Whenever they are asked to go on duty, they hardly get their actual fare. They have to manage their food within two annas daily allowance that they are paid. So far as the Budget this year is concerned, we are aware that in the name of war allowances highly paid officers are paid huge sums of money. These highly paid officers are having additional opportunities of getting more allowances. No where do we find any opportunity for these poor creatures to get any additional allowance. I hope the Government will take into consideration their pitiable case and will do some justice to them. The other day I

heard that a poor employee in the General Post Office, Delhi, was slapped by his higher officer. Such poor people are subject to beating and they have no opportunity even to go to a court of law to vindicate their rights. They have no redress against the actions of fatly paid officers. I cannot say what punishment has been given to the said officer.

Their lot is miserable and they deserve actual sympathy. My friend, Mr. Joshi, appealed to Sir Ziauddin to help him in the matter because there are large numbers of Muslim employees. Well, I do not know how far his calculation is correct but I know that it is only among these runners, chaprassis, *begars* and additional men that the Muslim percentage is made good and nowhere else. These people are our own men and I have every sympathy with their grievances.

Maulana Zafar Ali Khan: Sir, I associate myself with the views expressed by my Honourable friend, Mr. Joshi, and I congratulate my friend, Mr. Lalchand Navalrai, on the excellent way in which he pleaded the cause of these poor people who were the care of the British Government, but whose case, by a bureaucratic irony, has to be pleaded by us instead of the Finance Minister, the Commerce Minister, the Home Minister and the Education Minister. Some friend was telling me the other day that the Moghul Emperors of yore are run down on the score that they loved pageantry and pomp; they loved magnificence and spent millions of rupees on their buildings, and this led to their downfall. The same is the case with the British Government as they also love pageantry. Look at those poor chaprassis who are standing there in their gold cloth? That gold cloth is for showing us that you are the Emperors of India but underneath that gold cloth there is the famished body and gnawing hunger. You pay a chaprassi Rs. 14 a month; you expect him and his family to live on that sum and you grudge him even an increase of Rs. 2. A Mussalman is allowed to have four wives, and if a man has four wives and eight children, do you expect him to live on Rs. 14 a month? Even if a man has only one wife and two children, can he live on Rs. 14 a month? And they are your own servants, the servants of men who roll in millions and talk in billions. Today I was reading in the newspapers that the Governor of Sind from his high pedestal of glory was giving a lecture to the people of Sind and was telling them that under the Provincial Autonomy the Ministers are responsible to the Legislature and the Members of the Legislature are responsible to the people and so it was necessary to have a palatial building for the ordinary people to come and see what was going on, and for that purpose 16 lakhs of rupees are provided for. Here we are faced with a deficit budget and the Government of India, which gives a subsidy of one crore to Sind, do not raise any objection and my Honourable friend, Mr. Lalchand Navalrai, also keeps mum.

Mr. Lalchand Navalrai: Sir, on a matter of personal explanation, I can only talk here and the question does not arise here. Will the Honourable Member say what the Ministers in other provinces have done?

Maulana Zafar Ali Khan: Two wrongs do not make one right. We are talking of Sind and these 16 lakhs. My Honourable friend, Sir Chhanna Shankar Bajpai, scraped out 12 lakhs of rupees by imposing a cess on agricultural commodities for the benefit of the Imperial Council of Agricultural Research. And our Honourable friend, the Finance Member,

[Maulana Zafar Ali Khan.]

scrapes out only eight crores of rupees by taxation and super-taxation; and it does not meet even one day's cost of the war. And here their servants are starving. We talk of these poor men the Jamadars and Daffadars, whose lot is decidedly very hard. I will go one step further as my Honourable friend, Mr. Joshi, did not proceed so far. What is the lot of the railway employees and clerks who are getting only Rs. 30, Rs. 40, or Rs. 50? I have seen in England a constable getting Rs. 150 a month. Here a constable gets only Rs. 15 a month and they are bound to be corrupt and take bribes. And these poor chaprassis who are standing there in a row would probably like me to speak in Urdu so that they may understand how we are pleading their cause. But, unfortunately, the rules of this House would not permit that.

(Here the Honourable Member proceeded to speak in Urdu.)

Mr. Deputy President (Mr. Akhil Chandra Datta): Order, order.

Maulana Zafar Ali Khan: Well, Sir, the time has come when the British Government, if they want that there should be no discontent, should revise the scales of pay for these poor people who are their own servants, before doing anything else. Sir, I support the motion.

Mr. M. S. Aney: Sir, I do not want to record a silent vote on this motion. Misery wherever it exists must naturally evoke sympathy from every right-thinking man and right-minded person. The case of these poor men who serve their masters so faithfully has been very satisfactorily and eloquently put before us by Mr. Joshi, Mr. Lalchand Navalrai and others. There is one point which strikes me particularly as of great importance. The matter of allowance is one which should be considered, particularly in connection with men drawing such poor salary as Rs. 12 or Rs. 14 a month. The story of a big family to be supported by a man on Rs. 14 as Maulana Zafar Ali has just narrated, is not an exaggerated one. That is exactly the situation. Many of my Honourable friends on the Treasury Benches who come from England do not realise what an Indian family really means. Their idea of a family is a husband and wife with probably one or two children. But in the case of the Indian, whether Muslim or Hindu, and whatever a man's personal law may be, the traditions of joint family exist in the sense of living together. And if there is one earning man a lot of other persons depend on him,—some because they are old and cannot earn themselves and some too young. So that the earning man has to feed and clothe so many people. So with regard to the salary of these people, in times of dearness and famine and other calamities, it is necessary to consider the question of their allowances.

I am sure if the case for an allowance has at any time been unchallengeable and unanswerable, it is in the case of men of this type. They serve us faithfully, and it was rightly pointed out by my Honourable friend, Maulana Zafar Ali Khan, that we ought not to be the persons to plead for them. Those whom they serve should have known these things much better, and I am sure they know them. But there is a procedure without which certain things do not move; and the procedure is this: that that machine cannot move unless a push is given from this side. That is the procedure always. So I am sure we are here to give that necessary

push to make that automobile move, and my friend, Mr. Joshi, has really done us a service in bringing the grievances of these poor men to the notice of this House and for the consideration of those who know these grievances as much as we do. Sir, I support the motion.

Some 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 motion was adopted.

The Honourable Sir Jeremy Raisman: Sir, I have listened to a very harrowing account of the tremendous hardships and difficulties under which labour the faithful menials and subordinate staff who live and work around us. I could wish that my friend, Mr. Abdul Ghani, would assist us in the difficult problem of recruitment by coming and haranguing the crowd of candidates which besieges our doors whenever there is a vacancy and would make their flesh creep and their blood run cold with stories of the dreadful conditions under which they will have to labour, because that would greatly facilitate the problems of recruitment. At present our difficulty is that for every vacancy, even in the menial staff, we have enormous numbers of candidates clamouring; and what is more, relations of those who have already undergone these horrible tortures for the better part of a life-time, their sons, brothers and so on clamour to undergo the same frightful experiences. When the reasonable standards of the class from which they are drawn are presumably so much higher than those which they are enabled to enjoy by service under Government, it seems to me extraordinary that there should be so much pressure to enter these services. But, Sir, the recruitment and conditions of service of all staff, and particularly of subordinate and inferior servants must surely be a matter which is regulated very largely by supply and demand. If you get a reasonably qualified type of person by offering a certain pay and conditions, it seems to me obvious that there is nothing very seriously wrong with those conditions. However, it is not my object to put forward the contention that Government should not be a model employer. So I will come to the points that Mr. Joshi raised in detail.

The first one was the question about a war allowance, and I understood him to be putting forward this proposal, not on the basis of what was due to the inferior servants, so-called, but to the large body of Government servants. I do not wish to traverse again the ground which was covered by my Honourable colleague, the Communications Member, in the course of his Railway Budget speech, where he dealt with great care, if I may say so, and very thoroughly with this exceedingly important and difficult problem. I am sure the House will realise that this is a question which involves, not thousands or lakhs, but crores of rupees, that it is a question which does not merely concern one Department of the Central Government or even the Central Government only, or any single Provincial Government—it is a question which has to be considered in relation to the whole body of Government servants in India. When the amounts at stake are of that magnitude, I am sure the House will realise that a question of that kind has to be approached with the utmost care.

[Sir Jeremy Raisman.]

What are the facts? As was pointed out by my Honourable colleague, although there has been an appreciable rise in prices, as compared with the levels before the war, there has certainly not been a rise in the cost of living to the standard which existed at the time when the scales of pay now being drawn by the majority of Government servants were fixed. So, the case rests really on the claim that Government servants should be compensated for a certain fluctuation which has taken place from a rather low level of prices to a level which is not yet as high as the level subsisting when their scales of pay were fixed. Viewed in relation to those facts, I suggest that the case is one which requires a good deal more substantiation than it has yet received. It has been argued that we should not necessarily stand absolutely on a standard of prices, many years old, on which the present scales were fixed. At the same time we could not possibly undertake to compensate Government servants for fluctuations in levels of prices which were not of a really substantial order; and although my friend, Mr. Joshi, has quoted me as saying that there was a forty per cent. rise in the prices of export commodities, he is quite as well aware as I am that there has been nothing approximating to that rise in the cost of living of individuals or of Government servants. Such investigation as has been made into the question indicates that the order of the rise is something nearer ten per cent. and we cannot accept the proposition that an upward fluctuation of ten per cent. even though it may be due to war, must be compensated by an increase in salaries regardless of the history of prices on the basis of which salaries were fixed.

I come now to Mr. Joshi's second point which related to pensions. In the first place, he had a grievance about the fixation of a maximum, which is Rs. 8 in the case of inferior servants. Well, Sir, I cannot say very much on that point except to point out that there are a large number of Government servants whose pension, though it may reach half their salary, is subject to a maximum, and it is a principle which is applied to many individuals in this class. The second point is one on which I have a little comfort to give to my Honourable friend. He has been agitating for some time that the present rule which requires an inferior servant to complete 40 years service before he can draw the maximum pension should be modified. I have, Sir, recently given my attention to this question and have borne in mind the previous hopes which were held out to Mr. Joshi in this connection, and I am glad to be able to inform him that I intend to reduce the period required for the full pension to 35 years, and in addition to this, I intend to change the basis for determining the amount of pension for servants who have completed from 25 up to 35 years' service and enhance the fraction which is applied to their pay in order to determine their pension by substituting 35 for 40 as the denominator in that fraction. I think my friend, Mr. Joshi, will understand what that means. It means that not only will an inferior servant not have to complete 40 years in order to get the maximum pension which is now expressed in 80ths, that is to say, after 40 years he draws 40/80th of his pay subject to his maximum, and after 35 years—he now draws, I think, 25/80th—he will in future draw 25/70th rising up to 35/70th for that amount of service.

Mr. F. E. James: How much will that cost?

The Honourable Sir Jeremy Raisman: I am not in a position to calculate the exact effect, but all these changes do amount to quite substantial sums, and I must congratulate my friend, Mr. Joshi, on having secured one of the objects for which he has been agitating.

I now come to his next point which was the question of local allowances to certain members of the Imperial Secretariat. I am sorry that Mr. Joshi was not in the House the other day when I was ready to reply to a question which was put down on this subject, because I should have expected then to have had an opportunity of dealing with this point possibly in reply to supplementary questions from him, but it is a fact that this local allowance was originally granted to compensate the inferior servants for extra expenditure involved in spending six months in Delhi and six months in Simla. That was the sole ground on which this local allowance was originally granted. It was realised that it was a hardship for members of this standard of life to have to shift their establishments twice a year. Now that the bulk of the staff will remain permanently in Delhi, the basis for the grant of the allowance will disappear, and it is natural that the Finance Department should have taken up the question of abolishing this allowance. However, we realise that the complete withdrawal of the allowance will cause considerable hardship, and so we are considering the question of compensating these inferior servants for the loss of the compensation which they formerly received because they had to move between Simla and Delhi. Having ceased to move between Delhi and Simla and ceased to have a claim for that compensation, we now have to compensate them for the loss! Well, we are considering the question of giving them some compensation of that kind.

As regards the migratory staff, that is, those who continue to move to Simla, they will be paid a suitable allowance during their stay in Simla. Then, Sir, my friend, Sir Gurunath Bewoor, dealt with Mr. Joshi's four points which related to the Postal Department.

Mr. Muhammad Azhar Ali: May I ask a question, Sir? Is it not possible to provide cycles to these poor runners who are put to a great deal of trouble? The cycles are very cheap now.

The Honourable Sir Jeremy Raisman: I understand, Sir, that the difficulty is that where runners run they cannot use a cycle.

That, Sir, completes all the points which Mr. Joshi brought forward, and that is all I have to say.

Mr. N. M. Joshi: Mr. Deputy President, in view of the announcement made by the Honourable the Finance Member making certain concessions to the inferior servants, though really they do not satisfy me, I propose to ask your leave to withdraw this motion.

Mr. Deputy President (Mr. Akhil Chandra Datta): Has the Honourable Member the leave of the House to withdraw his motion?

Several Honourable Members: Yes, yes.

The motion was, by leave of the Assembly, withdrawn.

Indifferent Attitude of the Government towards the Welfare of the Scheduled Castes.

Rao Sahib N. Sivaraj (Nominated Non-Official): Sir, I move:

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

Sir, my object in moving this motion is to draw, with such force as I can command, the attention of the Government to the nature of the mind that is brought to bear upon the problems affecting the welfare of the scheduled castes in India. Sir, I know that having regard to my voting strength in this House, I cannot carry through this motion, but I depend not on the strength of numbers to establish my case, but on the justice of my cause which affects the welfare of millions of human beings who, for some unknown reason, are treated as untouchables and even worse than animals in this country.

This attitude of the Government started in the very early stages of the British administration, and the first point that I want to bring before this House is that in dealing with this problem of the scheduled castes, the Britisher whether as a member of the East India Trading Company or, subsequently, as a member of the Government, did not view this question in its proper light. The first mistake that he made was to think that the question of the untouchables was a question which related to Hindu religion, which according to me is not the case. Really speaking, it ought to have been treated as a question of race, and according to us, it can be substantiated from various points of view that this question of untouchability is a matter of racial antagonism rooted deep in history. But the Britisher treated it merely as a matter of Hindu religion. That is not all. He went further and declared a sort of non-intervention and neutrality in matters relating to religion, thereby making it impossible for me and for the Government to do as much as any civilised government would do, for the welfare and happiness of a large section of its own population. I do not know if it is a matter of unwillingness or inability on the part of the Britisher to do this. I do not think it is a case of inability, for when he can put down such immoral customs as sati, infanticide, human sacrifice, etc., I personally think that if he had attempted he should have succeeded in removing untouchability. However, whether it is a matter of unwillingness or inability, the Government cannot escape the charge that it was indifference on their part to leave this question where it was, and I know that it is the root cause of all the subsequent evils and disabilities that we are suffering from.

Having regard to the fact that it is not possible, during the short time at my disposal, to deal with all the aspects of the question, I will content myself with relating to the House some points which will generally show the lack of interest and the callous indifference of this Government. I want to bring to the notice of this House the question of the numbers of my community, namely, the total strength of population of my community. Any layman will be surprised at the fact that the Government of India are not sure of the numbers of our community. They have given various accounts of our population at different stages and at different times, and even the way in which the census is prepared is wrong and because in the initial stages and to start with, when the census is prepared, the majority

of the people who are enumerators or whatever they are called, mostly happen to belong to the higher classes, the census is not prepared in the proper and legitimate way. I know that the enumerators do not get into the *Cheries*, they stand on the roadside and ask people and they put down imaginary figures of men, women and children and send that on. I know that at the time of enquiry by the Simon Commission when it was touring this country before it prepared its report, the question of our numbers was even in doubt, and it is not creditable to the Government of India that they could not give the correct figures, because the figures ranged from 28 millions upwards to 60 or 70 millions. But the really interesting point about it was this. Every one, both the Government and the non-officials, every one was saying that the population of India was increasing by leaps and bounds, and the surprise is that the population of the depressed classes is stated to be going down or that the number has not improved at all. It must be some kind of magic,—I do not know, whether the magic of the Mahatma or the wonderful power of the Government of India—to reduce the numbers of the depressed classes without reducing untouchability itself. It is a point on which I expect the Government of India to be careful in future and to see that the returns of the depressed classes are made properly and recorded properly and that real statistics are given.

The next point I wish to refer to is the question of the educational facilities provided by the Government of India for the depressed classes. In the year 1928 it was very gratifying to find that the late Lala Lajpat Rai, who was a very great and sincere friend of the scheduled castes and who never wanted to use the question of the depressed classes merely as a political lever,—moved an amendment to a Resolution which was brought forward by another equally good friend of the scheduled castes, namely, Mr. Jayakar. The late Lala Lajpat Rai brought in an amendment before the House to set apart a sum of one crore of rupees for providing special facilities for the education of the depressed classes. He said that the chief reason why he brought up such a proposition was that there was such a variety of opinions held and there was such a divergence of procedure adopted in the various provinces towards the question of the scheduled castes that it ultimately became the responsibility of the Government of India to provide special facilities for the education of the depressed classes. Unfortunately, that amendment was, for some reason, withdrawn, probably because of the recalcitrant attitude of the Government of India. I know that the Government of India would bring forward the argument that it was needlessly costly, and that the Government of India could not provide funds. But I can suggest to the Government of India, if they can impose a cess upon the public to meet the expenditure upon certain of their special activities, like the agricultural cess, and for animal research,—I can suggest to them, and I do not think it is at all ridiculous, that the Government of India can impose a poll-tax upon all those people who treat us as untouchable, and thus get funds to provide special educational facilities. According to me that works out to be a kind of cess only.

Now, the Government of India have provided special facilities for the education of European children and they spend any amount on that, and they have also shown the same special concern for the education of the Anglo-Indian community, whereas we have been shunted on to the Provincial Governments and to depend on their particular whims and fancies. The trouble in the provinces is that, of late at any rate, this question of depressed classes is sought to be used as a political lever and every one

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whom we want to help us asks us in return a price, and that is political support. Unfortunately, the matter has been complicated on account of the existence of the Poona Pact. Where can we get justice? The whole thing depends upon the support that we can give to the party concerned, and it is in this way that our education is sought to be throttled. Otherwise, as I have indicated, if special facilities had been provided and if special efforts had been made by the Government of India or under their instructions by the Provincial Governments, we should now have been able to produce quite a good number of educated men to take up responsible posts both in the Government offices and outside, and particularly in the Legislatures. I would suggest to the Government of India that it is not yet too late

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

. and perhaps, particularly just now, it is very incumbent upon the Government of India to set apart a good sum of money for affording special educational facilities to the depressed classes, and, if necessary, to appoint a special officer to take care of the education of the depressed classes. Unless that is done, it is impossible for a long, long time for the scheduled castes to come up in the matter of education and there is no use the Government of India turning round and saying, "You have no education, you have no organisation", and so on and so forth, and I know what sort of organisation the various communities and various political parties in this country have. So far as the British Government itself is concerned, I think its organisation has really the British gun behind it and so far as the Hindus are concerned, the real organisation behind them is their supremacy of caste and as for the Muslims the real organisation behind them is Islam and I think the only organisation that I can think of is my universal suffering in this country.

There is another point which I want to bring out about the indifference of the Government of India. They make large grants by way of rural reconstruction to the various provinces and they do not know how all these monies are utilised in the provinces and I do not know what control they exercise in the matter of these rural reconstruction grants but I can never think of a greater programme of rural reconstruction and a more humane programme of rural reconstruction in this country than the improvement of the lot of the scheduled castes who happen to be a considerable proportion of the population of these rural parts. I do wish that the Government of India in future at any rate will, while making these grants, give a direction to the Provincial Governments that these rural reconstruction funds should, as far as possible, be utilised to provide better amenities for the scheduled classes. I know some Provincial Governments have started by providing radio sets and other amenities in the villages and I am perfectly certain and I am sure every Member of this House who has visited a village will agree with me that the *Cheris* or the residential areas of the scheduled castes would have never seen a radio set.

Then, I come to the other point, about the representation in the services. I find that the Resolution of the year 1934, while it shows concern for all the communities in India including the Sikhs, who always

seem to be a sort of depressed class—at least they say they are depressed—shows concern for all the communities, the Sikhs, the Indian Christians and the Anglo-Indians and the Muhammadans, for some reason known to itself our community is classed with caste Hindus. It should have very rightly guessed that there is no ghost of a chance of a depressed class man getting a post in the services when he is classed with the Hindu. I know that in the Madras Presidency, owing to the efforts of the Justice Party of which my Honourable friend, the Commerce Member, was a well-known member and whose battles he has fought in that presidency on many an occasion and on very important issues, a Resolution called

Maulana Zafar Ali Khan: May I ask a question? Do you renounce the claim of being a Hindu?

Rao Sahib N. Sivaraj: I am sorry I have not got the time to deal with this question.

Owing to the efforts of the Justice Party, a Government Order, called the Communal G. O., was issued. Under it a certain number of appointments was reserved for the scheduled castes. If there were twelve appointments, one at least was reserved for the scheduled castes and thereby we have now today in the Madras Presidency a number of people who are occupying very big places. The community has been able to provide men for these jobs.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Rao Sahib N. Sivaraj: And today we find that there are a number of Deputy Collectors, Deputy Superintendents of Police and other men occupying high places on account of the result of this order, and I suggest to the Government of India that they ought to make a reservation separately for us and not merely leave that Resolution of 1934 as it is, showing only a preference to the scheduled castes. As a matter of fact I wrote two letters, one to the Secretary of the Central Board of Revenue asking him to give a direction to the Commissioner of Income-tax in Madras, when he advertised for a job of Income-tax officer, when all the qualifications necessary were satisfied by a depressed class student. I made particular mention of that name and sent it to the Commissioner of Income-tax and the Central Board of Revenue and I find that that man has not been nominated but on the other hand a community which is over-represented, namely, the Brahmin community has got a person selected from that community. Again the Federal Public Service Commission advertised for a post in the Meteorological Department and applications were called for. It is a very rare thing that the depressed classes produce a science graduate and one depressed class candidate from the Tata Institute applied for the job and there again I wrote to the Home Department a letter which was forwarded to the Department of Communications, asking the Government to issue directions to the Federal Public Service Commission to show some preference to the scheduled caste man and I find that the result is nil. It is a question of the attitude of indifference on the part of the Government of India. I have got many other matters to mention but, in conclusion, I would only say this, that

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the Government of India seem to have merely followed the policy which their predecessors have followed—whatever the type of Government that was in existence—namely—keep the depressed classes ignorant and keep them poor.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Rao Sahib N. Sivaraj: I merely want to say as a true friend of the Government of India and in the interests of India that they cannot afford to keep millions of people discontented and disappointed. Already, Sir, the feeling is coming over

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

Rao Sahib N. Sivaraj: One second. The feeling is coming over the members of my community that there is a conspiracy between the Britisher, the Brahmin and the *baniya* of this country to keep us in slavery, poverty and superstition. 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. M. S. Aney: Sir, my Honourable friend, Mr. Sivaraj, has moved his cut and placed before this House the general grievances under which his community, the scheduled castes of India, have been labouring on account of the indifferent attitude of the Government of India as well as the indifferent attitude of certain classes of the Hindu community itself. In his speech there was some ring of resentment against the wrong that has been done to his community for a long time. One is not surprised at that. The wrong which they have been undergoing is a very long standing one and any doctor who has got some experience of dealing with longstanding diseases can say that if we want to have an effective cure, the remedies take some time before the disease is cured but I believe in these days of advanced science no disease is considered so chronic as to be incurable. Therefore, even if you call it a chronic disease, I am sure my friend, Mr. Sivaraj, will not lose hope that the disease will not be cured. I believe that whatever we have to say about the conduct of our own men in regard to this matter in the past will soon be a matter of history and a new chapter in the history of Hinduism is being written, although it may take some time to complete the writing of that chapter. My Honourable friend, Mr. Sivaraj, will not deny that a welcome change has come over the minds of the members of the higher classes of Hindus in this matter, and although he might have come across instances in the Madras Presidency and elsewhere to justify his remark that the work of the depressed classes is being taken up by some persons as a political stunt, I can assure him that all those who are interested in this work are not actuated by political ideas. I do not say that there may be none; it is rather difficult, it would be a large proposition for anybody to assert that, but most of those who have now taken up voluntarily this work of doing something to serve these depressed classes and to make their lot much better and to remove untouchability altogether, have taken up that work in a truly missionary spirit and there

is no sordid motive behind it. It is from a humanitarian spirit, so to say, that the people feel that this state of things ought not to exist and it must disappear.

Sir, I am not here and I do not think I shall plead their cause better than what my Honourable friend has done. It may be true that the Provincial Administrations in the various Provinces of India may not have done their work up to the expectations of my friend, Mr. Sivaraj, but he will excuse me if I say that the record of our Provincial Governments of the efforts made towards ameliorating the lot of the depressed classes during the last two years and a half can certainly be favourably compared to the record of any other Provincial Government that has preceded them. It may not have been up to the expectations of my friend, Mr. Sivaraj, but I can assure him that there was a genuine desire on the part of those Governments to do as much as they could in the matter of helping our unfortunate friends to rise from the position of helplessness in which they, unfortunately, have been on account of traditions and usages to rise to a better and higher economic and social level. The genuine attempt made is genuine and sincere. No doubt even the hands of the Provincial Governments in these matters are considerably held up on account of the limited resources at their disposal, and on that point my Honourable friend has pertinently referred to a very important suggestion made on the floor of this House by my departed Leader, the late Lala Lajpat Rai, several years ago. He suggested here that the Government of India should earmark a sum of a crore of rupees for the sake of the uplift of these scheduled class persons in the country. Well, the suggestion was there.

Bhai Parma Nand (West Punjab: Non-Muhammadan): And he was a Bania.

Mr. M. S. Aney: My Honourable friend has sarcastically used the words "Brahmin" and "Bania". He does not think of any particular individual; but there is a feeling of resentment, as he thinks that these classes have suffered under the tyranny of those classes amongst whom the Brahmins and Banias were prominent, and we must bear a share of the blame for the time being for what has been done in the past. So I do not make a grievance of that. But I am sure that he does not mean to say that the Brahmin or Bania is incapable of producing better men; in fact had that been his position, he would not have come before a House in which Brahmins and Banias are bound to play important part at any rate. In fact the movement has been started today, as Mahatma Gandhi a great Bania himself has stated, as a measure for the atonement of the sins committed in the past by those very classes. The burden of carrying on this work lies heavily on them. I agree with Mahatma Gandhi, that we should not make any serious grievance of the complaint made by my friend, Mr. Sivaraj, that his class has suffered at the hands of the Brahmins and the Bania in the past. Whether the sum of one crore of rupees can be earmarked or not today I am not in a position to say, but that point has to be borne in mind by the Central Government for this reason that if this work of the uplift of the scheduled classes is to be carried on expeditiously and has to become successful, within a reasonable time, then we cannot leave all these things to be done either by the voluntary efforts only of the non-official organizations in the country or solely with the resources at the disposal of the

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Provincial Governments: the Government of India must come to their help with certain definite, tangible monetary assistance. The need of that kind of assistance from the Central Government is felt by the Provincial Governments, and not only that, I go further, it must be clearly earmarked for that purpose and there should be a concrete programme of some kind of uplift for them and such a programme should actually be sketched out and the Provincial Governments should be instructed to spend money only for that purpose. If some such effort is made by the Central Government, I believe it will be for the non-official organizations to imitate and follow that programme, and the work will gather a momentum and then the pace of progress will be much more quick than what it is. I wish that the point to which he has drawn the attention of the Central Government will be carefully considered by them and I hope that they will not altogether shelve it but try to give effect to it as much as, according to their resources, they can do, under the existing conditions.

Sir, as regards the other points which he has raised, they are numerous, but I believe this thing. Although I would not advise the Government to improve their circular of 1934, to which I am opposed strongly on principle, still I do wish that, whenever it is possible, the claims of the duly educated and deserving members of the depressed classes in the matter of Government services ought to be recognized, and more liberally and preferentially dealt with. If things move in this way, probably we shall be hearing less and less in the nature of the ventilation of such grievances on the floor of this House, Sir, I am yearning for the day when we shall no longer hear in this sacred land of ours the words "scheduled classes" or "depressed classes". We shall only I hope hear that we are all "Indians" without any class of this kind. I am yearning for that day. I hope my friend's motion will be favourably considered by the Government of India and I support it whole-heartedly.

Maulana Zafar Ali Khan: Sir, my heart bleeds—and I see an Honourable Member laughs, well, you laugh and I weep—whenever anybody talks something about those unfortunate people whom they have given the name of "untouchables", "Harijans", "Achuts", and so on. I really wonder what has become of man,—“man, made in the image of God.”

Mr. M. S. Aney: According to the Bible.

Maulana Zafar Ali Khan: . . . and “man made a Khalifa of God on God's land” according to the Holy Koran.

Mr. M. S. Aney: “Man is God Himself” according to the Vedas.

Maulana Zafar Ali Khan: But you don't act up to the Vedas.

Mr. M. S. Aney: That is another matter; it is not us alone against whom you can bring that charge.

Maulana Zafar Ali Khan: The Khalifa of God in this world is man, not as a Mussalman, but as a man,—and man in this land of India is treated as worse than an animal. Well, that is a sight, in the words of the Greek mythology, for the gods to see. Sir, I have been to Cochin, I have been to Travancore. I have been to Madras and I have gone all over the Provinces and I have seen a lot of the depressed classes myself. A so-called

achut cannot walk on the same road as the Brahman *Deota*: he cannot draw water from the same well as the Brahman *Deota*: he cannot enter the temple as the Hindus of the upper classes. He cannot do all that. He cannot be educated in the same *Vidyalayas* as the Hindus. This is his lot in Southern India and his number there is greater than in any other province of India. Their numerical strength in this country is seven crores. Seven crores of people, which can constitute a great nation in themselves, are being treated as worse than animals.

My Honourable friend, Mr. Sivaraj, started his speech with wrong premises. He has charged the British Government in India for having treated them indifferently, whereas this charge ought to have been levelled against the great Hindu community or against their heads. It is they who have treated them indifferently. Sir, the question is not merely a racial one. According to Manuji and according to his *Dharam Shastra*, it is a religious question. Historically, the question may be reduced into a few facts. The Aryans, coming from their homeland somewhere in Central Asia, marched towards the Punjab and then into the Ganges valley and for 1,400 years they were conquering the whole of Northern India and they were driving back the original population of this part of the country known as the Dravidian. These Dravidians were driven beyond the confines of Narbaddha and there they are to be found in larger numbers. Some of them have been left in the Central Provinces and also in the Punjab and other parts of Northern India. There was a colour bar even in those days. As the colour of the Aryans happened to be a little fairer than that of the Dravidians, these blackies were driven to the South and the whites remained in the North. A section of these Aryans marched towards the West and went to England and Germany and other places, where we see this colour bar even up to this time. These Brahmins of the West and the Brahmins of the East combined together in driving the Dravidians out. So, they became the victim of the Brahmin conspiracy. It may not be the conspiracy of the British Government but it is a conspiracy of the Brahmins of the West and the Brahmins of the East. I was yesterday pointing out to the House what our theory is,—our theory of nationality and our conception and our ideal of the greatness of man. We, as members of the Muslim community, number ten crores in India and we constitute a great nation in India. As such, we hold out our hand in full sympathy to our brethren, the so-called depressed classes, and tell them that we do not ask you to embrace Islam. We simply co-operate with you as man do co-operates with man. We acknowledge your right as man, the right that has been wrested from you. Sir, as long as this curse of untouchability is in India, there will be no independence for India. How can you talk of independence when you call these men *Achuts* and *Harijans*? No, you will not get it. But, God willing, we shall get them independence. You talk of the Constituent Assembly in which you will be 75 per cent. and we 25 per cent. I tell you in a few months' time or in a few years' time, there will be 16 crores of Mussalmans and *Achuts* and they will be in the majority. . . .

Mr. President (The Honourable Sir Abdur Rahim): Order, order. The Honourable Member must confine his remarks to the motion before the House, namely, the indifferent attitude of the Government towards the welfare of the scheduled castes.

Maulana Zafar Ali Khan: I have already pointed out that it has not been so much the indifference of the British Government as the indifference of the Brahmin community and the Hindu community as a whole that these poor people, this great nation, has been treated so shabbily.

In lending my support to this cut motion, I would ask the Imperial Government, if they realise their responsibilities, that a sum of one crore of rupees should be raised by imposing an educational cess on both the Achuts and the Mussalmans. We are ready to help them. Wherever I go, I ask the Muslim educational institutions to set apart 20 per cent. of seats for depressed class students. I ask them to give these students scholarships and help them in every way. So, we are prepared to give our share. So far as this educational cess is concerned, this money should go towards raising their position educationally. I should also like the British Government to set apart a number of posts in various Departments for these so-called Achuts. I would also like them to be represented in the Legislatures of the country and a number of seats set apart for them. These are a few suggestions and with these suggestions I support the cut motion.

Mr. N. M. Joshi: Mr. President, I have great pleasure in supporting the motion of my Honourable friend, Mr. Sivaraj. Recently, a good deal of verbal sympathy has been expressed by all classes of people in this country for the untouchable classes. The Britishers make the existence of the scheduled classes an excuse for not giving self-government to India. Well, Sir, the British Government have been tried and found wanting. They have been here for nearly a century and untouchability still remains. Then, we, the educated Hindus, also expressed a good deal of verbal sympathy for the untouchables. My Honourable friend, Mr. Aney, pleaded that untouchability is being gradually removed. He said the Congress Governments are spending at least a little more money than the previous Governments. I am not satisfied with the progress made so far. The problem is a very important problem and it affects the interests of the country in its vitals. If we, the Hindus, and even others tolerate untouchability and allow it to continue longer, then whatever aspirations we may have for our country, they will not be satisfied. My Honourable friend, Mr. Aney, said, we must be patient. We have been patient long enough as regards untouchability. I feel that this problem can be solved if we make a great effort. Spending a few lakhs is not enough. The number of untouchables who are suffering from this curse of untouchability is very large. If we want to educate them we should not stint any money. I remember the speech of the late Lala Lajpat Rai when he proposed to set apart a crore of rupees for the education of the depressed classes. I would suggest the setting apart of 100 crores. Did we not give away 100 crores during the last war as a free gift to Great Britain? We can give Great Britain now the gift of removing untouchability by spending a similar sum. If there is a good case for Government spending money for current expenses out of loans, that good case is in spending money for the uplift of the depressed classes even out of loans. I feel, Sir, that the Provincial Governments ought to do their duties. They are not doing their duty in my judgment. Even the Congress Governments did not do a great deal for the education and for the employment of the untouchables. It may be said that education is a transferred subject, it is a provincial subject. But may I ask if the Government of India are not spending lakhs of rupees on the Aligarh and Benares Universities? Why

are they doing that? Why should they grudge spending similar sums on the untouchables? The Government could easily have put down a provision in the Government of India Act to the effect that the education of the untouchables will be a Central subject. If they can include the Aligarh and the Benares Universities as Central subjects, why should they not include the education of untouchables under the Central head? What are they doing for education of the depressed classes in the Centrally Administered Areas? If they can spend ten lakhs every year for the education of a few thousands in the Aligarh and Benares Universities—for the sake of a few Hindus and Muslims—they must spend the same amount for the education of the untouchables in the Centrally Administered territories.

I would suggest to the Government of India that provision should be made for sending to school every untouchable. I know it is difficult for poor people to send their children to school on account of their poverty. They want their children to earn their bread by working. I would suggest that the Government of India should give adequate scholarships to all the children of untouchables in order that they may be able to attend schools. I would also suggest that no untouchable who has passed the primary school stage should be prevented from going to secondary school for want of money, that every boy who passes primary examination should be given sufficient scholarship to go to secondary schools. Similarly, let every untouchable boy who passes the secondary school be given sufficient scholarship to go to college. I have no doubt that if we feel strong over the matter the untouchable community can be educated within a short time. Similarly, the Government of India should be willing to reserve a certain percentage of employment to the untouchables. The Government of India at present reserve employment for every class of minority, for the Muslims, the Christians and even for the few lakhs of Anglo-Indians. All these communities are fairly well-educated and employed. When the Government can reserve posts for such fairly well-advanced minorities, why should they not earmark certain number of posts for the untouchables. They may say that the candidates are not forthcoming, that the candidates are not available. Why not put down in the Act that so many appointments are reserved for the scheduled classes and if scheduled class candidates are not available, then some others should get them. Where was the difficulty in putting down in the legislation or under your rules, say 15 or 20 per cent., whatever may be the quota fixed, should be reserved for the untouchables and that if untouchable candidates are not available, then certainly others should be employed. Similarly, they can make concessions for the untouchables as regards qualifications also for the posts. I know that from minority communities people are appointed although in competition with other communities they are not as well qualified as members of other communities. Why should not the Government make a similar concession in the case of untouchables, that when an untouchable candidate is to be appointed, even if he is not as well qualified as the other candidates he should be given preference.

Similarly, the Government of India can pass legislation making it a penal offence to treat any human being as an untouchable. The Government of India had time to pass all sorts of legislations, but they had not yet had time to pass legislation making it penal to treat a human being as an untouchable. I hope, Sir, the Government of India will give up

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their present lethargy and do everything that is in their power for the education of the untouchables and for giving them employment and for making it penal offence to treat any human being as an untouchable. I hope the Government of India will move in the matter and I suggest to the House that this cut motion should be passed.

Babu Baijnath Bajoria: Sir, I had no intention of intervening in this debate but for the sweeping remarks which have been levelled by my Honourable friend, Maulana Zafar Ali Khan, against the caste Hindus. I should like to refute some of those allegations which he has made against the Hindus in general.

Maulana Zafar Ali Khan: Will you dine with Mr. Sivaraj?

Babu Baijnath Bajoria: If the Honourable Member means that only by inter-dining and by inter-marriage love and friendship can be made, then, I, for one, would say that he is absolutely mistaken.

He said that the caste Hindus treat the untouchables as worse than animals. He is absolutely wrong. As a matter of fact, there is no such caste as "untouchable" in the Hindu shastras. This word "untouchables" was coined by the Government. Similarly, the words "scheduled classes" and "depressed classes" were coined by the Government. All Sudras are not untouchables. The so-called untouchables belong to the fourth class amongst Hindu social order (Interruption.) I know better than my Honourable friend, Maulana Zafar Ali Khan, about the caste system of Hindus. I know that certain sections of the people are very vocal in their solicitude for the untouchables. But theirs is only lip sympathy. As far as the economic amelioration of the condition of the untouchables, or for the matter of fact, the amelioration of Sudras or any section of the Hindu community, or of the Muslim community or of any other community in this country, is concerned, I am of opinion that it should be carried out. In that respect I agree with the cut motion of my Honourable friend, Rao Sahib Sivaraj. If my Honourable friend, Rao Sahib Sivaraj, goes further as Maulana Zafar Ali Khan wants, that they should be allowed to enter temples and so on, I am not in favour of such a course.

Rao Sahib N. Sivaraj: I am not in favour of temple entry by untouchables.

Babu Baijnath Bajoria: I know that Rao Sahib Sivaraj is not in favour of temple entry. I said this only because of the provocative speech of Maulana Zafar Ali Khan. If my Honourable friend, Maulana Zafar Ali Khan, is so very solicitous about the depressed classes, why did not the Muslim community give any of their reserved seats to the scheduled classes? Under the Poona Pact, all the seats that were reserved for the depressed classes came out of the seats allotted to Hindus. (Interruption.) I wish my Honourable friend does not interrupt my speech. I was keeping quiet when he attacked the Hindu community, and I expect him to bear with me for a few minutes.

In our social order, different kinds of work were specially reserved for the Sudras and they were faring well by performing these vocations by themselves. They care only for their economic uplift and salvation and

do not desire to meddle with the Hindu shastras or do anything which would incite the caste Hindus against them.

Sir, the time at my disposal is very short. The subject is vast and requires one or two hours for doing justice to it. I will, therefore, discuss it on a more suitable occasion but for the present I will express sympathy with the motion and the view that the depressed classes should be properly and generously treated by the Government.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I have listened to the Honourable the Mover's speech with the attention and sympathy it deserved, but a motion of this kind has to be tested not by one's general sympathy with the object which he has in view so much as by the test of what the Government could or should do or what the Government of India have left undone that they ought to have done, in regard to the object underlying this cut motion. Judged by this test we find that there is very little shown that the Government of India ought to have done or that it has omitted to do. Only two of the specific points mentioned by the Honourable the Mover concerned the Central Government at all. One is in regard to population. I do not mean that the Central Government is responsible for the population. We are responsible for counting the population and in the census that is to take place next year we hope to make very adequate arrangements for ascertaining the population of the scheduled classes as accurately as possible. Certainly we can meet the Honourable the Mover on that point. The only other point that concerns the Central Government is about the facilities afforded to the members of the depressed classes for entering Government service. I, of course, mean Government service under the Central Government because we cannot do anything about the provinces. So far as the Central Government is concerned, the Resolution of 1934 is well-known to the House and I think the Honourable the Mover did not complain about it. But what he said was that posts should be reserved for the depressed classes, that is to say, apparently reserved for them irrespective of their qualifications.

Rao Sahib N. Sivaraj: I referred to the difference between the Government of India Resolution of 1934 and the communal ratio which is now obtaining in Madras. I said that under the Resolution specific reservation of posts should be made for the depressed classes, of course with the required qualifications.

The Honourable Sir Reginald Maxwell: I am afraid I do not quite appreciate the Honourable Member's point. If he is complaining about the way in which these things have been managed in Madras I am not able to help him. But, at any rate, so far as the Government of India are concerned the interests of the depressed classes in the matter of employment are safeguarded as far as possible; and even in cases where the avenue of employment is through competitive examinations the orders of 1934 leave open a loophole by which they may get in, but not without submitting themselves to some kind of educational test. The avenue through which they can get in is by nomination of persons who have shown themselves possessed of the minimum qualifications; and only last year my Department issued a circular to all Central Departments asking them to give their special attention to them and, if possible, to reserve or at any rate,

[Sir Reginald Maxwell.]

to keep aside a certain number of posts when they were filling them, and to offer them to qualified candidates of the depressed classes, if available. And actually in regard to the examination for the Indian Civil Service an attempt was made to find a depressed class candidate last year. We failed, I am sorry to say, but again this year it has been publicly announced that one post will be reserved for nomination of a member of the scheduled classes if available with the required qualifications. And we have asked all Provincial Governments to send us names so that the field of choice may be as wide as possible. I do not think the Central Government can do more than that.

As regards the other things mentioned by the Honourable Member about educational facilities in particular or rural reconstruction expenditure, these are now matters for the Provincial Governments, and, therefore, it is beside the point to attack the Central Government complaining of their lack of interest and callous indifference or charge the Government of India with attempting to keep the depressed classes ignorant and poor. These are quotations from the Honourable the Mover's speech; and to my mind it is rather a remarkable thing that he should have come here from a province in which the Government have, until very recently, belonged to a party which claim to be giving a lead to India in the matter of removing disabilities of the scheduled classes. He should go to the Provincial Government and ask them to do these things. Similarly, my Honourable friend Mr. Joshi, stated that untouchability has remained under the British Government. If he really believes that the British Government have had anything to do with the perpetuation of untouchability or deliberately countenanced it I can say to him that during the last two years the Provincial Governments have been under autonomous institutions; and if the British Government has failed in these matters he should go to the autonomous Governments of his own people and ask them what they have done for the depressed classes.

Mr. M. S. Aney: Why should the Central Government be jealous of the Provincial Governments? Why should the Honourable Member speak of them as something different?

The Honourable Sir Reginald Maxwell: The Honourable Member does not seem to have understood my remarks. Where these charges have been levelled against either the British Government or the Central Government my reply is that in the majority of matters to which the Honourable the Mover has specifically referred the Provincial Governments, i.e., the duly elected ministries, have during the last two years been responsible. And let us ask them what they have done in these matters and whether they have done more than the Central Government have done. That, Sir, is my reply to the motion.

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

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

The motion was adopted.

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

"That a reduced sum not exceeding Rs. 1,26,900 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, 1941, in respect of 'Executive Council'."

The motion was adopted.

DEMAND No. 1—CUSTOMS

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That a sum not exceeding Rs. 78,30,000 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, 1941, in respect of 'Customs'."

The motion was adopted.

DEMAND No. 2—CENTRAL EXCISE DUTIES

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

"That a sum not exceeding Rs. 18,80,000 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, 1941, in respect of 'Central Excise Duties'."

The motion was adopted.

DEMAND No. 3—TAXES ON INCOME INCLUDING CORPORATION TAX

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

"That a sum not exceeding Rs. 78,46,000 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, 1941, 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. 55,94,000 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, 1941, in respect of 'Salt'."

The motion was adopted.

DEMAND No. 5—OPIMUM

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

"That a sum not exceeding Rs. 23,64,000 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, 1941, 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. 4,32,000 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, 1941, 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. 22,68,000 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, 1941, 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. 6,67,000 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, 1941, 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. 2,22,000 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, 1941, 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 sum not exceeding Rs. 11,12,04,000 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, 1941, 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. 92,23,000 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, 1941, in respect of 'Interest on Debt and other Obligations and Reduction or Avoidance of Debt'."

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. 1,46,000 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, 1941, 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. 8,15,000 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, 1941, 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. 7,71,000 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, 1941, 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. 3,66,000 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, 1941, 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 sum not exceeding Rs. 5,73,000 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, 1941, 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. 5,56,000 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, 1941, 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 sum not exceeding Rs. 4,71,000 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, 1941, 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. 4,32,000 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, 1941, 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. 2,00,000 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, 1941, 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. 4,90,000 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, 1941, 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. 18,79,000 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, 1941, 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 ADMINISTRATION OF AGENCY SUBJECTS AND MANAGEMENT OF TREASURIES

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

"That a sum not exceeding Rs. 1,14,000 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, 1941, in respect of 'Payments to other Governments, Departments, etc., on account of Administration of Agency Subjects and Management of Treasuries'."

The motion was adopted.

DEMAND No. 25—AUDIT

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

"That a sum not exceeding Rs. 93,83,000 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, 1941, 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. 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, 1941, 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. 6,09,000 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, 1941, 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. 14,08,000 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, 1941, 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. 8,29,000 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, 1941, 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. 19,11,000 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, 1941, in respect of 'Survey of India'."

The motion was adopted.

DEMAND NO. 81—METEOROLOGY

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

"That a sum not exceeding Rs. 20,79,000 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, 1941, in respect of 'Meteorology'."

The motion was adopted.

DEMAND NO. 82—GEOLOGICAL SURVEY

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

"That a sum not exceeding Rs. 2,57,000 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, 1941, in respect of 'Geological Survey'."

The motion was adopted.

DEMAND NO. 83—BOTANICAL SURVEY

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

"That a sum not exceeding Rs. 50,000 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, 1941, in respect of 'Botanical Survey'."

The motion was adopted.

DEMAND NO. 84—ZOOLOGICAL SURVEY

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

"That a sum not exceeding Rs. 1,27,000 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, 1941, in respect of 'Zoological Survey'."

The motion was adopted.

DEMAND NO. 85—ARCHAEOLOGY

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

"That a sum not exceeding Rs. 10,44,000 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, 1941, in respect of 'Archaeology'."

The motion was adopted.

DEMAND NO. 86—MINES

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

"That a sum not exceeding Rs. 1,46,000 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, 1941, in respect of 'Mines'."

The motion was adopted.

DEMAND NO. 87—OTHER SCIENTIFIC DEPARTMENTS

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

"That a sum not exceeding Rs. 2,82,000 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, 1941, in respect of 'Other Scientific Departments'."

The motion was adopted.

DEMAND NO. 88—EDUCATION

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

"That a sum not exceeding Rs. 6,38,000 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, 1941, in respect of 'Education'."

The motion was adopted.

DEMAND NO. 89—MEDICAL SERVICES

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

"That a sum not exceeding Rs. 8,13,000 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, 1941, 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. 9,53,000 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, 1941, 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. 26,52,000 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, 1941, 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. 7,21,000 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, 1941, in respect of 'Imperial Council of Agricultural Research'."

The motion was adopted.

DEMAND No. 48—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. 5,21,000 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, 1941, 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, 1941, 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. 8,20,000 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, 1941, 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. 8,23,000 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, 1941, 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. 59,08,000 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, 1941, in respect of 'Aviation'."

The motion was adopted.

DEMAND No. 48—BROADCASTING

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, 1941, in respect of 'Broadcasting'."

The motion was adopted.

DEMAND No. 49—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, 1941, in respect of 'Capital Outlay on Broadcasting'."

The motion was adopted.

DEMAND No. 50—INDIAN STORES DEPARTMENT

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

"That a sum not exceeding Rs. 21,15,000 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, 1941, in respect of 'Indian Stores Department'."

The motion was adopted.

DEMAND No. 51—COMMERCIAL INTELLIGENCE AND STATISTICS

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

"That a sum not exceeding Rs. 7,50,000 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, 1941, in respect of 'Commercial Intelligence and Statistics'."

The motion was adopted.

DEMAND No. 52—CENSUS

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

"That a sum not exceeding Rs. 8,56,000 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, 1941, in respect of 'Census'."

The motion was adopted.

DEMAND No. 53—EMIGRATION—INTERNAL

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, 1941, in respect of 'Emigration—Internal'."

The motion was adopted.

DEMAND No. 54—EMIGRATION—EXTERNAL

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

"That a sum not exceeding Rs. 1,31,000 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, 1941, in respect of 'Emigration—External'."

The motion was adopted.

DEMAND No. 55—JOINT STOCK COMPANIES

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

"That a 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, 1941, in respect of 'Joint Stock Companies'."

The motion was adopted.

DEMAND No. 56—MISCELLANEOUS DEPARTMENTS

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

"That a sum not exceeding Rs. 5,63,000 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, 1941, in respect of 'Miscellaneous Departments'."

The motion was adopted.

DEMAND No. 57—CURRENCY

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

"That a sum not exceeding Rs. 25,50,000 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, 1941, in respect of 'Currency'."

The motion was adopted.

DEMAND No. 58—MINT

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

"That a sum not exceeding Rs. 33,54,000 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, 1941, in respect of 'Mint'."

The motion was adopted.

DEMAND No. 59—CIVIL WORKS

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

"That a sum not exceeding Rs. 96,89,000 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, 1941, in respect of 'Civil Works'."

The motion was adopted.

DEMAND No. 60—CENTRAL ROAD FUND

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

"That a sum not exceeding Rs. 1,73,00,000 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, 1941, in respect of 'Central Road Fund'."

The motion was adopted.

DEMAND No. 61—SUPERANNUATION ALLOWANCES AND PENSIONS

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

"That a sum not exceeding Rs. 1,10,46,000 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, 1941, in respect of 'Superannuation Allowances and Pensions'."

The motion was adopted.

DEMAND No. 62—STATIONERY AND PRINTING

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

"That a sum not exceeding Rs. 37,40,000 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, 1941, in respect of 'Stationery and Printing'."

The motion was adopted.

DEMAND No. 63—MISCELLANEOUS

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

"That a sum not exceeding Rs. 22,67,000 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, 1941, in respect of 'Miscellaneous'."

The motion was adopted.

DEMAND No. 64—GRANTS-IN-AID TO PROVINCIAL GOVERNMENTS

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

"That a sum not exceeding Rs. 61,000 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, 1941, in respect of 'Grants-in-aid to Provincial Governments'."

The motion was adopted.

DEMAND No. 65—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, 1941, in respect of 'Miscellaneous Adjustments between the Central and Provincial Governments'."

The motion was adopted.

DEMAND No. 66—DELHI

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

"That a sum not exceeding Rs. 50,80,000 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, 1941, in respect of 'Delhi'."

The motion was adopted.

DEMAND NO. 67—AJMER-MERWARA

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

"That a sum not exceeding Rs. 33,94,000 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, 1941, in respect of 'Ajmer-Merwara'."

The motion was adopted.

DEMAND NO. 68—PANTH PIPLODA

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, 1941, in respect of 'Panth Piploda'."

The motion was adopted.

DEMAND NO. 69—ANDAMAN AND NICOBAR ISLANDS

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

"That a sum not exceeding Rs. 37,19,000 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, 1941, in respect of 'Andaman and Nicobar Islands'."

The motion was adopted.

DEMAND NO. 70—INDIAN POSTS AND TELEGRAPHS

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

"That a sum not exceeding Rs. 13,19,000 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, 1941, in respect of 'Indian Posts and Telegraphs'."

The motion was adopted.

DEMAND NO. 71—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, 1941, in respect of 'Indian Posts and Telegraphs—Stores Suspense (Not charged to Revenue)'."

The motion was adopted.

DEMAND NO. 72—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, 1941, in respect of 'Indian Posts and Telegraphs—Capital Outlay on Telephone Projects (Not charged to Revenue)'."

The motion was adopted.

DEMAND NO. 73—CAPITAL OUTLAY ON VIZAGAPATAM HARBOUR

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

"That a 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, 1941, in respect of 'Capital Outlay on Vizagapatam Harbour'."

The motion was adopted.

DEMAND NO. 74—DELHI CAPITAL OUTLAY

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

"That a sum not exceeding Rs. 15,67,000 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, 1941, in respect of 'Delhi Capital Outlay'."

The motion was adopted.

DEMAND NO. 75—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, 1941, in respect of 'Commutated Value of Pensions'."

The motion was adopted.

DEMAND NO. 76—INTEREST-FREE ADVANCES

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

"That a sum not exceeding Rs. 81,22,000 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, 1941, in respect of 'Interest-free Advances'."

The motion was adopted.

DEMAND NO. 77—LOANS AND ADVANCES BEARING INTEREST.

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

"That a sum not exceeding Rs. 54,13,000 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, 1941, in respect of 'Loans and Advances bearing interest'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 13th March, 1940.

LEGISLATIVE ASSEMBLY

Wednesday, 13th March, 1940.

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.

REMARKS OF SIR LEONARD WOOLLEY ABOUT CONSERVATION OF
ARCHAEOLOGICAL REMAINS.

357. *Mr. Umar Aly Shah: (a) Will the Education Secretary kindly state if Government have taken notice of Sir Leonard Woolley's remarks that in conserving archaeological remains public money has been wasted and scientific aims defeated?

(b) Is it a fact that the work at Sirkap is done directly under the charge of the Director General? Is it a fact that Sir Leonard considers the considerable amount of money spent there as worse than wasted?

(c) What steps do Government propose to take to remove the defects pointed out by Sir Leonard?

Sir Girja Shankar Bajpai: (a) Yes.

(b) The work at Sirkap has been carried out under the direction of the Director General. It is a fact that Sir Leonard Woolley considered that from the scientific point of view certain expenditure on conservation of excavated remains was ill advised.

(c) Government have under consideration the action to be taken on Sir Leonard Woolley's recommendations.

Dr. Sir Ziauddin Ahmad: May I know whether Government contemplate to issue a communiqué about the action which they propose to take, so that we may know the situation is improving?

Sir Girja Shankar Bajpai: Sir, the recommendations of Sir Leonard Woolley involve, briefly, an addition to the budget of the Archaeological Survey of India of roughly two lakhs of rupees. I doubt whether it would be possible for us to get that additional two lakhs while the war is on, but with regard to those of the recommendations of Sir Leonard Woolley which do not involve additional expenditure, I shall consider my Honourable friend's suggestion for the issue of a communiqué as soon as a decision has been reached.

Maulvi Muhammad Abdul Ghani: Do Government propose to give a copy of the Woolley Report to the Members of this House?

Sir Girja Shankar Bajpai: Well, the Report is already available to Honourable Members in the Library. If any Honourable Member shows a special interest in the subject, I shall be glad to provide him with a copy.

DISTRIBUTION OF INDUS WATERS BETWEEN THE PUNJAB AND SIND.

358. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Labour be pleased to state whether Government have received a representation from Sind Government in connection with construction of irrigation projects by the Punjab Government, which take away a large share of Indus water leaving a very small share for irrigation in Sind? If so, how has the same been disposed of?

(b) Is it a fact that the Government of India had appointed a committee of two engineers—one from the Punjab and the other from Sind—to work out figures of possible discharge of water in Indus and how the same should be divided between the two Provinces?

(c) Did the Government of India, as a result of this enquiry, issue any orders regarding distribution of Indus waters between the Punjab and Sind? If so, what was the nature of those orders?

(d) Have the Punjab Government followed those orders? If not, why not? What action do Government propose to take to see that there is a fair distribution of Indus waters between Sind and the Punjab? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Such a representation has been received and is under consideration.

(b) An expert committee consisting of eight members was appointed in 1935 to consider the distribution of the waters of the Indus.

(c) After consulting the interested parties the Government of India passed orders on the Distribution Committee's report in 1937. As the Committee's report has not been published, the nature of the orders cannot be disclosed.

(d) The Government of India have no reason to suppose that the Government of the Punjab have not followed the orders passed by them. The remainder of the question does not arise.

Mr. Lalchand Navarai: In view of the fact that the Sind Government has been complaining that the Punjab Government is not following what the directions were, will the Honourable Member have that matter decided by some of the representatives of the Punjab and the Sind Governments meeting together and finding out their difficulties?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I said the matter was under consideration and the Honourable Member will realise that if there is a difference of opinion between two Provincial Governments, the machinery that could be devised for solving those difficulties cannot be stated in such simple terms.

CONDITION OF THE DOME OF THE TAJ MAHAL.

359. *Dr. Sir Ziauddin Ahmad: (a) Will the Education Secretary be pleased to state whether Government invited the Central Public Works Department to examine the Taj and submit a report for necessary repairs?

(b) Will the Honourable Member be pleased to state when the report was submitted by the Central Public Works Department?

(c) Will the Honourable Member lay a copy of this report on the table? In case the report is very long, will the Honourable Member be able to place a copy in the library of the House?

(d) What is the report of the Department about the general condition of the dome of the Taj?

(e) What action do Government propose to take to carry out the repairs?

Sir Girja Shankar Bajpai: (a) Yes.

(b) to (e). The report of the Central Public Works Department was received in September last. It is of a purely provisional and departmental character and cannot, therefore, be placed on the table of the House. As I have already stated in my reply to the Honourable Member's starred question No. 117 on the 16th of last month the main conclusion in the report is that a close examination of the dome is necessary before any final conclusion as to the condition of the dome and the repairs necessary can be arrived at. Scaffolding will shortly be erected to enable that examination to be made.

Dr. Sir Ziauddin Ahmad: In view of the fact that the public is specially interested in the question that the dome of the Taj may not fall down in the same manner as the roof of the Idgah mosque at Agra fell down soon after the repairs, may I know if the Honourable Member will take every precaution to see that proper repairs are done?

Sir Girja Shankar Bajpai: Sir, as a matter of fact, it is because of a difference of opinion between the Archaeological Department, the Archaeological Engineer and the Superintendent of Agra on the one hand and the P. W. D. on the other that instructions have been issued for the setting up of a scaffolding to complete the investigation as soon as possible. I can assure my Honourable friend that we recognise the unique importance of this building, and that everything that the Government can do will be done to preserve this historical monument.

Dr. Sir Ziauddin Ahmad: In view of the fact that the P. W. D. have trained engineers and that the officers of the Archaeological Department are experts in archaeology only, but not necessarily in engineering, will he give a preference to those who know the subject?

Sir Girja Shankar Bajpai: As regards the first part of what my Honourable friend said, one of the examiners on the part of the Archaeological Department is an engineer, Dr. Ansari; but, in addition to that, the P. W. D. representatives themselves say that they cannot express a definite opinion until the close examination, which a scaffolding would enable them to do, has been made. That is why we are getting on with that.

Dr. Sir Ziauddin Ahmad: May I know whether, if the Central P. W. D. are unable to give a definite opinion about the repairs, they will seek the aid of engineers from abroad?

Sir Girja Shankar Bajpai: No, Sir, it is not that the Central P. W. D. are unable to give an opinion. What they have said is that it is not possible to undertake a close examination of the dome without the mechanical device, viz., scaffolding, to which I have already referred, and that is what we are now going to set up.

Maulana Zafar Ali Khan: How long will it take to undertake the examination?

Sir Girja Shankar Bajpai: As to that, we shall impress on the P. W. D. to complete the examination as quickly as possible.

Dr. Sir Ziauddin Ahmad: In view of the fact that the public in India and the public all over the world are vitally interested in the Taj Mahal, will Government consider the desirability of issuing some kind of communiqué to satisfy the feelings of the public about the Taj?

Sir Girja Shankar Bajpai: I can only tell my Honourable friend this that, as soon as we receive the final report of the Central P. W. D., we shall consider his suggestion.

Mr. Muhammad Azhar Ali: Will Government consider the suggestion that as the Taj was built by old-time dome engineers of world-wide experience and not by a new type of engineers, will Government consider securing the services of any of such engineers of world-wide experience who can advise on the dome of the Taj?

Sir Girja Shankar Bajpai: I regret that unless we were to exhume the old-time engineers, we could not find them.

ARRANGEMENTS FOR THE SUPPLY AND PURCHASE OF GHEE FOR THE TROOPS.

360. **Khan Bahadur Nawab Siddique Ali Khan:** (a) Will the Honourable the Leader of the House please state the names of the firms or the individuals with whom the arrangements for the supply and purchase of ghee for the troops have been made?

(b) Were such arrangements made after inviting tenders or not? If not, why not?

(c) When will the existing arrangements terminate?

(d) Do Government, on the termination of the present arrangements, propose to invite tenders?

The Honourable Sir Muhammad Zafrullah Khan: (a) Messrs. Alopi Parshad and Sons, Limited, of Delhi.

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

(c) The current agreement is for an unspecified period subject to termination at nine months' notice on either side.

(d) This will receive consideration if and when the present contract is terminated. The normal policy is for Government to call for tenders in such a case.

Dr. Sir Ziauddin Ahmad: May I know how long these gentlemen mentioned by him have been holding this contract,—for how many years?

The Honourable Sir Muhammad Zafrullah Khan: I believe the contract was originally given to this particular firm in 1932 for a period of three years and that period was extensible for a further period of two years, so that the present contract was given to the firm in 1937.

Dr. Sir Ziauddin Ahmad: So that the company consists of the father and the son, and the father is dead?

The Honourable Sir Muhammad Zafrullah Khan: I imagine it is a firm.

Dr. Sir Ziauddin Ahmad: May I know whether the Honourable Member has ever inquired how much loss Government have sustained by this method of contract?

The Honourable Sir Muhammad Zafrullah Khan: Not a penny.

Mr. Muhammad Azhar Ali: Will this be a permanent arrangement, from generation to generation, from father to son?

The Honourable Sir Muhammad Zafrullah Khan: How can I say?

Khan Bahadur Nawab Siddique Ali Khan: Will the Honourable Member lay on the table a copy of the terms arrived at between the Government and the firms or individuals with whom arrangements for the supply of ghee to the troops have been made?

The Honourable Sir Muhammad Zafrullah Khan: A copy of the terms of agreement with this firm?

Khan Bahadur Nawab Siddique Ali Khan: Yes.

The Honourable Sir Muhammad Zafrullah Khan: I do not know, I shall look into the matter, but I shall be prepared to answer any questions.

Dr. Sir Ziauddin Ahmad: Will the Honourable Member lay it on the table of the House?

The Honourable Sir Muhammad Zafrullah Khan: I cannot promise; I shall look into the matter.

Dr. Sir Ziauddin Ahmad: Will the Honourable Member also examine it himself and calculate for himself how much Government have lost under the wrong system of this contract?

The Honourable Sir Muhammad Zafrullah Khan: I have looked into it. The Government have lost nothing. The contract is worked on the agency basis and not on the basis of any prices previously settled. What is paid to the firm is the actual cost of the purchases of the ghee subject to maximum prices first fixed plus the marketing charges and the cost of carriage, and so on. For their trouble, the firm are paid a certain amount of commission.

TRADE CARRIED ON BY FOREIGN COMPANIES OR FOREIGNERS IN INDIA.

361. *Khan Bahadur Nawab Siddique Ali Khan: (a) Will the Honourable the Commerce Member please state whether Government have got any statistics about the foreign companies or foreigners who are carrying on trade, or who have established any factory, in India? If not, why not?

(b) Will Government be pleased to state the dividends paid by these companies and in case of individuals, the net profits?

(c) Is it not a fact that these foreign companies, banks and individuals, employed foreign labour in almost all higher appointments? Have Government considered the question of regulating the conditions of services of these foreigners?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

(a) The only information readily available is in regard to "Number, description, and capital (in sterling) of Companies incorporated elsewhere than in India but working in India in the year ending 31st March, 1936", which is published in Table No. 5 of the Annual Statement of Joint Stock Companies in India for 1935-36. Copies of this publication are in the Library of the House.

(b) Government have no information.

(c) As regards the first part, Government have no information. The answer to the second part does not arise.

Dr. Sir Ziauddin Ahmad: May I ask whether these foreign companies who are trading in India pay the income-tax, the super-tax or the excess profits tax?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: My Honourable friend may address the question to my Honourable colleague.

Dr. Sir Ziauddin Ahmad: In view of the fact that these foreign companies must be paying all these taxes, may I ask why it is not possible for the Commerce Member to know the dividends that these companies must be paying?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: They do pay all these taxes so far as their business in India is concerned.

RENT CHARGED FOR OFFICERS' BUNGALOWS AND UNORTHODOX QUARTERS IN NEW DELHI.

362. *Mr. Muhammad Azhar Ali: Will the Honourable Member for Labour please state:

(a) the percentage of pay recovered as rent for officers' bungalows and unorthodox quarters for the ministerial establishment, respectively;

(b) the cost of each type of bungalows and quarters, respectively;

(c) the reasons for charging a higher percentage of rent from the ministerial establishment; and

(d) in detail the different needs of the two types of residences referred to in the reply to starred question No. 68 on the 12th February, 1940?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

(a) In both the cases the rent recoverable is the standard rent calculated under Clause III of Fundamental Rule 45A, or 10 per cent. of the occupant's monthly emoluments, whichever is less.

(b) A statement is laid on the table.

(c) Does not arise.

(d) I would refer the Honourable Member to the statement laid on the table in connection with my reply to starred question No. 68 and to my replies to parts (c) and (d) of starred question No. 310. The provision of refrigerators is the only amenity which has been sanctioned exclusively for officers, and rent will be payable in all cases at 20 per cent. of the capital cost per annum. The electric current charges will also be borne by the officers.

Statement

BUNGALOWS, NEW DELHI.

Class.	Maximum cost. Minimum cost.	
	Rs.	Rs.
"A"	72,910	36,856
"B"	47,884	24,426
"C"	30,413	17,318
"D"	19,754	11,872

UNORTHODOX QUARTERS, NEW DELHI.

Class.	Average cost.†	
	Rs.	
"A"	12,628	
"B"	8,692	
"C"	9,906	
"D"	7,348	

RESEARCHES FOR UTILISATION OF MOLASSES IN MAKING PETROL.

363. *Bhai Parma Nand: Will the Education Secretary be pleased to state:

(a) whether any research is being made by the Agricultural Research Department to find some subsidiary industry which will use the shira (molasses), and whether Government propose to permit the sugar factories to utilise it in making alcohol; and

(b) whether the Imperial Council of Agricultural Research are taking steps to find out some means to prevent deterioration of the productive power of the soil in some parts of India and find a remedy to combat the evil which has grown rapidly during the last few years?

† The cost of the quarters in each class is pooled.

Sir Girja Shankar Bajpai: (a) Research is being conducted by the Imperial Council of Agricultural Research and the Imperial Institute of Sugar Technology on—

- (1) the manufacture of cattle-feed from molasses;
- (2) the utilisation of molasses as a road surface material;
- (3) the utilisation of molasses as manure;
- (4) the utilisation of molasses for the manufacture of yeast; and
- (5) the utilisation of molasses for the manufacture of acetic acid.

The second part of the question concerns Provincial Governments.

(b) Government are not aware that the productive power of the soil has deteriorated rapidly during the last few years. Research into problems of soil fertility is being constantly pursued.

Dr. Sir Ziauddin Ahmad: May I ask whether any result of commercial value has been obtained by the research of the Technological Institute?

Sir Girja Shankar Bajpai: As regards that, I should have to resort to the report of the Imperial Council of Agricultural Research. That does set out what has been done.

Dr. Sir Ziauddin Ahmad: May I ask if the sugar manufacturers derive any monetary profit by the sale of the molasses in any way?

Sir Girja Shankar Bajpai: I could not say that any process which these people might have discovered has yet been put to commercial use.

Dr. Sir Ziauddin Ahmad: Then, it practically comes to this that no result has so far been obtained?

Sir Girja Shankar Bajpai: I do not think my Honourable friend is justified in drawing that inference. All that he can legitimately say is that the research has not yet reached a point when its results can be put to a commercial use.

Dr. Sir Ziauddin Ahmad: How long has this research been going on?

Sir Girja Shankar Bajpai: I should say for the last three years.

Bhai Parma Nand: May I know, if some distillery is established for the manufacture of power alcohol, Government will allow its manufacture?

Sir Girja Shankar Bajpai: That is a hypothetical question to begin with, but in any case the manufacture of power alcohol is a Provincial subject and not a Central subject.

Bhai Parma Nand: It is not a hypothetical question. A distillery has been established and they have got the permission of the Provincial Government, but now an objection has been raised not to allow them to work.

Sir Girja Shankar Bajpai: I am not aware of any objections having been raised by the Central Government.

ALLEGED IRREGULARITIES IN THE SUPPLY DEPARTMENT.

364. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Leader of the House be pleased to state if the 'Supply Department' is authorised to take in unpaid apprentices?

(b) If the reply to part (a) be in the negative, will the Honourable Member be pleased to state if a candidate (nominee of the Under Secretary II), who failed in the open test, was allowed to pick up speed in type-writing and at the same time do official work?

(c) Was the Official Secrets Act operative on him while so employed?

(d) Does the Honourable Member propose to see that such irregularities do not recur in the Department of Supply?

The Honourable Sir Muhammad Zafrullah Khan: (a) No.

(b) I have made enquiries and find that the allegation is not correct.

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

RECRUITMENTS BY COMMUNITIES IN THE SUPPLY DEPARTMENT.

365. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Leader of the House be pleased to state if the cycle prescribed for various communities at the time of recruitment under the Home Department orders, is worked to in the Supply Department?

(b) If the reply to part (a) be in the negative, will he be pleased to state what other steps have been taken to ensure that each community would get its due share?

(c) Are any returns by communities submitted to the Home Department?

(d) If the reply to part (c) be in the affirmative, what action, if any, has been taken on the remarks of the Home Department on the statements referred to above?

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

(b) Does not arise.

(c) Yes.

(d) It is not the practice of Government to give information regarding inter-departmental communications.

GRANT OF ALLOWANCES TO ASSISTANTS-IN-CHARGE OF BRANCHES IN THE SUPPLY DEPARTMENT.

366. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Leader of the House be pleased to state the rules for grant of charge allowance to Assistants-in-charge of various sections of the Supply Department?

(b) What provision, if any, exists in the rules for members of various communities?

(c) Will the Honourable Member be pleased to state the reasons, if any, for Muslims running the Branches or Sections without any allowance, while all non-Muslims were granted and are now being granted charge allowance on joining this Department?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). There are no such rules.

(c) There are no such cases.

CONTROL OF THE CONTRACTS DIRECTORATE.

367. *Sardar Sant Singh: (a) Will the Honourable the Leader of the House please state whether the Contracts Directorate has been put under the Department of Supply?

(b) Have Government considered whether it is not possible to amalgamate permanently the Indian Stores Department and the Contracts Directorate? If not, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes, for the period of the duration of the war.

(b) Government have considered the matter on several occasions but are not prepared to take up the consideration of this question during the pendency of the war.

RECRUITMENT OF STAFF IN THE CONTRACTS DIRECTORATE.

368. *Sardar Sant Singh: (a) Will the Honourable the Leader of the House please state whether it is a fact that a number of new officers have been appointed on the staff of the Contracts Directorate?

(b) How many of these new officers recruited from outside are Indians?

(c) If no Indian has been appointed, why not?

(d) What are the commercial qualifications of the newly recruited officers of the Contracts Directorate?

(e) What efforts, if any, were made to recruit Indians with commercial and general experience of stores as officers in the Contracts Directorate?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes, eight temporary officers have been recruited.

(b), (c) and (e). Officers are not normally recruited from outside, but are generally selected from amongst officers belonging to the Indian Army Ordnance Corps and the Royal Indian Army Service Corps which at present contain very few Indian officers. No Indian officer has been recruited as none was nominated by these two corps.

(d) Of the eight officers recently appointed, two are senior Superintendents promoted as Officer Supervisors and are Anglo-Indians, five are British officers nominated by the Corps mentioned, and the remaining officer is a retired Captain of the British Army Reserve of Officers who has had long and extensive commercial experience in the hides and leather trade.

Dr. Sir Ziauddin Ahmad: Will the Honourable Member be able to explain the advantages or otherwise of establishing two parallel Departments—the Indian Stores Department and the Supply Department—to make purchases on behalf of the Government.

The Honourable Sir Muhammad Zafrullah Khan: Is not the Honourable Member rather late? He is thinking of the previous question and not this one.

Dr. Sir Ziauddin Ahmad: I am not at all late, because this is the first time we have got the opportunity to discuss this matter in the House.

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member has misunderstood me. His question might have been relevant to the previous question, but it does not arise out of this question, and, therefore, he is rather late in putting it.

Dr. Sir Ziauddin Ahmad: My question is about the necessity of establishing the Supply Department at all. I do not want to go into the details. All I am asking is why it should be kept up?

The Honourable Sir Muhammad Zafrullah Khan: I have twice made an attempt to convey to the Honourable Member that his supplementary question is not relevant to the question I have just answered.

Dr. Sir Ziauddin Ahmad: All right. There will be further opportunities to put questions about the new Department.

RECRUITMENT OF STAFF IN THE CONTRACTS DIRECTORATE.

369. *Sardar Sant Singh: (a) Will the Honourable the Leader of the House please state the number of additional clerical establishment recruited in the Contracts Directorate after 1st September, 1939?

(b) How many of the new entrants possess the degree of B.Com. and/or have previously worked in commercial firms?

(c) How many candidates with B.Com. qualifications applied and how many have not been taken?

(d) Why has not the entire recruitment been confined to those holding B.Com. qualifications and/or having experience of commercial firms?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). The Honourable Member is referred to the reply I gave to part (c) of Mr. Surrya Kumar Som's starred question No. 320 on the 6th March, 1940.

(c) Altogether 228 had applied—of these 166 were selected for interview but only 80 presented themselves and 40 were selected. The remaining posts were given to non-commercial graduates with only one exception in favour of an Anglo-Indian, who has passed the Senior Cambridge examination.

(d) It is not possible nor desirable to give all the vacancies to commercial graduates or those having commercial experience but these qualifications are given due weight at the time of making selections.

Dr. Sir Ziauddin Ahmad: Is it necessary to appoint even a single man when persons of equivalent qualifications are working in a parallel Department of the Government of India?

The Honourable Sir Muhammad Zafrullah Khan: Does the Honourable Member expect an answer?

PURCHASE OF STORES MANUFACTURED IN INDIA FROM ABROAD.

370. *Sardar Sant Singh: (a) Will the Honourable the Leader of the House please state in how many cases the Indian Stores Department and the Contracts Directorate have made purchases of stores from overseas for such stores which are manufactured in India and have been found to conform to the required specifications?

(b) Are such instances in order in view of the Stores Purchase Rules? If not, what do Government propose to do to encourage Indian industry?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). It is not possible to pick out such cases readily but they are very few. All purchases by the Indian Stores Department and the Contracts Directorate are made strictly in accordance with the Stores Purchase Rules, but these rules, as Honourable Members are aware, permit of only a limited price preference. It is the large disparity in the prices of indigenous and imported goods which sometimes compels the purchase of imported goods.

Dr. Sir Ziauddin Ahmad: May I know whether the rules relating to the Contracts Directorate are identical with those of the Indian Stores Department?

The Honourable Sir Muhammad Zafrullah Khan: A copy of the Rules is available to the Honourable Member, and he can easily find out whether they are identical or not.

Dr. Sir Ziauddin Ahmad: I want to know whether these rules are identical or not? Yes, or no?

The Honourable Sir Muhammad Zafrullah Khan: That is exactly what I have suggested. The Honourable Member can himself find out from the rules.

Mr. President (The Honourable Sir Abdur Rahim): If the rules are available, the Honourable Member can himself draw the conclusion.

Dr. Sir Ziauddin Ahmad: If they are identical, then what is the use of maintaining these two Departments separately? Why not abolish one of them?

Mr. President (The Honourable Sir Abdur Rahim): That does not arise out of this question.

PURCHASE OF FIRE EXTINGUISHERS.

371. *Sardar Sant Singh: Will the Honourable the Leader of the House please state whether Government are aware that Army authorities insist on the purchase of fire extinguishers made outside India, and that the manufacture of this store of the required standards has been established in India? If so, what action, if any, has been taken to implement the Stores Purchase Rules?

The Honourable Sir Muhammad Zafrullah Khan: No, Sir. On the contrary, the Defence Services have all along been making strenuous efforts to encourage indigenous manufacture of fire extinguishers as they consider it very important. Hitherto the prices quoted by the indigenous manufacturers have been too high to permit of any purchase, even with the assistance of the price preference admissible under the Rules. Recently a new kind of locally manufactured extinguisher has been approved and accepted.

ISSUE OF FRESH STORE PURCHASE RULES.

372. *Sardar Sant Singh: Will the Honourable the Leader of the House please state whether Government are prepared to consider the issue of fresh Stores Purchase Rules in view of the great improvement made by the Indian industry, to specify that, wherever available, only Indian made stores shall be purchased?

The Honourable Sir Muhammad Zafrullah Khan: No. If the Honourable Member will refer to the existing Stores Purchase Rules (a copy of which is in the Library of the House) he will find that they have been designed to effect the very object which he has in view.

SPECIAL TRAINS RUN FOR HAJ PILGRIMS FROM BENGAL, ETC.

373. *Maulvi Abdur Rasheed Chaudhury: Will the Education Secretary please refer to the press communiques, dated 9th and 18th December, 1939, in which it was stated that pilgrims from Bengal and Eastern Provinces would be "conveyed by a Special Train or in Specially Reserved accommodation to Bombay on dates which will enable them to go on board the pilgrim ships without having to spend the night at Bombay", and state:

- how many pilgrims from Bengal and Eastern Provinces sailed for Haj through Bombay this year;
- how many of these pilgrims were conveyed to Bombay in special trains or in reserved accommodation;
- how many such special trains were run, and on how many occasions any reserved accommodation was arranged for; and
- the dates of arrival of pilgrims in Bombay by such special trains or reserved accommodation and the time these pilgrims had to spend in Bombay before they got a steamer?

Sir Girja Shankar Bajpai: (a) 8,091.

(b), (c) and (d). One duplicate mail was arranged for with the Bengal Nagpur Railway. It left Calcutta on the 13th December and arrived in Bombay on the 15th December, 1939, with 386 pilgrims. It is understood that most of these pilgrims sailed on the 18th December, 1939, by the S.S. "Khosrou" but the actual figures are not known.

Maulvi Abdur Rasheed Chaudhury: May I know how many Hajis were carried by the duplicate train arrangement?

[†]Answer to this question laid on the table, the questioner having exhausted his quota.

Sir Girja Shankar Bajpai: I have said, 386 were carried.

Maulvi Abdur Rasheed Chaudhury: May I know whether any arrangement was made for the remaining Hajis?

Sir Girja Shankar Bajpai: The steamship company, as I have already stated, was prepared to arrange for a duplicate train, but unfortunately what happened was that the Calcutta Port Haj Committee declined to interest themselves in this matter or to advise the Hajis, as soon as it was decided that no ships would sail from Calcutta. So the Hajis made their own arrangements to go by the ordinary trains as they came in.

Maulvi Abdur Rasheed Chaudhury: With reference to part (b), may I know whether any arrangement was made for the accommodation of the Hajis at Bombay in view of the fact that they did not get the steamer on their arrival at Bombay?

Sir Girja Shankar Bajpai: As far as I can make out from enquiries which we made in Bombay, there were only 70 pilgrims left out of 386: all the others got into the "Khosrou" on the 18th December and found that suitable arrangements were made for them.

Maulvi Abdur Rasheed Chaudhury: My information is that no arrangements were made.

Sir Girja Shankar Bajpai: If my Honourable friend will be good enough to furnish to me particulars of the complaints which he has received, I should see to what extent they are correct.

SPECIAL TRAINS RUN FOR HAJ PILGRIMS FROM BENGAL, ETC.

374. *Maulvi Abdur Rasheed Chaudhury: (a) Will the Education Secretary please state if it is a fact that throughout the Haj season, only one special train was run from Calcutta to Bombay for the pilgrims, which arrived in Bombay on 15th December, 1939, and the next steamer to sail was three days later?

(b) Are Government aware that all the pilgrims of this special train could not get accommodation on the steamer of the 18th December and consequently a good number of them had to stay in Bombay till 28th December?

(c) Are Government aware of the telegrams that these left-over pilgrims sent to the Calcutta Haj Committee relating their difficulties?

Sir Girja Shankar Bajpai: (a) Yes.

(b) The attention of the Honourable Member is invited to the reply which I have given just now to parts (b) to (d) of his previous question.

(c) Yes.

Maulvi Abdur Rasheed Chaudhury: With reference to part (c), may I know whether Government enquired into the complaints of the Hajis who sent telegrams to the Haj Committee at Calcutta?

Sir Girja Shankar Bajpai: We made enquiries through the shipping companies as also our own officers in Bombay and the information we received was that, to a large extent, these complaints were exaggerated.

Dr. Sir Ziauddin Ahmad: With reference to part (c), may I know the exact number of pilgrims who were left over for want of accommodation?

Sir Girja Shankar Bajpai: I said that 70 could not sail by the ship which left on the 18th; but they sailed later on, ten days after.

Dr. Sir Ziauddin Ahmad: Does it not show that the action taken by the Government was not correct, because so many Hajis could not be provided with sufficient accommodation?

Sir Girja Shankar Bajpai: My Honourable friend will appreciate the fact that the Government of India merely assist the pilgrims on the one hand and the shipping company on the other. It is impossible for them to arrange for a complete equation of the number of pilgrims arriving and the accommodation available by a particular outgoing ship.

Dr. Sir Ziauddin Ahmad: Government were informed by the steamship company that they could not take more than 25 per cent. of the pilgrims, and, in spite of this, Government took no action?

Sir Girja Shankar Bajpai: My Honourable friend will probably remember that a series of questions were asked sometime ago whether any pilgrims were actually left over and were unable to perform the Haj. Then I gave figures to show that this was not so, because all that happened in this particular case was that 70 pilgrims had to wait for the next ship.

Dr. Sir Ziauddin Ahmad: My question was that these 70 pilgrims were left there on account of the wrong decision of the Government of India in fixing the quota for different companies. Had they allowed the companies to take pilgrims as in previous years, this detention would not have happened?

Sir Girja Shankar Bajpai: That, I submit, is not the correct inference to be drawn from the facts.

Maulana Zafar Ali Khan: May I know whether Government issued a communiqué declaring the last date of the sailing of the ship to Hadjaz in order to enable the pilgrims to catch that boat?

Sir Girja Shankar Bajpai: As far as I know, the Government of India did not issue any communiqué indicating the last date on which Hajis were to sail. The sailings were advertised by the shipping company in the usual way, and what I infer from my Honourable friend's question is that some Hajis were left for want of shipping. Actually that is not the case.

Maulana Zafar Ali Khan: Because they were under the impression that the ship would sail on a certain date, whereas the ship actually sailed two days earlier?

Sir Girja Shankar Bajpai: As I have repeated more than once, we are not aware that anybody who was in possession of a ticket to the Hedjaz was actually left over for want of shipping.

UNSATISFACTORY CONDITION OF NAIWALA IN KAROL BAGH, DELHI.

375. *Bhai Parma Nand: (a) With reference to the reply given to starred question No. 256, dated the 20th September, 1939, will the Education Secretary please state the steps that have been taken by the Health Officer, Delhi, or the Delhi Municipal Committee, to improve the sanitary conditions of Naiwala, Karol Bagh, Delhi?

(b) Is he aware that the sanitary conditions of the lanes and streets of the area are far from satisfactory as yet and are not properly looked after?

(c) Is he further aware that due to the insanitary conditions of the area, it has developed into a breeding ground for sand-flies and mosquitoes, etc.?

(d) Is he further aware that due to the breeding of sand-flies, etc., many of the residents of Karol Bagh, Delhi, are now suffering from their bites, which develop into local sores and do not heal up soon and for the treatment of which a hospital had to be opened recently?

(e) What steps does he propose to take to stop the area from becoming a breeding place for germs and to avoid any danger to the public living in New Delhi?

Sir Girja Shankar Bajpai: With your permission, Sir, I shall answer questions No. 375 to 377 together. I have asked for information and will furnish replies as soon as it is received.

Mr. Lalchand Navalrai: May I know if there is any conservancy established there, why should there be any complaint of insanitation?

Sir Girja Shankar Bajpai: I assume there is the usual conservancy established.

Mr. Lalchand Navalrai: May I know whether there is any necessity of increasing the conservancy on account of the insanitary condition?

Sir Girja Shankar Bajpai: On that point I have asked for information.

Mr. Lalchand Navalrai: Is the Honourable Member aware that these parts which are under construction are really insanitary?

Sir Girja Shankar Bajpai: If I had the information, I should have supplied the same to the House instead of waiting for a report, for which I have asked.

BUILDING PLANS RECEIVED BY THE DELHI IMPROVEMENT TRUST.

376. *Bhai Parma Nand: Will the Education Secretary please state the number of building plans received by the Delhi Improvement Trust

+ For answer to this question, see answer to question No. 375.

during the year ending on the 31st December, 1939? How many were approved without being required to submit another plan during each of the months as against their receipts?

PROSECUTIONS SANCTIONED BY THE DELHI IMPROVEMENT TRUST.

377. *Bhai Parma Nand: (a) Will the Education Secretary please state the number of prosecutions sanctioned by the Delhi Improvement Trust during each of the last twelve months ending on the 31st December, 1939, on account of the contravention of the terms sanctioned by it for construction of houses?

(b) How many of these resulted in convictions, and how many of such cases were discharged by the Court?

(c) In how many cases was compromise arrived at between the parties, and how much amount has so far been received by the Trust as compromise fee or penalty from such house-owners with whom compromise took place?

CREATION OF THE APPOINTMENT OF CONSULTING ENGINEER IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

378. *Bhai Parma Nand: (a) Will the Honourable Member for Labour please state the circumstances which led to the creation of the appointment of the Consulting Engineer for the Central Public Works Department, New Delhi?

(b) What pay and allowances have been sanctioned for the post and what will be the duties assigned to it?

(c) Was such a post ever considered necessary and created when the appointment of Chief Engineer was held by other than an Indian? If not, why is it now being allowed when an Indian Chief Engineer is going to take over the charge of Chief Engineer's job?

(d) Will he please state whether the duties proposed to be assigned to the holder of the new appointment of the Consulting Engineer could not be performed by the next Indian Chief Engineer, or one of his assistants? If not, how?

(e) Is he prepared to see that the Indian Exchequer is not burdened with such kind of new appointments under him, particularly, at a time when funds are required for other purposes and to consider the desirability of stopping the creation of this appointment? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

(a) The Central Public Works Department will take over responsibility for all Central works in most Provinces with effect from the 1st April, 1940. This is an important administrative change and it was considered desirable to retain Mr. Jones's services for a year so that the new organisation might be set in working order.

(b) Pay Rs. 8,000 per month including pension. The duties of the post will include the organisation of the new Circle for the execution of Central works in the Provinces, the allocation of offices and residential accommodation and Rent Control.

+For answer to this question, see answer to question No. 375.

(c) It is a fact that the appointment is new of its kind, but the circumstances in which it has been decided on are abnormal, as I have already shown in my reply to part (a) of the question.

(d) and (e). I have already explained the reasons for the temporary creation of this post.

Mr. Lalchand Navalsai: For how long will this go on?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I regret that my Honourable friend did not carefully note the answer which I read out. It is for one year.

Dr. Sir Ziauddin Ahmad: What will be the position of this new officer? Will he be attached to the Secretariat or to the Public Works Department?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: He will be attached to the P. W. D. Secretariat for special work of this kind.

INCREASE IN THE RENT OF NAZUL LAND IN DELHI

† 379. ***Bhai Parma Nand:** (a) With reference to the statement laid on the table in reply to starred question No. 255, asked on the 20th September, 1939, will the Education Secretary please state if the Delhi Improvement Trust intends to treat those sites which have been or are being allotted by it to the public as poor class building sites? If so, why are the old plots given to the poor people in Naiwala, and other blocks of Karol Bagh, Delhi, not treated as such?

(b) If the reply to part (a) above be in the negative, what are the areas or sites in Naiwala, Shidipura and other localities of Karol Bagh which are being classed by the Trust as poor class sites? If none, why not?

(c) Is he aware that a very large number of poor class houses are still owned by the poor classes in these areas, and how does the Trust propose to distinguish these people from others?

(d) On what basis is the increase in rents being made to the extent of double than what is being paid by them?

Sir Girja Shankar Bajpai: With your permission, Sir, I shall answer questions Nos. 379 to 386 together. I have asked for information and will furnish replies as soon as it is received.

NOTICES ISSUED FOR CONTRAVENTION OF THE TERMS OF SANCTIONS GRANTED BY THE DELHI IMPROVEMENT TRUST.

† 380. ***Bhai Parma Nand:** (a) Is the Education Secretary aware that the Delhi Improvement Trust issue a notice in the following terms to such of the persons who contravene the terms of the sanctions granted by the Trust for the construction of a house:

† Answer to this question laid on the table, the questioner having exhausted his quota.

† For answer to this question, see answer to question No. 379.

"You have erected a house at in contravention of the terms sanctioned by the Trust under section 190 of the Punjab Municipal Act, III of 1911. You are hereby given notice under section 195 of the Punjab Municipal Act, III of 1911, as extended to the Province of Delhi, read with section 49 of the United Provinces Town Improvement Act, VIII of 1919, as extended to the said Province to alter as directed below the building within 30 days of receipt by you of this notice failing which the Trust will be obliged to take legal action against you without further warning?"

(b) Is he also aware that a house-owner who submits an explanatory letter in reply to such a notice is prosecuted without being informed of the fate of his letter in writing? If so, why?

(c) Is he aware that such a procedure is very much resented to by the public inasmuch as, while they depend upon having replied to the Trust in regard to the objections raised by them to the entire satisfaction, they are later on prosecuted without being informed about the result of their reply?

(d) Is he prepared to see that prosecution is resorted to as a last resort by the Trust after considering the written statements of the house-owners and after giving them another warning? If not, what are the difficulties for not changing the present procedure in the interest of the public?

COMPLAINTS AGAINST THE BUILDING INSPECTOR OF THE DELHI IMPROVEMENT TRUST.

† 381. ***Bhai Parma Nand:** Will the Education Secretary please state how many complaints have so far been received against the Building Inspector of the Delhi Improvement Trust and what action was taken against him in each case?

RESIGNATION OF STAFF OF THE DELHI IMPROVEMENT TRUST.

† 382. ***Bhai Parma Nand:** Will the Secretary for Education, Health and Lands please state the number of the staff of the Delhi Improvement Trust who have so far resigned from that office and under what circumstances each one of them resigned?

NON-NAMING OF CERTAIN ROADS IN KAROL BAGH, DELHI.

† 383. ***Bhai Parma Nand:** (a) Is the Education Secretary aware of the fact that the roads in Karol Bagh, Delhi, were completed as far back as June last, but no names have so far been given to these roads?

(b) Is he aware that, without any names to the roads, great inconvenience is being caused to the general public?

(c) Will he state how long will the Delhi Improvement Trust take to name the roads and put up the name boards, and whether he is prepared to have the matter expedited?

PROVISION OF LIGHTS ON CERTAIN ROADS IN KAROL BAGH, DELHI.

† 384. ***Bhai Parma Nand:** (a) Is the Education Secretary aware that the electric poles and wirings, etc., were put up on almost all the roads in

† Answer to this question laid on the table, the questioner having exhausted his quota.

† For answer to this question, see answer to question No. 379.

Karol Bagh, Delhi, sometime in June last, but on many of the roads which are much in use, no light has yet been provided?

(b) Is he aware that there is always a rush of traffic on the newly built road directly connecting Karol Bagh with Punch Kuin Road, New Delhi, but no arrangements exist for lighting up the road?

(c) Do Government propose to provide lights on the roads as well as in the lanes without further delay?

PROVISION OF PARKS IN KAROL BAGH, DELHI.

†‡385. *Bhai Parma Nand: (a) Is the Education Secretary aware that in the layout shown in the drawing of the Western Extension Area, (Karol Bagh), Delhi, I. T. A. 44/L, dated the 8th and 15th November, 1939, there is a green grassy belt alongside road No. 34, which comes direct from the Pusa Institute to the Bhuli Bhatia Tanks?

(b) What were the circumstances which led the Delhi Improvement Trust to do away with that grassy belt and convert the same land into plots for houses, etc? Why was it not made into a park, which would have been of service and advantage to the public of the locality and Karol Bagh as a whole?

(c) Is he aware that the Delhi Improvement Trust have left out very few plots of very small sizes for purposes of parks making the locality very congested? If not, where and of what sizes have these parks been left out?

SHIFTING OF THE TUBERCULOSIS CLINIC FROM KAROL BAGH, DELHI.

†‡386. *Bhai Parma Nand: (a) Will the Education Secretary please state what are the difficulties in not acceding to the representations from public for shifting the location of T. B. Clinic in Karol Bagh to some secluded place?

(b) Is he prepared to see the desirability of selecting another site for the T. B. Clinic at a secluded place in the large area of land in Karol Bagh and have more parks of big sizes? If not, why not?

GIVING OF CERTAIN ASSURANCES TO INDUSTRIES AFFECTED BY THE EXCESS PROFITS TAX.

387. *Sir Abdul Halim Ghuznavi: (a) Has the attention of the Honourable the Commerce Member been drawn to the circular of the Chamber of Shipping of the United Kingdom dated, London the 2nd January, 1940, on the subject of Finance Act No. (2) 1939—excess profits tax, where the following statement is made:

“When the above Act was passed through all its stages in the early days of October there was no time for the various interests concerned to give proper consideration to the measure and the Chancellor of the Exchequer gave an assurance that detailed examination and criticism of the provisions of the excess profits tax might be postponed until the regular budget in the Spring of 1940”?

†Answer to this question laid on the table, the questioner having exhausted his quota.

‡For answer to this question, see answer to question No. 379.

(b) If the answer to part (a) be in the affirmative, do Government propose to give a similar assurance to the various industries affected by the tax in this country?

(c) Is the Honourable the Commerce Member aware that the following statement is also made in the circular referred to in part (a):

“Strong representations will be made that a special reserve should be allowed out of profits to replace vessels lost during the war, or vessels in commission at the end of the war which would have to be replaced at a cost which would exceed the cost of the fleet replaced. This is of paramount importance if the shipping industry is to be maintained after the war”?

(d) If the answer to part (c) be in the affirmative, will a special reserve for special depreciation be allowed to the shipping industry in this country and the amount of such reserve for depreciation be deducted before ascertaining the profits liable to the proposed profits duty?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: With your permission, Sir, I will deal with questions Nos. 387 and 388 together. These questions should have been addressed to the Honourable the Finance Member.

ALLOWING OF CARRY FORWARD OF ARREARS AND LOSSES FOR PURPOSE OF CHARGING EXCESS PROFITS TAX FROM THE INDIAN SHIPPING INDUSTRY.

†388. *Sir Abdul Halim Ghuznavi: (a) Has the attention of the Honourable the Commerce Member been drawn to pages 81 and 82 of the Annual Report of the Chamber of Shipping of the United Kingdom 1937/38, where the following statement is made in regard to the national defence contribution:

“After full discussion in Parliament, the Government accepted these proposals and the tax as adopted fully met the views of ship-owners. In particular, it preserved the principle of income tax practice of allowing carry forward of all arrears of depreciation as well as six years' losses before the amount of profits is ascertained, a point of special importance to the shipping industry, who must rely upon good times to make up arrears of depreciation accumulated during depressions”?

(b) If the answer to part (a) be in the affirmative, will such carry forward of all arrears of depreciation as well as six years' losses be allowed to the Indian shipping industry before the amount of profits is ascertained for the purpose of the proposed excess profits duty?

§ 19.*

† For answer to this question, see answer to question No. 387.

§ This question, which was postponed to be answered today, vide page 140 of these Debates, was subsequently withdrawn by the questioner.

ELECTION OF THE STANDING COMMITTEE FOR ROADS.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, I move:

"That this Assembly do proceed to the election, in such manner as the Honourable the President may direct, of six members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund during the financial year 1940-41."

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

"That this Assembly do proceed to the election, in such manner as the Honourable the President may direct, of six members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund during the financial year 1940-41."

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, may I know how many times this committee met during the last year?

The Honourable Sir Andrew Clow: It holds its meetings normally once a Session, but, speaking from memory, I think it met on three occasions during the last year.

Mr. N. M. Joshi (Nominated Non-Official): Does this committee make any report, and, if so, is it published and circulated to Members?

The Honourable Sir Andrew Clow: Certainly regular minutes are drawn up, but as to whether the report is circulated to Members or not, my Honourable friend probably knows much better than I do.

Mr. N. M. Joshi: If the report is not published, will the Government of India publish it and circulate it to the Members?

The Honourable Sir Andrew Clow: That is a hypothetical question. I am not sure that it is not distributed.

Mr. N. M. Joshi: I am sure, it is not distributed.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot go on like this. If he likes, he can make a speech.

Mr. N. M. Joshi: Sir, this committee is appointed to look after the distribution of the roads fund which was created with the sanction of the Legislature which is also represented on this committee. It is, therefore, proper that the Government of India should make a report to the Legislature on the working of this fund and the work which this committee does. It is necessary to enable the House to know whether, in the first place, the fund was properly used or not, and, secondly, whether the elected representatives did their work satisfactorily or not.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, in the case of other committees, e.g., the Central Advisory Council for Railways, the proceedings of the meetings are always available to us. I think some memorandum should be prepared for these committees which are very useful. I think the House must know the working of these committees instead of the knowledge being confined to the few Members elected on these bodies. So I support the motion of Mr. Joshi that the proceedings of these meetings as well as the memoranda prepared should be circulated like those of other committees under the Honourable Member.

The Honourable Sir Andrew Clow: Sir, I am quite prepared to consider that suggestion. As a matter of fact, I was not aware that they were not circulated at present.

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

"That this Assembly do proceed to the election, in such manner as the Honourable the President may direct, of six members to serve on the Standing Committee for Roads which will be constituted to advise the Governor General in Council in the administration of the Central Road Fund during the financial year 1940-41."

The motion was adopted.

ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, four non-official members to serve on a Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Communications, during the financial year 1940-41."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, four non-official members to serve on a Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Communications, during the financial year 1940-41."

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I should like to know what the real functions of this committee are. The Communications Department includes also the Railways, but probably the affairs of the railways will not come within the purview of this committee. There is no exception made like that, and I should like to hear the Honourable Member on this subject.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, as I understand, this committee includes Posts and Telegraphs and also Broadcasting, and

(Cries of "No, no.")

The Honourable Sir Andrew Clow: Sir, my Honourable friend, Mr. Nauman, is incorrect in supposing that the Department of Communications

[Sir Andrew Clow.]

is responsible for Railways. It has no connection whatever with the Railway Department except that the Secretary for Communications is a Member of the Railway Board.

Mr. Muhammad Nauman: The Honourable Member is the Member for Railways.

The Honourable Sir Andrew Clow: I happen to be in charge of both the Departments, but this committee, being entirely concerned with the Department of Communications, has no concern with the Railways. On that we are advised by the Central Advisory Council of which my Honourable friend is himself a member. On the other hand, the subject of Posts and Telegraphs to which reference was made does come within the purview of the Department of Communications, and subjects relating to it come before the committee.

Maulvi Muhammad Abdul Ghani: Sir

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has made his speech.

Maulvi Muhammad Abdul Ghani: I was interrupted on the ground . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot have a second chance.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, this committee is appointed for roads and

The Honourable Sir Andrew Clow: My Honourable friend is a little behind the times. We have dealt with the Roads Committee on the previous motion.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): We will have to make selections for nomination and must choose the best men in the party. In order to make up our mind, we must know what the functions of this committee are. If this committee does not meet at all, we will perhaps draw the names by ballot. But if it does meet, we will have to select the best men in the party. So we must know what Departments are dealt with by this committee, whether it functions at all, how often it meets and what kind of work they are expected to do, etc. If we know all these, it will help us to make our selections.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I do not see why there should be any secrecy at all about the formation of a committee or its functions. How do the Treasury Benches expect us to make a proper selection without knowing those functions? I would, therefore, ask the Government to explain the scope and functions of the committee fully. As my colleague, Dr. Sir Ziauddin Ahmad, has said, how are we to elect our members? Unless we know the functions properly, it would be very difficult for us. We may send in a man merely

as a favour or we may send some one who is not very conversant with the subject. My point is that I do not see any reason for secrecy. Where is the harm if the position is explained fully? I want purposely and very clearly to ask the Honourable the President that he should interfere, because it is one of the rights of the Members of the Assembly that they should know properly what is to be the function of this committee: otherwise it will be very difficult for us to elect members to it.

The Honourable Sir Andrew Clow: The secrecy, Sir, is entirely in my Honourable friends' minds. . . .

Mr. M. S. Aney (Berar: Non-Muhammadan): You cannot explain that unless the President interferes: that is what Mr. Azhar Ali has asked.

The Honourable Sir Andrew Clow: The secrecy regarding the functions of the committee is entirely in his mind. This is not a new motion. These committees attached to various Departments have been in existence for many years, and the elections are held annually. I find it difficult to believe Sir Ziauddin Ahmad's suggestion that all members of his Party are not competent to deal with all subjects that may come up: but the actual Departments attached to the Communications Department, with which I am concerned, are the Posts and Telegraphs Department, the Department of Civil Aviation, the All-India Radio, the Department of Meteorology; the Department is also responsible for the major ports. Roads are excluded, because there is a separate committee for that.

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, four non-official members to serve on a Standing Committee to advise on subjects, other than 'Roads', dealt with in the Department of Communications, during the financial year 1940-41."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of members to the Standing Committee for Roads and the Standing Committee for the Department of Communications the Notice Office will be open to receive nominations upto 12 Noon on Friday, the 15th March, and that the elections, if necessary, will be held on Monday, the 18th March, 1940. The elections 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 EXCESS PROFITS TAX BILL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That the Bill to impose a tax on excess profits arising out of certain businesses, as reported by the Select Committee, be taken into consideration."

[Sir Jeremy Raisman.]

Honourable Members have now had in their hands for some days the report of the Select Committee on this very important measure and I think they will agree with me that the labours of the committee have borne substantial fruit. The consensus of opinion throughout the country is that the measure, as it has now emerged from the Select Committee, is a greatly improved measure and I gladly acknowledge the assistance which I received in the Committee in making these improvements. In the course of the debate on the reference to Select Committee I said that I would be prepared and glad to receive advice and suggestions on the way in which this measure could be so adjusted as to eliminate hardships and to make it suitable to Indian conditions, and I claim that I have carried out that undertaking. I will merely draw the attention of the House to the main changes which have been made in this Bill in response to requests and proposals which have been received from various quarters and, particularly, in the earlier stages, in this House.

In the first place, whereas the Bill as formerly introduced contained no provision for a periodical review by this House, amendments have now been made which will secure that result. The definition of the chargeable accounting period now confines that period to the time ending on the 31st of March, 1941, which means that only profits earned up to that date will come under charge by virtue of this Bill. If it is desired that profits earned after that date should be charged, it will be necessary for this House to reconsider and amend the Bill. Secondly, clause 4 has been so amended that the percentage of excess profits which are to be taken as tax will also require to be re-enacted in the next and successive Finance Bills, if it is desired to continue the levy of this tax. It will, therefore, be open to the House to suggest changes in the rate of tax when the tax again comes before the House for continuance.

The next point to which I would draw attention is that the date from which the chargeable accounting period begins has been altered from the 1st April, 1939, to the 1st September, 1939. This is in answer to the charge that profits which could not be described as war profits were being brought under assessment by the measure as originally drafted. I myself indicated that I did not think that that charge was well founded or that the measure would have that effect; nevertheless, in response to that criticism I have accepted the change of date.

A third point on which we have responded to a demand made in several quarters, is in regard to Life Insurance businesses. Here, the Committee have proceeded by way of complete exemption, but as explained in the Committee's Report, it is, in any case, a matter of great difficulty to assign to a particular year the profits of life insurance business. Their profits are usually determined by a quinquennial valuation, and since a quinquennium would include both standard periods and chargeable accounting periods, it was obviously unsuitable that businesses of that nature should be subjected to the processes of the Act. We were all the more ready to extend exemption to these companies, because we were conscious that there was a very strong argument that this type of business would not earn considerable profits as a result of the conditions prevailing during the war.

I now come to what I regard as easily the most important modification which has been introduced into this Bill, and that is the additional option

which has been given in the definition of the standard period in clause 6. This was a matter which engaged for a long time the anxious attention of the Committee, and as the House will have seen, it was decided to include a new option, namely, the average of the years 1937-1938 and 1938-1939. The inclusion of this option extends to a large number of businesses, the facility to adopt a level of what is generally regarded as high economic activity as the basis in determining the standard profits. It is a change, the importance of which can hardly be exaggerated, and the effect on the incidence of this tax is very great indeed. I pointed out in the debate on the motion to refer the Bill to a Select Committee that the extension of options to individual companies to choose their standard periods had a very drastic effect on the incidence of this tax. The extension of this particular option has so important an effect that I must make a few remarks at this point upon the criticism which can still be heard regarding the adherence of the Committee to the figure of 50 per cent.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Is it not a fact that the loss to the exchequer will be approximately two crores?

The Honourable Sir Jeremy Raisman: I have indicated more than once that there is great difficulty in estimating the yield of this tax, and there is, therefore, equal difficulty in estimating the effect of particular changes. Nevertheless, I certainly would not regard as absurd a suggestion that this change made a difference of crores of rupees.

I was saying, Sir, that the critics who still harp on the percentage, which remains in the Bill, appeared to fail to realise that the percentage by itself is entirely meaningless. When you talk of 50 per cent. as being a high percentage, you have to ask yourself 50 per cent. of what? Now, Sir, my point is that the more you isolate and narrow down the definition of excess profits, the more you strengthen the case for adhering to a high percentage. In fact, it is arguable that when you have achieved a measure which is directed simply and solely against extra profits accruing in war conditions, you are entitled to take a very high percentage indeed, and that the State in the circumstances of a war emergency has an undoubted right to a very large proportion of profits which accrue demonstrably and directly as a result of, and in the conditions of, war.

I proceed, Sir, to the next point in which the modified Bill gives a large measure of relief, and that is the raising of what is called the exemption limit from Rs. 20,000 to Rs. 30,000. That will exclude from the operation of the measure a considerable number of smaller businesses who would otherwise have been affected.

Then, again, Sir, clause 26 of the Bill which deals with the powers of the Central Board of Revenue to grant relief in certain types of cases where the operation of the other clauses of the Bill may not have been entirely effective, has been greatly widened in its scope and has become an important feature of the Bill. A careful study of that clause will show that it will enable a large number of businesses to represent their special circumstances and apply for a type of relief which they could not obtain from the Boards of Referees.

[Sir Jeremy Raisman.]

Again, the case of investment companies, a part of whose profits is derived from companies trading in British India who will already have been assessed to Excess Profits Tax—that case was carefully considered by the Select Committee and provision has been made for appropriate relief. Finally, a clause has been introduced into the Bill which carries out the undertaking which I gave to this House, that, in determining what constituted excess profits and in computing the income of the standard period on the one hand and the accounting period on the other, like would be compared with like and that if there were any changes in the law applying to income-tax in the different periods those sources of difference would be eliminated. That embodies an important principle and will I think exclude the possibility of various types of hardship.

I will not detain the House longer. I recommend the Bill as it now stands to the consideration of the House with a confident conviction that it is a measure which is now designed to serve with the minimum of hardship or inequity the important purpose which it is designed to serve. Sir, I move.

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

"That the Bill to impose a tax on excess profits arising out of certain businesses, as reported by the Select Committee, be taken into consideration."

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): I am happy to be able to start the discussion in a happy mood. Let me congratulate the Select Committee, the Honourable the Finance Member and the interests of industry on the substantial improvements made in the Bill in the Select Committee. My sincere congratulations are due to the Honourable the Finance Member without whose sympathy these improvements would not have been effected. Some of the objectionable features of the Bill have now gone, but some still remain. It will be our duty to try to remove those features in this House. I shall enumerate some of those features presently, but let me make a few general observations with regard to the proposed amendments.

Sir, this is a war taxation. The war is to fight Hitler, but the Honourable the Finance Member has got here in India to fight a greater enemy, a more devastating enemy, a greater Hitler,—I mean, the appalling poverty of the people of this country. Industrialisation, it is admitted, is the only remedy for the appalling poverty of this country. Agriculture alone is not sufficient. Therefore, we must be cautious that in fighting Hitler, in killing Hitler, or hurting Hitler we do not hurt our industries. What is the object of this war and this fight? I am reminded of the well-known saying of Carlyle, who said that the whole question was, whether I shall kill you, or you will kill me. That is the underlying principle of this economic war that is going on in Europe. The point is that in levying this war taxation nothing should be done which may possibly handicap the development of old industries and the establishment of new industries. I should very respectfully ask the Honourable the Finance Member to keep in view the proper aim of this war expenditure. I am not quarrelling at the moment with the principle of this war taxation. That has been accepted by the House and the Bill was referred to a Select Committee, and it is not longer open to us to quarrel with that principle, even if we do not agree with it. What I want to tell the Honourable the Finance Member is this. He should

not have in view merely the maximum yield that can possibly be raised by this tax, but the utmost effort should be made to make a reasonable adjustment between the requirements of the war from his own point of view and the interests of the industry, trade and commerce of this country. May I ask what will be the value of victory in this war if our industries are killed or very severely hurt? The Honourable the Finance Member told us in his budget speech that one of the most important things is to utilise and utilise fully the material resources of this country for the prosecution of this war. May I ask him only to add one more word to that sentence, namely, not only to utilise the material resources of this country but also to mobilise the resources of this country.

An Honourable Member: Louder please.

Mr. Akhil Chandra Datta: I was saying that he might add one word more, one short word more, to that remark of his. He said that the material resources of this country should be fully utilised for the prosecution of the war. I am asking the Honourable the Finance Member now to add one word more, namely, not only to utilise but also to mobilise the resources of this country and to make the country industrially strong. Now, Sir, with this background, I shall proceed to discuss some of the main features of the Bill. The first question is this. You want to levy war profits. That is the avowed object of the Bill and, therefore, first of all, I shall put the question—is the Bill intended to tax all profits during the period of the war or only to tax such profits as are the result of the war? That is the initial question. On that point, of course, you have got the Statement of Objects and Reasons where it is said:

"The outbreak of war has simultaneously created opportunities for the earning, by companies and persons engaged in business, of abnormally large profits which accrue as a result of the conditions prevailing during the war."

Therefore, the object is to assess only abnormal profits due to the war and not normal profits during the war, profits which are earned in the ordinary course during the war. That is the object of the Bill and we find here that the preamble has been to a certain extent modified in the Select Committee to emphasise this object of the Bill. We find in the Report of the Select Committee, on the first page:

"Having regard to the professed objects of the Bill, to tax additional business profits which accrue as a result of the conditions prevailing during the war, we consider that the preamble should contain a definite reference to this aspect of the proposed legislation. We have, therefore, amended the preamble to indicate clearly that this new taxation is related to war conditions and we have altered the date on which excess profits become liable to taxation from the 1st day of April to the 1st day of September, 1939."

This morning, in his speech on the motion, the Honourable the Finance Member has also said very properly and very correctly—he used two words—profits which are directly and demonstrably the result of war. I quite appreciate those two words. I only say that the intention underlying these two words should be given full effect to. It is true that the preamble has been altered to a certain extent but the intention expressed in this preamble has not been given effect to in the body of the Bill. That justification, if there is any justification, whether political or financial, for such war taxation of Excess War Profits, it appears to me, is simply this. Government spend a lot of money in war and that war leads to abnormally high

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profits in some businesses. Therefore, the position is this. The high profits earned by the companies and other persons are the result not only of the investment of capital in those businesses but also to a certain extent the result of the investment by the Government of a lot of money in war—investment coming both from the assessee themselves as also from the Government. Therefore, the case for the Government so far as this taxation is concerned is that they are fairly entitled to a portion of those abnormally high profits which are the result of war. That is a principle which is quite intelligible as a pure question of finance but my grievance is that although the preamble has been amended to achieve this object, the provisions of the Act still remain unaltered. No corresponding change has been made in the provisions of the Bill to give effect to this intention of the preamble. The charging clause, clause 4, remains unaltered. It applies to all profits, war profits and all other profits. In other words, the position is this—what is going to be taxed is not merely the profit due to war but profits made during the period of the war. After all there is a difference between profits due to war and profits during war.

The Honourable Sir Jeremy Raisman: Abnormal profits during war.

Mr. M. S. Aney (Berar: Non-Muhammadan): Profits due solely to war.

Mr. Akhil Chandra Datta: In order to emphasize the intention of the Bill, the word "abnormally" has been used in the Statement of Objects and Reasons, but may I ask if that word finds any place in the provisions of the Bill?

The Honourable Sir Jeremy Raisman: I say that the idea finds expression in clause 6.

Mr. M. S. Aney: There is no word "abnormally" anywhere inside the Bill.

Mr. Akhil Chandra Datta: The really operative clause in the whole Bill is clause 4. It lays down:

"Subject to the provisions of this Act, there shall, in respect of (*I shall only read the material portions*) be levied and paid on the amount by which the profits during any chargeable accounting period exceed the standard profits," etc., etc.

So, section 4 applies to all profits.

The Honourable Sir Jeremy Raisman: . . . which exceed.

Mr. Akhil Chandra Datta: The excess may be due to war. It may not be due to war. Therefore, I say, it applies to all profits, quite apart from the question as to how the profits have been made, due to the war or apart from the war. In other words, I think I am justified in saying that the provisions as they stand—the preamble and the Statement of Objects and Reasons on the one hand and the provisions of the Bill on the other are quite inconsistent. Therefore, I submit, that the preamble ought to be made clearer and also the charging section should be amended so as to clearly show that only those profits will be taxed—again to quote the words

of the Finance Member—which are directly and demonstrably the result of war. This should be the test. That is my first submission. Then another aspect of the same question is this,—whether the profits of all businesses should be taxed without any discrimination? On this point the Bill applies to all businesses exhaustively and none are excepted. I am speaking on the Bill as originally introduced and the contention of the industries was that the profits of some of the businesses, from the very nature of those businesses, have no relation to the war and that, therefore, those businesses should be exempted from the operation of this Bill.

Mr. M. S. Aney: If anything, some of them have suffered on account of the war.

Mr. Akhil Chandra Datta: There are some. Insurance business is one of them. However, the principle has been recognized and accepted by the Select Committee now by exempting one particular business, viz., the insurance business. The principle has been accepted, viz., that it is not all businesses which should be taxed; there must be a discrimination made. On this question, Sir, the Select Committee says this:

"There is a reasonable presumption that life insurance will not make additional profits in conditions arising out of the war."

It is on that ground that life insurance business has been exempted. My contention is that there should be a careful investigation as to what are those businesses which did not and could not earn any profits, due to the war. Now, one prominent illustration of that is the cinema. Another is the banking business. This is not the time to enumerate all the businesses exhaustively but my contention is that the principle should be not only accepted with regard to insurance business but with regard to all businesses whose profits have nothing whatsoever to do with war conditions. Another very important aspect of the same question is whether new industries, nascent industries, and pioneer industries should not be exempted altogether from the operation of this Bill. This is a matter which is very important; otherwise, at this time of the war when new industries might be established and developed, this taxation will stand in their way. I shall not dilate upon this point here; I only now mention it. Another matter on which further improvement is necessary and to which reference was made by the Honourable the Finance Member in his speech is as regards the percentage of the tax. It was 50 per cent. in the Bill; it remains 50 per cent. even now.

Now, Sir, very briefly I shall say this, that in 1919 this fifty per cent. yielded nine and a quarter crores of rupees—that was the yield in 1919 as a result of the fifty per cent. assessment, 9 crores and 33 lakhs: and remembering in this connection that the industry has by this time doubled or trebled itself from 1919 to 1940, and also remembering that at that time only one of these two taxes was levied—either the super-tax or the Excess Profits Tax—in spite of these different factors, over nine crores was the yield of the fifty per cent. percentage. Now, therefore, our contention is that that percentage should be reduced, and the industries claim and insist that it should be reduced to twenty-five per cent. Of course, the precise percentage is a matter for the House to decide. Another important point is as regards the option with regard to the standard period. I must once again offer our thanks to the Honourable the Finance Member for accepting the

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average of 1937 and 1938, although I fear my Honourable friend, Dr. Sir Ziauddin Ahmad, wants his pound of flesh; he is not satisfied with this, as he fears about two crores would be gone. If I heard him aright, he has been contradicted

The Honourable Sir Jeremy Ralsman: Not contradicted.

Mr. Akhil Chandra Datta: Corroborated?

The Honourable Sir Jeremy Ralsman: Neither.

Mr. Akhil Chandra Datta: The other question is not merely what will be the yield? The question is—what is the fair thing to do as regards this standard profit? In the name of excess profits, you cannot tax normal profits. If you make a mistake with regard to the standard period, the inevitable result will be over-taxation. The result will be the taxation of normal profits. Now, Sir, one very important argument with regard to this option is that our case is that the year 1938-39 should be taken by itself, on the simple ground that in that year there was no profit made by any business due to the war. On that point I think I shall not be contradicted by the Honourable the Finance Member but I hope I shall have a categorical contradiction if I make any mis-statement on this point. I say, Sir, that there are a very large number of industries and businesses whose profits were not in any way influenced by the war, in 1938. I have not got any contradiction?

The Honourable Sir Jeremy Ralsman: Sir, if the Honourable Member really wants an immediate reaction to that statement, the point is that there is a very large and important part of profits which were directly due to the war, in that period.

Mr. Akhil Chandra Datta: That is not my question. My question is—you are dealing with one aspect of the question, I am dealing with another aspect. Are there any businesses whose profits were not influenced by the war, in 1938? And I make this statement that there is a large number of such businesses; and if this is a correct statement of fact, then I ask, is it not unfair that the normal profits of those businesses of 1938 should not be accepted as normal profits, as standard profits? I was anxious to know also another thing, viz., what is the percentage of those businesses? Is it one per cent. of the businesses or fifty per cent. of the businesses whose profits were not in any way influenced by the war, in 1938? In the absence of any more precise information, my submission is that, at all events, the benefit of the doubt should be given to the businesses for their profits of 1938. If there is any element of uncertainty, then my submission is that the calendar year of 1938 should by itself be taken as a standard period.

Then, Sir, about the exemption of limit. Here, again, I must thank my Honourable friend, the Finance Member, because he has allowed the limit to be raised from Rs. 20,000 to Rs. 80,000. Even now I think it is rather drastic and I shall prove it by giving an illustration. Take the case of a company whose capital is ten lakhs. If that company makes a profit at

the rate of three per cent., then the amount of profit will be Rs. 30,000. The question that arises is this. Here is a company which is earning only three per cent. and yet you are going to tax it for excess profits. Is it fair?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): What is the total amount of the company?

Mr. Akhil Chandra Datta: The total income of the company is Rs. 30,000 but the percentage of profit is only three and you come forward to take half out of it.

Then, Sir, about the chargeable accounting period. Formerly, it was April, 1939. That was, of course, absurd on the very face of it. The absurdity has been reduced to a certain extent and it is now September, 1939. The actual hostilities commenced on the 1st September and Great Britain declared the war on the 3rd of September. We are asked to believe that at the very psychological moment the war broke out, these businesses began to make war profits.

The Honourable Sir Jeremy Ralsman: Even before.

Mr. Akhil Chandra Datta: That happened in England and not here.

The Honourable Sir Jeremy Ralsman: Here also.

Mr. Akhil Chandra Datta: In England, they could make profits before the war was actually declared because of war preparations, but in this unfortunate and helpless country there is no preparation for defence. There was no preparation for any armament or any other kind of preparation in this country in anticipation of the war. Is it fair, therefore, to tax profits made from the very moment the war is declared? What happened during the last war? The war went on for four years from 1914 to 1918 and it was only in the year 1919 that this tax was imposed because at that time it could certainly have been said without any hesitation that war profits have been made. But on the present occasion the original Bill taxed in anticipation and the Select Committee report also has approved that the tax should be levied from the very moment the war was declared. Some time should be given for the profits to accrue. My submission, therefore, is that, at all events, the chargeable accounting period should begin from April, 1940.

Then, Sir, as regards the option to choose either the standard profit or the percentage. Our submission is that option should be given to all businesses as was done in the Act of 1919.

Then, Sir, there is a provision with regard to the amalgamation and transfer of business. For the computation of capital it is laid down that the capital employed in the business, after the change, no regard shall be had to any consideration given in respect of the transfer of the business or any of the assessee thereof on the occasion of the change. The same provision has been made with regard to amalgamation in the next sub-clause. Now, Sir, this is not proper. It will hamper business and it will hinder the ordinary course of business, especially with regard to amalgamation. Now, the question of amalgamation is very important at this stage of our industrial development. Our experience is that there

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are many small companies of different varieties which have been started without sufficient capital. They cannot properly function without amalgamation. The advice that has been given by all the experts is that there should be amalgamation for all the smaller companies, such as the small insurance companies or small banks, so that they may be consolidated. If this provision is retained in the Bill, it will stand in the way of amalgamation.

Then, Sir, there is one point which I described elsewhere as Mr. Bajoria's point with respect to the separate assessment of partnership business and the separate investment of the individual income of individual members after the distribution of the profits and also about the assessment of individual members of the Joint Hindu family. These are some of the important points which I will submit for the consideration of the House when the clauses are taken into consideration. In conclusion, I would like to thank the Honourable the Finance Member again. He was reasonable in the Select Committee, and I hope he will be still more reasonable in the House.

Sir, I support the motion.

Mr. A. Aikman (Bengal: European): Mr. President, as the Honourable the Finance Member has stated, the Select Committee has made very important changes in this highly technical and complicated Bill and Honourable Members of this House have no doubt given and probably are still giving close study to the effect of these alterations. The Excess Profits Tax differs from any other tax inasmuch as it is not levied upon the entire profits of any period but permits Government to appropriate a share of any extraordinary large profits made over and above what has been arrived at as the normal profits of the business. In order to arrive at the normal or standard profits, the assessee is allowed to make a choice of the trading results of certain past experience. The period in which such profits so selected are made has been termed the 'standard period'.

Now, Sir, Sir Syed Raza Ali and Sir Abdulla Haroon in their Minute of Dissent have said:

"One of the difficulties one has to encounter in considering various provisions of the Bill is that its principles cannot be readily distinguished from its details."

I thoroughly agree with them and I sympathise with these two gentlemen, but let us consider what the assessee will think.

After reading the Bill, and provided he understands it, he will probably turn to clause 4 where he will find: subject to the provisions of this Act, there shall be levied and paid on the amount by which the profits during any chargeable accounting period exceed the standard profits a tax equal to fifty per cent. of that excess, and he will probably consider that here is the principle of the Bill and that the rest of it is merely complicated detail for charging and collecting the tax. Indeed it will probably be a matter of indifference to him whether he has to pay half a lakh as a matter of principle or 50,000 rupees as the result of the application of the very considerable detail.

Now, Sir, one point which has evoked considerable criticism is the date from which excess profit shall be held to accrue, and in consequence, become taxable; in the Bill as it was originally drawn, there was included

in the chargeable accounting period several months prior to the declaration of war. The fact that these should be included in the chargeable accounting period for the purpose of the calculation of tax was not fully understood; it was very strongly criticised in the press and elsewhere but such criticism was made to a great extent, I feel sure, in ignorance of the actual results of such inclusion. As amended by the Select Committee, the Bill now excludes any period prior to the declaration of war, but it is only fair to point out that although the months from April to August are not now to be reckoned as coming within the first chargeable accounting period this does not mean that in every case assesseees will pay a smaller amount of taxation.

This fact may best be appreciated by an example. Let us consider a business which in its standard period of a full year made Rs. 12 lakhs—now let us presume that during the period from April to August, 1939, its profits amounted to an average of Rs. 75 thousand per month or three lakhs 75 thousand, while in the period from September to December, by reason of the impetus given by war conditions, it made a profit at the average rate of Rs. 1½ lakhs per month or Rs. 6 lakhs. This will result in a profit of Rs. 9,75,000 for the period as against a standard profit of nine lakhs for a like period of nine months. Under the Bill as originally drawn, this assessee would have paid in excess profits tax 50 per cent. of the increase of Rs. 75,000 or Rs. 37,500. Under the Bill, as now amended, the business will be assessed in respect of the four months (September to December) in which it made Rs. 6 lakhs as against the proportionate standard profit of Rs. 4 lakhs and, consequently, will pay 50 per cent. of Rs. 2 lakhs or Rs. 1 lakh.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): That is not the scheme of the Act. That is not the normal method.

Mr. A. Aikman: That is the usual method.

Sir H. P. Mody: That should not be.

Mr. A. Aikman: There will, of course, be cases in which the reverse result will obtain and by reason of the amendment of the Bill, some assesseees will pay less than they would have paid under the original proposal. On the whole, however, there is little doubt of the soundness of the principle that the commencing date should be one that coincides with the commencement of hostilities.

Now, Sir, there has been very considerable criticism of the amount this tax is likely to realise in respect of the year 1940-41. Some critics have suggested that the estimate of three crores made by the Finance Member is entirely wrong and that a figure of ten crores according to some critics is much nearer the mark. This was quite a popular impression and indeed, my Honourable friend, Sir H. P. Mody, immediately after the Finance Member's Budget speech, offered in the Lobby to pay 8½ crores of rupees of the proceeds of the tax in respect of this particular year. He drove his hands into his pockets as he made this assertion, and for a moment I thought I was going to realise one of my minor ambitions by seeing a sum of 8½ crores of rupees in hard cash. But, Sir, there is

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no doubt that on this most important estimate must depend to a great extent another vital factor in the measure, *viz.*, the rate—that is, the proportion of excess profits which the Government should appreciate.

In the speech which I made on the motion to refer this Bill to a Select Committee I stated that while my Group were prepared to support the principle of taxing excess profits arising during war time we were not prepared to support any particular rate until the whole budgetary position of the country had been placed before us. We now know that budgetary position and we are satisfied that the estimate of three crores is not an under-estimate, and that in consequence the rate is a fair one.

My reasons for arriving at the view that the figure of three crores is not an under-estimate are based on the following. The gross amount of excess profit duty collected in 1919-20 was 9.22 crores. With this figure in mind we try and estimate how present day conditions compare with those of the year 1919-20. By the time the Excess Profits Duty was introduced the Great European War had been in progress for four years. So we can ask ourselves if by the end of this month we shall have seen as great an expansion in industry as had taken place by the time the Government decided to impose an excess profits duty during the last war.

I venture to predict that such a large expansion has not taken place. Prices have been to a certain extent controlled and kept at a reasonable figure and boom rates thus avoided. From my own knowledge of the jute industry which was one of the first to receive war contracts I know that the expansion of business has been little more than to bring profits up to what may be considered normal rates. Sandbags which were such an important factor in fortifications during the last war have today been replaced to a very considerable extent by more permanent structures consisting principally of concrete. What is true of one industry may not be exactly true of another, but so far as next year is concerned, this fact may be regarded as a pointer, and I think we can come to the conclusion that in a full year there is little likelihood of more than nine crores of rupees of excess profits being collected.

Now, while there are no statistics to show what years will be selected by assesses as standard periods and, consequently, we are unable to go into details of proportionate assessments, we do know that of those assesses who are likely to come under the mischief of this Bill, 55 per cent. close their books on the 31st December. This being so, it follows that in respect of that proportion the excess profits liable to taxation will be the result of four months' trading, and if having put the total of one year's excess profits tax at nine crores, the 55 per cent. would bring in one crore and 85 lakhs. The number of businesses which close their accounts on 31st March is approximately 20 per cent. of the total. Here, seven-twelfths of the year's trading will be assessable and seven-twelfths of that 20 per cent. will produce an aggregate on the same basis of one crore five lakhs, and the remainder being those businesses that close their account at the end of September, October, November, January and February we may take an average of three month's trading as assessable and the excess profits tax realisable from these will probably be something in the region of 45 lakhs. This brings out the total for the period of three crores and 15 lakhs of rupees. From this, however, will have to be

deducted the effect which the Excess Profits Tax will have upon income-tax and super-tax while there must be delays in collection, for it is not to be supposed that these assessments will be made without recourse by assesses to Boards of Referees and other tribunals. Moreover, time will have to be given in many cases for payment of the tax. Consequently, it will be a bold man who would put the realisation at anything above three crores and, indeed, in view of the amendments which have been made in the Bill, particularly with regard to the alteration of the standard period, I have little doubt that the Honourable the Finance Member would prefer to revise his estimate.

Another argument that has been advanced is that this Bill will act as a deterrent on the commencement of new enterprise and also upon nascent industries. This is a matter which we consider of the very greatest importance and we are grateful for the announcement regarding Government's policy in these matters which was made yesterday by the Honourable the Commerce Member during the debate on my Party's cut motion.

On the basis of the Bill as it was originally drawn we shared the same fears for new industries which Sir Cowasji Jehangir has stated in his Minute of Dissent with regard to the cinema industry. Sir Cowasji, whose absence we all regret today, unfortunately had to leave the Select Committee before it had completed its duties. Otherwise it is quite possible that he would have been reassured so far as the cinema industry is concerned by the amendments which have now been made to clause 6 and clause 25 which is now new clause 26. We feel that if the spirit of these two provisions is observed by the Board of Referees and the Central Board of Revenue the exceptional cases which must inevitably arise, those businesses which have been referred to as hard luck cases, as well as nascent industries which must operate for many years before they can achieve 100 per cent. production,—these cases will be fully taken care of.

I am afraid, however, that I am at a loss to appreciate the logic of the last three sentences of Sir Cowasji Jehangir's Minute of Dissent. He predicts ruin for a particular cinema company, but as that ruin is only possible in the event of it making very large profits in spite of my having tried very hard to follow him I have failed. I much prefer the closing words of the Minute of Dissent written by Sir Homi Mody. He tells us with that childlike candour which is one of his most charming characteristics:

"I urged a number of points and while I recognise that I was reasonably met in regard to several, if my views had been accepted more fully the measure would have proved less burdensome to the interests concerned."

Sir, I support the motion.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I heartily congratulate the Finance Member and the members of the Select Committee on having reduced the enormous burdens with which India was threatened. I also congratulate the Finance Member and the Commerce Member on their having looked at the interests of India. I thought their combined sympathy would double the benefit to India when the Bill emerged out of the Select Committee. Sir, I think the members of the Select Committee were master minds in our financial

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[18TH MAR. 1940]

[Mr. Muhammad Azhar Ali.]

and industrial questions, and I will read to them a Resolution of the Council of London Chamber of Commerce which urged upon His Majesty's Government:

"While a measure of Government control affecting industry and commerce is necessary during war such control should only be imposed where it can be shown that the object to be attained cannot be achieved in a less disturbing way; that the object is itself of such importance in the national interest as to outweigh the great disadvantages involved in disturbing existing manufacturing and distributing machinery; and further that before coming to a conclusion under either heading the Government should consult with representative trade organisations and that the democratic method should be followed of consulting the trade, through its appropriate trade organisation, to ensure that the man selected from a trade to control that trade shall be acceptable to it, instead of being imposed upon it from without."

These pregnant and weighty words should have been a true guide to our representatives on the Select Committee and specially to Government Members. We know that the loss of Indian exports to Germany comes to 8½ crores and another 1½ crores to Austria and Czechoslovakia. I am not going into the correctness or otherwise of the estimates in the budget. As I said in my budget speech, I expected the Honourable the Finance Member, being an old member of the Indian Civil Service who has eaten the salt of India, to be more sympathetic in the matter of taxes, and I find he has been quite reasonable. The report of the Select Committee shows that what is compatible with reason will influence the Government Members, and the Finance Member admitted that he has been wiser to a great extent by the decisions of the Select Committee. I hope he will be wiser still after hearing the speeches made here.

Sir, the importance of this Bill cannot be minimised, either from the Government point of view or from the point of view of the public. The public is interested because they are taxed, and Government are interested because they have to realise as much as they can as a war measure. Therefore, the importance of this Bill appears to be very great. This Bill, when passed, will affect most of the intelligentsia in this country, and its effect may in the long run filter down to the poor agriculturists also: but it will affect most the intelligentsia here, and, therefore, if the Treasury Benches had taken care to have circulated this motion, they would have got more wisdom from the intellectual and industrial magnates of India rather than by sitting in their own offices . . .

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Are they the same—the intellectual and industrial magnates?

Mr. Muhammad Azhar Ali: I do not call them saints, nor would I call the Honourable Members on the Treasury Benches saints. However, that is by the way. When we were considering the Reserve Bank of India Bill, I remember, being a member of that Committee, and Sir George Schuster was here, and it was considered expedient to get the evidence of the intelligentsia of the country on that Bill. There would have been no harm if the same procedure had been adopted here also. It is a pity that when measures of such vital importance are brought up here, these considerations are not properly weighed. When the circulation motion was not accepted, I think some more enlightenment would have been obtained if we had got evidence laid before us.

The present war is different from the last war. Now, patience is being exercised on both sides, whereas during the last war entire armies swept in weeks and fortnights. Now, when we find both the belligerents exercising patience, why should the Government of India be in a hurry to levy such heavy burdens on the Indian peasant and the industrialist? Reference has been made to the change in the accounting period and the rate of tax, and the public may be satisfied to some extent; but our claim is that when the war ends, these taxes also should end. We want that the Honourable the Finance Member should declare on the floor of this House this point, so that the public may be satisfied. If these taxes are continued after the war, it means that what you have said about this tax being imposed to meet war expenses will not hold good, and you will be suspected again that you say one thing when you bring certain proposals here, and that when the moment of necessity has passed, you forget your promises. Therefore, I would request the Honourable the Finance Member to make a declaration here and now that this tax will end when the war ends.

I also find that there are a few discrepancies in the Bill as reported by the Select Committee. In the Companies Act, you define the word "company" in one way, and in this Bill you define that word in a different way. Also, you define the word "factory" in one way in the Factories Act, and you define that word differently in this Bill. These discrepancies in legal phraseology cannot be looked upon either by the legal profession or by any who has the least intelligence as being right. There should be uniformity of definitions in all Acts passed here. I am told that you have included a definition of the word "company" simply to rope in those companies and those businesses which are in the Indian States, whereas in the Companies Act that was not your object. I remember that Sir James Grigg made a statement like that on the floor of the House and gave an assurance that that Act will not apply to Indian States. If that is your object now, then you ought to say plainly that you want the definition to be altered.

Again, this production of account books of foreign income for standard periods to find out standard profits will be one of the most important things to be acted upon. I submit that this will not only harass the companies—though I know that most companies are well managed and have good staff—but there will also be corruption: there will be great room for extracting money from companies. I make no charge against any one, but I think it will give room for people if they want to extract money very easily. Therefore, Sir, I think it will not be right to press for the production of these books, because I remember that Sir James Grigg also gave an undertaking that in the case of companies they would not be called upon to produce their books. Of course, if you find some lacuna in the accounts or some sort of underhand dealing or any attempt to cheat, you will be at liberty to call on the people to produce their books, but not otherwise. Therefore, I should like to have some sort of assurance from the Honourable the Finance Member today to the effect that the people will not be called upon to produce their books.

Our Deputy Leader also referred to the Indian Companies Act. It was stated by the Finance Member that only insurance companies would be exempted from the operation of this Act, but I see no reason whatever why this sort of discrimination should be exercised in favour of insurance companies; I don't see why some of the smaller companies or nascent industries which have recently been started during the war should not also be excluded

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from the provisions of this measure. My point is that those companies which manufacture and sell goods in India should not be so heavily taxed or those companies which import goods from abroad should also be exempted, because India should not fall short of the things which she gets from abroad. The nascent industries which have been started either just before the war was declared or after the declaration of the war should be exempted as other insurance companies are exempted.

Then, my last point is about the imposition of penalties. In clause 16, very heavy penalties have been imposed. As far as I know, even in the United Kingdom, no penalties are imposed, and, therefore, I see no reason why penalties should be imposed in India if it is found that genuine and *bona fide* business is done. This is all I have to say, Sir.

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. Husenbhai Abdullabhai Laljee (Bombay Central Division; Muhammadan Rural): I was one of those who opposed the introduction of this Bill as I believed then, and believe even now, that it is neither in the interests of the agriculturists or the businessmen nor even of the Treasury.

If we had been allowed some time, I am sure new industries would have sprung up, there would have been more prosperity to the agriculturists, and there would have been some more export trade, which would have given to the Treasury Benches for the next two or three years some good return, but in the very initial stage this Bill has tried to injure the improvements, and as the Honourable the Finance Member will admit, as soon as this Bill was introduced there was and is a slump prevailing in the raw produce market as well as in the industrial circles. We cannot help it. We have no majority and we have to bow to our fate.

Looking at the report of the Select Committee, I must admit that a good deal has been done to give us some relief and I congratulate the Honourable the Finance Member and other Members of the Select Committee on their trying to do as little harm to us as possible. The Honourable the Finance Member told us that he has now put down the period of the Bill as on the 31st March, 1941, so that annually we shall be able to look into the result and see whether we should continue this tax. When I say, whether we should continue this tax or not, I do want to make it quite clear that, in all fairness, I think the Honourable the Finance Member will admit, his object at present is, and that is his honest view, that this tax is for the period of the war and for the war exigency and nothing more. I hope the Honourable the Finance Member will assure us that it is, because we have had super-tax and it is still being continued. The promise that was given to some persons has been fulfilled with regard to super-tax, but with regard to the public, that has not been fulfilled. Further more, we have got now the income-tax, the super-tax and this Excess Profits Tax. During the last war we had either the super-tax or the Excess Profits Tax. Now we have the super-tax continued and in addition we are now asked to pay the Excess Profits Tax. That is the difference between then and now. The incidence of the taxation is put down at 50 per cent. of the excess, as in Britain, but one has got to consider that in England, the war activities

had been going on for more than a year and a half, and further, it is probably the richest country in the world, in any case far richer than this country,—in that country the incidence of the tax is put down at 50 per cent. And I ask, is it fair, considering the condition of this country and of the industries of this country, what with the super-tax which has not yet been removed—I ask, is 50 per cent. fair as compared to the 50 per cent. in Great Britain?

The Honourable Sir Jeremy Raisman: 60 per cent.

Mr. Husenbhai Abdullabhai Laljee: Even then it does not matter, even if it be 70 per cent. there is no comparison. The Honourable the Finance Member knows very well, I can see from his face, a great financier must know the condition of the people of Great Britain, of the Government of Great Britain as compared with the condition of the people of this poor country and the finances of this country. I do hope that the fact of the poverty of this country will be taken into due consideration, and if you do want this country to pay something, let him be fair and reasonable. As compared with the wealth of Great Britain, what is this country? I repeat, I hope that the Honourable the Finance Member will make it quite clear that this tax is for the duration of the war and no more, and when super-tax is there it is but fair and just that he should make such a declaration here and now.

With regard to the exemption amount, I must thank the Honourable the Finance Member and the other Members of the Select Committee for increasing it from 20,000 to 30,000. We know very well that when Rs. 20,000 was put down, it was put down as a bargaining amount. It could not have been that the Honourable the Finance Member did not know that the Select Committee and this House would ask for something more. It could not have been that the condition of the people now, as compared with that in 1920, is more prosperous but on the other hand it is much more weak. This is by the way, may be a fair thing that has been done, but I should have been more glad and it would have been fairer if the amount was made still higher.

Mr. M. S. Aney: Rs. 50,000.

Mr. Husenbhai Abdullabhai Laljee: Rs. 50,000 certainly. Something. Beggars cannot be choosers. Might is right. The Honourable the Finance Member has got the majority, my people have left me; what can we do?

An Honourable Member: Deserted.

Mr. Husenbhai Abdullabhai Laljee: Certainly. Now, the next question before us is this. A great deal was said by the Honourable the Commerce Member yesterday and I really liked his speech except for one or two sentences that he uttered. I thought that a great change was going to take place and I thought that today the Finance Member also would say something about the export trade. But not a word was said by him. I ask, why is it that the foreign income of Indians is being taxed? Why? What have you done for them? Have you been giving them help,—any sort of help? Do you honestly believe that you have done anything for them except to call them British subjects and to see that they are being treated not as British subjects but as worse than slaves in many countries? Are you justified in asking those people to pay who at the risk of their lives trade

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in foreign countries and even in parts of the British Empire without any care being taken of them or without their being looked after by this Government?

The Honourable Sir Jeremy Raisman: They are not being asked.

Mr. Husenbhai Abdullabhai Laljee: Indians trading outside—they are not being asked?

The Honourable Sir Jeremy Raisman: We have not asked Indians trading outside to pay.

Mr. Husenbhai Abdullabhai Laljee: Foreign income of Indians?

The Honourable Sir Jeremy Raisman: Residents.

Mr. Husenbhai Abdullabhai Laljee: Certainly, I do not want to leave my residence. If I go there,—as you have come here from there, you do not mean to leave the residence of Great Britain, certainly not. I am proud of my country, I do not want to reside in any outside country. I go there because I get something there. In my own country I am a beggar. That is why I go there or just as you have come here. That is a different thing altogether. But, Sir, the real position is this. Let us become serious. How do you justify it—taxing those people for whom you don't do anything? Here, in India, you have got some justification to say that you have been doing something for the people of this country but those people who are outside India, selling your exports and helping your agriculturists—you are not doing anything to help them. They are doing everything at their own sacrifice. You have got no consuls and no military to help and nobody to look after them and still you want to take Excess Profits Tax from them, if they are ever allowed to earn there what you call excess profits. There is not a word put in this Bill protecting them. I ask in all fairness—why do you omit their interest altogether? Why have the Select Committee gentlemen omitted them? I find some note is made about it in the Minute of Dissent. The agriculturists and the exporters are mostly dependent upon them and still the very element which sells your exports is neglected and not looked into. Sir, that is my serious complaint against this Bill.

Then, Sir, in the last Income-tax Bill there was given an exemption of Rs. 4,500. Why is nothing provided for them in the Excess Profits Tax Bill. In all fairness I ask why has not that been done. I suggest that instead of 4,500 provided last time in the Income-tax Bill, in the Excess Profits Bill at least 15,000 should have been in all fairness provided by way of exemption—about three times certainly. Look at the risk they are undergoing? In many countries they are not allowed to make remittances. The Honourable the Finance Member knows that very well and I know that he does give some facility to those people who have this trouble but I want it to be regularised, to be put in the Act to show that you do realise their position. Then many people's remittances are held back and cannot come here. In many places the exchange difficulties are such that one does not know whether there will be a huge profit or a

huge loss. Your rupee is linked to sterling. What about those currencies there? It may be that the war may end. You may be successful, otherwise what is the position? All the money is there. Owing to the peculiar position they are in there, they lose all the money.

Now, Sir, how are you to get their accounts? They are not even allowed to come. Their books cannot be brought in. How are you going to work out a profit and loss account in this state of the finances and exchange? I do, therefore, hope that when such a thing does exist and when we are not able to help our countrymen in the least you will at least not tax them. That is not fair. If you tax them, be reasonable and fair. That is all I ask and who can deny that fairness to me in my pitiable condition. There is no one in this country who raises his little finger for these our own people outside India and we do not help them.

Mr. M. S. Aney: Do they make war profits?

Mr. Husenbhai Abdullabhai Laljee: God alone knows. We do not know. These people do not know how long the war will go on and what is in store for them.

Then, Sir, there is another thing to which I want to draw the attention of the Finance Member. We have got small industries and small industries are coming up and you have got some provision made in clause 26 but at least this you have got to make quite clear. There should be a definition of new industries. You ought to encourage the new industries and you ought, therefore, to say that those will be really exempted.

Then, I come to the period. The Honourable the Finance Member has kindly agreed that the period of 38-39 and 37-38 will be taken but there the average is taken but a different principle is applied to 1935-36. Why this discrimination? What is the justification for it? When there was no war and there was nothing contributory to a war, if I had some good year, why should I not be justified in taking that year as a normal year when you want excess to tax it. Why should it not be? I may have improved my business and my efficiency. It may be that I am a little better off, sacrificed a good deal in the beginning. Therefore, I ask in all fairness, why are you so meagre in your thoughts,—why are you so small in your thoughts? Why do you want to say 'I will take 35-36 but on 37-38 and 38-39. I will take the average'. Why not give me the best year? That was my luck. I made good business by hard work and efficiency and take that year and whatever more I have made above that take it away, although really speaking the principle ought to be that only those profits which have been made after the war and which are directly contributory to the war should be taxed and not everything and anything. You, Sir, have rightly pointed out in your speech about the cinema industry and banking and there are many other businesses which have nothing to do with war. You take so much more by way of income-tax and super-tax. If one makes losses in three or four years and in one year he makes heavy profit, you don't say that in those years of losses you will not take income-tax and super-tax from him. You will not give him relief there. If you don't do that then why do you take here the average of two years.

The Honourable Sir Jeremy Raisman: The Honourable Member has forgotten that business losses are now carried forward under the new Income-tax Act.

Mr. Husenbhai Abdullahhai Laljee: Will they be carried forward also with regard to excess profit here?

The Honourable Sir Jeremy Raisman: That is another matter.

Mr. Husenbhai Abdullahhai Laljee: Only last year it has happened that losses are allowed to be carried after twenty years. For that we are thankful to the Finance Member and for this also if he agrees we shall be thankful.

Then, Sir, there is another important thing and that is with regard to borrowed capital. I do not know why there has been distinction made. How many banks have you got in India, may I ask? Many small industries and poor people like myself can only borrow from my friend, like Mr. Bajoria, who can lend. I am very serious. The great banking concerns here will not look at me and these are very few banks; they are very cautious, much more cautious than is required in a banking concern. There is nothing like real banking in India. It is the shroffs that help the man who starts the small industries. Why should not that capital be taken into consideration? A person who helps me individually for a small industry—that is not to be taken into consideration is really most unfair. If I were to have a small glass factory with a capital of Rs. 50,000, or Rs. 60,000 can I go to the India or Central Bank or the Chartered Bank or the National Bank? They would not have the condescension to see me, while my friend, Mr. Bajoria, would help me. It is a fact; there is no way of getting out of it. Why do you shut your eyes to that? Ninety-nine per cent. of the business in India is being supported and helped by the private shroffs and small bankers, while the big bankers only do help big concerns, big printing and the export and import business and to them they give big credits. The Honourable the Finance Member knows so much of India and so much of the money-lending business and otherwise in India that I hope he would not be a party to such a statement that it is only the bankers that lend money. When the Reserve Bank of India Amending Bill will come up, I shall have occasion to tell you that the bankers in India do not carry out their duties. We want the Government and the Reserve Bank to allow and help many more big and small banks, especially small banks where individuals and poor people may come. The condition of this country must be met. You cannot all have multi-millionaires of Bombay and Calcutta and all those big Banks there. It is the small banks and shroffs that help the people, the agriculturists and others. It is the small banks and shroffs from whom you really get a lot of income-tax.

Then, Sir, with regard to the penalty clause, there is no doubt that the law has to lay down a certain line and where it ought to be very strict but I do not know whether in this country people are so bold to defy the law as in other countries. Anyhow I should certainly like that this question of penalties should be treated in a very fair way and a more moderate way. So long as the Government receive their money, so long as there is no fraud and no cheating, there should not be such things as heavy penalties as put down there. Really speaking the Income-tax Department does already give some facilities. I admit they do give some sorts of consideration, but keeping such a big sword always hanging upon them does not help people to do their business nor does it help people to carry on the business in a way which will help to further develop industry

and trade. I, therefore, do feel, Sir, that so far as this penalty clause is concerned something will be done which will show that the maximum penalty will not be above a certain sum. Let it be a small sum if you do wish to have a penalty, and I ask you once more that unless and until fraud has been found out, penalty of the type or kind mentioned in the Bill should not be imposed. You should not let it out to the public that you are going to be unduly unfairly severe and that the income-tax Department should be feared more than anything else.

Now, there is something about the sales. Now, I quite concede that there will be persons found, especially persons who will transfer their properties to save Taxes or Depreciation and so forth. It is being done. But, at the same time, I do feel that the Income-tax Department is also very clever and could find out very well the true facts. There is no doubt as to that. It is now much improved and it is going on very well—that I can tell you—but where there is a *bona fide* business, where people are likely to transfer their business from one to the other and where people prove their *bona fides*, then it should not be penalized. It is bound to be the case that during this war many persons, who otherwise would not bring forward their capital and would not help industries or the exports or otherwise, do believe that, because of the war—and as it is likely to be a long war—they should come forward with some help and they do come forward to take up small concerns and small partnerships, and it is these people who, having thus come forward, do help the development of our industries. So do not frighten them; but certainly I should not be a party to any fraud or cheating. We have got on your files cases of people for ten or twelve years and I know you can take out the names of such people and their cases within ten minutes. Therefore you know the true condition of each and every one who can buy up or sell some concerns. The Income-tax Department if required can give references at once about them,—the Banks do not care, so surely the Income-tax Department has got the worth and income of everybody at their fingers' tips. Therefore, I do appeal to the Honourable the Finance Member to consider that, in the interests of the development of industry and trade and in the interests of the expanding of business, such transfers to such people as are now coming forward should not be penalised. There is a mentality, there is a time when people have got some ideas, and the psychological effects are there always at this time to encourage and to help, therefore please allow only *bona fide* transfers and you should consider them in such a way as not to penalize them. Then with regard to transfers you have also got other things which stop any fraud. However, you always have got sufficient information and I do ask, in all earnestness and in fairness to the people, that *bona fide* cases of transfer ought to be considered favourably, especially also in the interest of the development of industries. I have got to speak on several of the amendments and, therefore, I will not take up the time of the House at present, but I again ask the Honourable the Finance Member to consider the poor condition of the people of this country, their true condition and other things when he compares them with that of the others.

Babu Rajinath Bajoria (Marwari Association: Indian Commerce): Sir, in the first instance, I rise to join in the chorus of congratulations which have been showered upon the Honourable the Finance Member and the

[Babu Baijnath Bajoria.]

members of the Select Committee for the work which they did in the Select Committee and I quite realize that, but for the acceptance of those concessions by the Honourable the Finance Member, the Bill as it has emerged from the Select Committee would not have been an improvement. There is no doubt that the Bill as it has emerged from the Select Committee is a decided improvement on the Bill as originally introduced.

Mr. M. S. Aney: That is all?

Babu Baijnath Bajoria: But, still, the Bill requires to be drastically amended so that it may be acceptable to Indian commercial community. I see my friend, Sir Homi Mody, is laughing very much because he has got the most important point which he wanted, though he has got it coupled with some ginger. If he would have got it all alone, he would have been more than satisfied. Sir, the first question which every business man in Calcutta with whom I had the pleasure to meet after this Select Committee had made its report asked me was—has the rate remained the same, or has the rate been reduced? I refer to the fifty per cent. tax. And when they were told that the rate still remains 50 per cent., there was a sense of keen disappointment. Naturally, when this Bill was referred to a Select Committee, everybody had expected that the rate of 50 per cent. would be considerably reduced, and so, when this was not done, there is bound to be a feeling of disappointment. The Honourable the Finance Member in his Budget speech has mentioned that he expects to get three crores only from this Bill during the year 1940-41. Well, I say that this estimate of his is a gross under-estimate. When my Honourable friend, Mr. Aikman, gave the figures relating to these three crores, I thought that he was doing the work of the Finance Member. My own view is that this estimate is grossly under-estimated. In the year 1919, 9.22 crores were received from this tax and I have got the impression that this Bill also will not secure much less than that. I have not got the money, which my Honourable friend, Sir Homi Mody, has, to pay 3½ crores and buy this Bill.

Sir H. P. Mody: Will you alter your books?

Babu Baijnath Bajoria: If the mere alteration of books can bring me crores of money, I am certainly prepared to alter them. But I know mere alteration of books will not bring me crores of rupees. I think there is a definite purpose why this amount has been under-estimated. Suppose the Finance Member gets seven or eight or even ten crores from this Bill, he is not going to refund the money that is in excess of three crores. He will pocket it all and then at the end of the next year when he will present the Budget, he will say in very flowery language that they have got a surplus of, say, five crores and so on. This happened also last year. We know what happened about the Sugar Excise Duty. The then Finance Member estimated that the import of sugar will be only ten thousand tons during the year, whereas the actual import has been over three lakhs of tons. It may be more but it is not less than that. He has pocketed all the money. I do not mean to say that he has pocketed it for his own use but for the use of the Government. So, I think that this rate of 50 per cent. should be reduced to a figure which will actually give him the three crores which he wants.

Sir, with regard to this 50 per cent., I would like to say that it is a very big slice and it will have very bad repercussions on the development of the industries. That capital is proverbially shy, is a matter of common acceptance and a number of fine remunerative industrial propositions have been hanging fire for want of adequate capital. Even some key industries have been known to suffer for want of fresh capital. I would, therefore, ask the Government to examine this aspect of the question seriously. The imposition of a heavy burden like the payment of 50 per cent. would seriously deplete the cash resources of our industries with the result that any capital programme that we may have in view will either have to be suspended or, in any case, considerably delayed. Responsible Members of the Government of India, particularly the Honourable the Commerce Member, have in recent months represented the anxiety of the Government to encourage the starting of new industries in India and also to expand the existing industries to meet, as far as possible, the internal requirements of the country. The Excess Profits Tax of 50 per cent. will completely negative this Government objective by leaving no surplus cash resources with the existing industries to expand and by seriously discouraging any person from investing capital for the uncertain risks of new ventures.

Now, I will deal with a few provisions of the Bill. I welcome heartily the change made in the Select Committee which gives this Legislature the right of annual review of the rate of tax of this measure. By changing the date from which the tax under this Bill will be applicable, namely, from the 1st of April, 1939, to 1st September, 1939, they have done only half justice to it.

The Honourable Sir Jeremy Raisman: Half a loaf is better than no bread.

Babu Baijnath Bajoria: I admit that, but if we can justify that we are entitled to the full loaf, I think the Finance Member would not grudge giving us the full loaf. I contend that it is not fair that a measure of this nature should have retrospective effect. We are passing this Bill in the month of March and it is only fair that it should come into operation from the 1st of April, 1940. Again, the month of September from the accounts point of view is a very inconvenient month. Many of the companies close their half years by the end of September and end of March. If it is not possible to give the full loaf from April, 1940, I would request the Honourable the Finance Member to seriously consider its application from the 1st of October, 1939. Financially, it will not make much difference. So far as the accounting portion of it is concerned, it will be comparatively easier because from October to March it will be half the year and the adjustments can be easily made.

Mr. M. S. Aney: Why not begin it on the Diwali day: that is half the year?

Babu Baijnath Bajoria: For us, Diwali would have been better, but most of the income under this Bill is expected to come from companies and I have got the convenience of the companies more prominently in my mind. Then, Sir, the exemption limit has been raised to Rs. 30,000. Of course, it is much better than what it was before but it ought to be raised to Rs. 40,000. I am glad to say that even my Honourable friend, Dr. Sir Ziauddin Ahmad, is also of that view. I am glad that the financial year

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1938-39 has been given an option coupled with the financial year 1937-38. I would have been glad if 1938-39 would have been given by itself. In this matter of options, I want to draw the attention of the Honourable the Finance Member to the fact that, though during recent years, I mean 1936, 1937 and 1938, cotton and steel industries were doing well, the jute industry, which is the principal industry of Bengal, was fairing very badly during all these years, as will be seen from the index numbers of industrial profits in India.

The Honourable Sir Jeremy Raisman: What about 1935?

Babu Baijnath Bajoria: I am coming to that. We have been given 1935 only. The index figure of that year is only 40 as compared with 100 in 1928 whereas, the index figures for cotton mills, iron and steel, sugar were 253, 311 and 158, respectively, for 1938. So what I am pleading is that the option of the year 1934-35 also should be given. This will help the jute industry of Bengal because jute trade is one of the leading trades in Bengal. I think in the options which have been given Bengal has not been fairly treated. I do not want to raise provincial questions, but still I would like that the year 1934-35 should also be given in option. (Interruption.) I have also tabled an amendment to this effect and I hope I will get the support of the European Group. I am glad that option has been given to business started after the 31st March, 1936, to avail of the statutory percentage or of the standard period. I pointed out this mistake by inadvertence in the original Bill and it has been corrected. I think that this option of the statutory percentage or of the standard period should be given to every assessee. After all the statutory percentage which has been fixed is not a high rate of percentage and it is only fair that all businesses whether new or old should get the statutory percentage which is eight or ten per cent. I want those percentages to be raised to ten and twelve for all businesses. I hope the Honourable the Finance Member will give due consideration to this point. In the increase of two per cent. in the statutory percentage which has been given to new business, new business has been defined as business started after the 1st December, 1938. How many companies or how many businesses can take advantage of that provision? Very few companies have been started after the 1st December, 1938. This increase of two per cent. should be made in the general rate of the statutory percentages and if that is not considered feasible, this period from December, 1938 should at least be changed to September, 1937, which will mean that new businesses which have commenced business two years before the war started or two years before the date from which chargeable accounting period in this Bill comes into operation. This is not a very big demand and I think it would be conceded.

Then, I come to the distinction which has been made about borrowed capital. My Honourable friend, Mr. Huseinbhai Abdullabhai Laljee, spoke with some warmth on this matter and I think he has driven home the point to the Finance Member. He is perfectly correct when he says why money paid from the banks or debentures alone should be considered as capital whereas money borrowed from private individuals.

An Honourable Member: From Marwaris.

Babu Baijnath Bajoria: Yes, from Marwaris. I am proud of my community which is doing a lot of banking business and of the fact that my community helps in the growth and development of industries and trade in this country. Why should not money which is borrowed from us be calculated as capital for the purposes of this Bill. After all, banks only finance bigger companies and even today as regards banking business in the country in general, it is carried on by indigenous bankers. So, if it is proved *bona fide* that capital has been borrowed from whatever source possible it should be allowed and deemed as capital employed in business, in the same way as capital borrowed from banks and money raised from debentures. I am glad that exemption is given to life insurance companies, but I would have liked that this exemption should be given to banks and other businesses which have no bearing to the conditions prevailing in war. When we read the preamble, it has been changed into:

"arising out of certain businesses in the conditions prevailing during the present hostilities."

I would have liked that in the proviso to section 4, it should be explicitly mentioned that those businesses, which have got nothing to do with the conditions obtaining during this war, should be exempt from the mischief and operation of this Act.

Now, Sir, I come to the question of assessment of registered firms. You, Mr. Deputy President, in your speech, referred to this as my point. It is not only my point, but it is a point which concerns practically all the firms. Most of the firms now are registered firms and I have received several letters from persons who are quite unknown to me, even from the Punjab, who, when they read my speech, have appreciated the point which I raised and they have pressed me to put this matter as strongly as I can in this House about this matter. I do not understand why registered firms should be assessed jointly for the purposes of excess profits, when, as regards income-tax and super-tax the partners thereof are assessed separately and no assessment is made on the registered firm as such. It may be argued that if this question of division of profits of business in the case of a registered firm is also applied to companies every shareholder may claim that he should be assessed separately. But that cannot be so. As regards companies, as pointed out by the Finance Member, this tax will be like a corporation tax whereas as regards firms and individuals it will be in the nature of income-tax and super-tax. So I would plead with all the emphasis at my command that registered firms should be assessed jointly and each of the partners should be assessed separately as was done in the case of income-tax and super-tax. I will deal with this point in detail when we come to the amendments.

The penalties provided in this Bill are far too excessive. It means that all the profits will be taken away because the amount of the penalties will be equal to the tax. In a heavy taxation measure of this kind the penalties should not be so high. The penalty should be prohibitive and deterrent but there must be some reasonable limit. I think a maximum penalty of Rs. 10,000 or Rs. 20,000 should meet the ends of justice.

My next point is about the sales or transfer of business. I must say that *bona fide* sales or transfers should be recognised and it should be left entirely to the discretion of the Excess Profits Tax Officer or the Assistant Commissioner to decide whether the sale or transfer was *bona fide* or not. They

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will also see if the purchase price has been reasonable. If it is out of all proportion to the assets purchased it may be said that it is not a *bona fide* transaction. But not to recognise any sale or transfer would not be justified.

As regards foreign income, my friend, Mr. Laljee, who is an expert on this, has detailed the various difficulties on account of which people with foreign incomes cannot get them, e.g., exchange restrictions, embargo on remittances, etc. These should be duly considered so that they may not be very hard hit.

There is another point which I will urge. It is desirable that the same officer who sees the accounts of an assessee for income-tax and super-tax should also examine his books for the purposes of this tax. Otherwise, there will be double harassment for the assessee and so both for Government as well as for the assessee it will be convenient to get them examined by the same officer. This need not be incorporated in the Act itself but instructions may be given departmentally to this effect.

Mr. Muhammad Nauman (Patna and Chota Nagpur Division: Muhammadan Rural): Sir, it is certainly difficult to consent to a taxation legislation but, as I said the other day, we have to consent to it as a necessary evil because Government have to function and funds have to be provided for it. The best principle of taxation is to eliminate the poor and middle classes and this view has been cared for in the present Bill as amended. I opposed the Bill when it was originally introduced because at that time we had not seen the budgetary picture and did not know what funds the Government of India would require. Now we see the full picture and the position is hence changed. We are facing a deficit budget and this is one of the measures to meet it. Another thing which makes me support this Bill is that as it has emerged from the Select Committee it has definite improvements embodied into it. It has reduced hardships to a great extent and it will not extend after the war.

An Honourable Member: Where do you find that?

Mr. Muhammad Nauman: From the way in which the Finance Member has spoken that is the impression created—It is dependent on the budget and we will not have deficits after the war. The Finance Member should give an assurance that it will be removed as soon as the war is over or as soon as the financial position makes it unnecessary.

Sir, in the Select Committee the inclusion of the year 1938-39 is surely an improvement but an independent choice has not been accepted. Although the initial amount of taxation has been raised to Rs. 30,000, which is appreciated, yet I think, in order to make the tax the least burdensome on the middle classes, it should have been raised to Rs. 40,000. I do not know whether the Select Committee considered this but my friend, Mr. Bajoria, who was a member of the Select Committee has also stated this point of view and this is the general view of the commercial section of this country.

It has also been pointed out that this flat rate of 50 per cent. has caused some little agitation in the minds of the people. I do not know why the Government could not see their way to accept rates on a graduated

basis. My Leader, Mr. Jinnah, placed before this House a definite proposition that the basis of calculation should be the same as in Canada. I cannot say exactly what amount would be involved if, say, a beginning had been made with 25 per cent. going up to 60 per cent. at a graduated scale, as in the United Kingdom. It might be argued that there may still remain feelings of resentment among certain sections of the people, but that section would be in a microscopic minority, and I think it would have been more equitable to have taken a graduated rate as basis.

I was speaking about the raising of the minimum from Rs. 30,000 to Rs. 40,000. I have not calculated what amount would be lost by raising the minimum, but I understand from a reliable mathematician who was also on the Select Committee, Dr. Sir Ziauddin Ahmad, that the loss involved would be between seven and eight lakhs of rupees. If the Finance Member, on his own calculation, comes to the conclusion that the difference would not approximately be more than seven to eight lakhs, why should he not be prepared to raise the limit from 30,000 to 40,000 rupees and satisfy larger sections of the people? If he accepts the principle that the middle classes should be taxed less than the richer classes, and the poorer classes less than the middle classes, then this raising of the limit to 40,000 rupees would certainly relieve the middle classes very much. I shall speak on this question of limit, when my Party move an amendment to that effect, but I would like to hear from the Government what objection they have to my suggestion.

Regarding exemptions, we have now exempted insurance companies and we appreciate the exemption as those companies, instead of making profits, probably stand to lose on account of people who may be killed in the war. Representation was made to me personally and to my Chamber, the Muslim Chamber of Commerce, Calcutta, by mica merchants, that as profits did not accrue from mica mines till five or six years after excavation, it would be very hard on them if they were given only the option of the last three years. I am not conversant with the trade, but I would place the matter before the Government to see if any relief can be given to those merchants and whether there is any truth in the allegation they make. As regards exemption for other businesses, my friend the Deputy President has pleaded the case of cinemas and banks. It may be literally true that they do not get any profit out of war, but it is not at all right to say that they have been able to get some excess profits from factors which are absolutely independent of and not consequent on the war conditions. I do not personally feel that there is any case for exempting them. They certainly have no ground for exemption on the lines of the insurance companies.

The only other point I wish to mention is the question of merchants who have got foreign incomes, either from foreign trade with India or independently in foreign countries. Many of the belligerent and neutral countries have imposed an embargo on the export of money out of their countries with the result that the profits of Indian traders accrued there are blocked and cannot be remitted or brought into India. When we were discussing this question last on the Income-tax Bill and when the remittance basis was changed into accrual basis, it was stated that relief would be given: probably under section 45 of the Income-tax Act it was provided that so long as they did not bring that money they would not be made to pay. Here the position is different. The embargo may last for five or ten or twenty

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years and it may be lifted at a time when this Bill may not be in force; and in that event no relief could be given. I shall give an example. Suppose on the accrual basis a firm is estimated to be taxed on 1,00,000 yen at the exchange rate of Rs. 80 to a hundred yen it means a tax of about Rs. 15,000 to Rs. 20,000. By the time they bring that money to India the rate of exchange might have gone down to Rs. 40 to a hundred yen and the estimate of profits would thus be reduced by half, whereas the taxation would remain the same. I do not know how this difficulty can be overcome. I have some amendments on this and then I will be in a position to develop my arguments. I think this matter has not been seriously considered. If a merchant makes some profits in a foreign land and he is taxed on the estimated profits in India only, the payment is delayed till the days he brings the money out here: but what will happen to him if the exchange goes down? The question of carrying forward his losses does not arise under this Bill as has been provided in the Income-tax Act. In the Income-tax Act relief has been provided for, but in this case if the law is repealed by then, that particular position cannot be maintained. Therefore, I would like to know from the Honourable the Finance Member how he proposes to meet this particular situation.

Having placed my view before the House regarding people doing foreign trade, there is one more point which I want to stress, and it is this, that it is difficult to estimate the actual profits, because there might be an imaginary profit and no actual profit because of the depreciation of sterling since the war certain other exchanges, currencies of some countries have abnormally inflated resulting in fictitious and temporary profits in the present pay even small amount of profit, they will not be able to bring it back to this country, and so the profit which may be estimated will be calculated to have accrued in paper but as soon as sterling revives the profits will not remain on paper. Now the question to be decided is whether such imaginary profits accruing because of inflated currencies made in foreign countries are going to be taxed here even though they cannot bring their profits to India, or they will be taxed only when the money is actually brought to India either in the form of currencies or in some other form of import of commodities. Sir, this point should be thoroughly gone into so that there may not be any kind of hardship to merchants who are doing foreign trade and have their offices in foreign countries.

Now, Sir, I come to the penalty clauses which are found in the Bill. I shall not dwell at great length on this aspect of the matter, because my friends, Mr. Huseinbhai Laljee and Babu Baijnath Bajoria, have already dealt with the question very exhaustively, but I will only say this much, that I entirely agree with all that they have said. I feel, Sir, that the Government of India should not treat the people in the manner they propose to do by means of these penal clauses. It might be that the Government apprehend that some people would resort to doubtful means in presenting figures and, therefore, they must face the consequences, but there might also be cases in which the intention to defraud may not be there and yet they will be penalised. In such cases I should like to know how the Government propose to justify themselves in putting these heavy penal clauses. I feel, Sir, that the amount of fine should be certainly reduced, and in this I have no doubt that all elected Members will agree.

'Sir, I do not wish to say more on the general discussion today. I have also stated why I have changed my view from the view I had adopted when the Bill was originally brought in this House. I would strongly urge that the question of foreign income should be reconsidered and all possible precautions should be taken to see that merchants doing foreign trade are not put to any very great hardship.

Lastly, Sir, I want to stress the point which I had urged in the beginning, that the limit of Rs. 30,000 should be raised to Rs. 40,000 and if the Government feel that they would not lose more than Rs. 8 lakhs by so doing, I think they should accept our suggestion. This is all what I have to say today.

Mr. Lalchand Navalmi (Sind. Non-Mohammadan Rural): Sir, it is well-known to the House that I was one of those who objected to this Bill being referred to a Select Committee. With other Honourable Members I also held the view that this measure was not necessary and it was inopportune. Now, Sir, the principle of the Bill having been accepted, I shall be wasting the time of the House if I were to repeat the arguments which I advanced when the Bill was originally introduced in the House. But I feel that if we all join hands we can still do a great deal by carrying certain amendments. I feel, Sir, that certain provisions of the Bill should be made quite clear, and Government should also give certain exemptions. Now, the point to be clarified in the first instance is whether this measure is going to be a temporary measure to last only during the pendency of the war or it is going to be a permanent measure. Before the Bill was sent to the Select Committee, it was crystal clear that it was going to be a permanent measure, but that point having attracted the attention of some Members of the Select Committee, a certain amendment was made in the preamble of the Bill. In spite of the amendment in the preamble, the doubts which we had entertained on the last occasion have not been completely removed, and so the Honourable the Finance Member should make this point absolutely clear, that this Bill is only temporary and that as soon as the war ceases this Act will not exist. I have myself sent in an amendment to that effect, because we find that in all Bills, when they are to be of a temporary nature, there is a provision inserted immediately after clause 1 in which it is always made clear whether the Act will be temporary or up to what period it will remain in force. This is the time at which it should be made clear to the House and definitely made clear, because we shall not be satisfied with only professions that this would be only a temporary measure. Do we not know that in the case of the Income-tax Act when it was being enacted it was said that it was being enacted as an emergent measure. But then what happened? Though the particular purpose was over, the Government of India said that this would be extended every year, and the Income-tax Act has become a permanent measure. Therefore, judging from our past experience we are justified in holding that this Excess Profits Duty Bill also may become a permanent measure. It is now being given a colour that it is only for the period of the war, but the indications are different. Clause 4 of the Bill indicates that this measure will be on the Statute-book in the manner in which it was sought to be done in the case of the Income-tax Act. If this measure were only for the duration of the war, the power of extension should not have been provided in this Bill at all. If it is intended that this Bill should have life up till March, 1941, then it should be said that this Bill

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will expire on that day, and if the war continues, the Government should bring in another Bill and get it passed through this Assembly without giving power in the Bill itself to extend it. Like the Finance Bill this Bill also will come up every year and the tax will be raised or reduced. If it is the real intention of the Government that this is only a temporary measure for the period of the war, why not make a clear declaration to that effect, accept the amendment that will be coming up, or even declare it now and be done with the amendment that may be brought up? I hope the Honourable the Finance Member will give us not only an assurance but a positive promise that this Act is going to be only a temporary measure.

The next point is, if the money is not going to be treated as a donation for the war, if this tax is not going to be realised as a donation, because at the time of the last war there were donations, there were subscriptions and there were loans, but now another means of raising money is being adopted. If this money is not exclusively for the purpose of expenditure on fighting the war which, of course, has not yet come to India, I submit that this tax must go for the purpose of helping India. It should be utilised in India for the purpose of supporting the industries, for the purpose of meeting the demand of the people, which has been a complaint for a very very long time. There are infant industries for instance and they require help. If it is a boom time and Indians have made excess profits, why not those profits be made use of for nation building purposes, and why should they be used on any other purpose? To say, well, we have got a deficit—I know how these budgets are made and how these deficits are made. (Interruption.) I would give an instance of how these budgets are made. There was one municipality which always showed a surplus and a very big surplus.

Babu Baijnath Bajoria: That is news,—municipalities making a surplus!

Mr. Lalchand Navalrai: The audit officer came one day and asked how the municipality was making such surpluses. This I am quoting to show how it is easy to manipulate these budgets. The officer went through the records and saw the accounts and he found that there was one building belonging to the municipality which every year they showed as being worth about a yield of Rs. 20,000 or Rs. 40,000, but it was such a property as could not be sold at all. It was not worth as much, and in that way they showed a surplus. In like manner, for showing a deficit, you could always say, we will spend so much on the house, which they will never do. Therefore, I have yet to learn that these budgets could not be manipulated according as you require a surplus budget or a deficit budget. I would submit that the money that is going to be realised on account of this tax should be used for nation building purposes and to help infant industries. I would then ask for some exemptions. At the time this Bill went to the Select Committee I drew pointed attention to the fact that Indian merchants who trade abroad are hard up and they should be exempted from this tax. I do not know if my humble suggestion was even considered in the Select Committee.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: It was. It ought to have been.

Mr. Deputy President (Mr. Akhil Chandra Datta): We are not at liberty here to discuss what happened in the Select Committee.

Mr. Lalchand Navalrai: Very well, Sir. When some one on the Treasury Benches gets up, I hope he will give a reply to my submission. These Indian merchants are trading abroad in several places, such as, Japan, China, and many other foreign countries. At the time the Indian Income-tax Act was being amended the hardships that were being felt by them were pointed out. Those hardships should be well known by this time. Therefore, the House knows their difficulties, and certain safeguards were provided at the time of the passing of the Income-tax Act. These people were not content with those safeguards, nor were the safeguards such as to save them. At present they are going to be charged for excess profits as a war measure. Therefore the first point arises—have they made any excess profits? I would go so far as to say that they have been getting no profits in those countries. Now, Sir, their difficulties can be summed up generally in a few words, which would show what their condition is. I would say that the proposed tax if enacted, would seriously hamper the expansion of foreign enterprises and cripple the existing trade for more than a decade. Now, there are trade barriers also

Mr. M. S. Aney: I submit there is no quorum in the House.
(After a count was made.)

Mr. Deputy President (Mr. Akhil Chandra Datta): Even the Treasury Benches are empty. If there is no quorum within two or three minutes, the Chair will adjourn the House.

An Honourable Member: No, no.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Chair will do it.

(The bell was rung and a quorum was present.)

Mr. Lalchand Navalrai: I was submitting the handicaps of the Indian merchants abroad. Their trade has been crippled owing to various trade barriers, discrimination against foreign traders, exchange and currency restrictions, high tariff walls, blockade of credits, barter system and several other causes. In foreign countries, they have been subjected to all these handicaps for a very long time and the Indian nationals have been suffering from serious losses or making very inadequate profits. The first point that arises in a Bill like this is that the Treasury Benches ought to say whether these people are really making profits these days—not that they are sending for any commodities here and selling them at a high price. The point is that you are going to have the excess profits from those that have made money here by inflating the prices, then you have a justification but if you charge those that are not making any profit outside, apart from the income-tax which you are already charging, if you charge them anything more, then you are adding insult to injury. I submit, therefore, that the question of these Indian merchants abroad should be considered and not lightly dealt with.

Then, Sir, the standard periods as proposed in the Bill were years of extreme economic depression and trade losses owing to international conflicts and insecurity and the profits made in those years can in no sense be regarded as normal profits. That is absolutely true. There are wars

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going on, conflicts going on and battles going on. Chaos is there and what is the likelihood of their making any profits in this chaos? There was the Abyssinian War, the Spanish Civil War and Sino-Japanese War waged during the standard periods and several Indian businesses in those countries are in ruin. In Spain, during the Civil War, in spite of severe restrictions on imports of fresh stocks and exports of money, Indian traders were required to keep their shops open during working hours and were not even permitted to wind up their business. This is how they have been living there and yet it is going to be said that they must pay excess profits. Therefore, I am submitting that so far as the Indian merchants outside in foreign countries are concerned, there is no likelihood of their making these profits and they cannot bring you money here. Such persons should not be charged under a temporary Act during war time. In war times, their business is all there, is not here and during war time, if they make any profits, they are not being allowed to bring them here. Is that not a matter for sympathy? Does not justice require that they should be given this relief?

Then, coming to the other difficulties of theirs, I would ask the House to consider whether the profits made abroad are war profits at all. They do not get any benefit from the Indian Government by way of orders or purchases. The point for charging the Excess Profit is that Government have been making purchases here from them and giving orders to them. From these orders, people have actually made profits and from those profits a share is being asked by the Government but would you call them war profits when they are not obtained with any help of the Government of India?

Then, Sir, considering the question of the few past years, even in India, leaving the foreign countries, where many barriers have been placed and where many blockades have been put upon them, they say they had lean years for the last few years and that they made no profits in those years, so these are the days on which they should look out for the purpose of compensating themselves so as to get something to make up for those lean years. But what has been the condition of these people outside? It has been worse than what it is here,—and the evidence is so clear that there only conflicts are going on and wars are being waged. Now, Sir, coming to the "Sind-work" merchants, who are known outside more than in India—and I would submit that in India also now that Sind has been separated, the very word "Sind" makes these people recognize that they are merchants of Sind. Now, this class of merchants who are called "Sind-work" merchants have been trading outside and bringing money out here to utilize and use it here for the interest of the people of this country. They have been paying the Government income-tax and other donations and the point is that when these people are not allowed to bring anything here, or that they are not bringing out that money at all, and the money is locked up there, why should their profits lying dormant there be taken into consideration in this connection? And what is the income-tax provision? The income-tax provision is that they will be assessed on the accrual basis there now and then, when they bring the money out here they will be made to pay up, that is actually when they bring out the money here. But when will they bring that money out here? That is the first question. There is no likelihood of their bringing it, and if so, why should there be any charge made against them? Then we should

realize the great difficulty of exchange. On the accrual basis, that money may be no money at all.

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

... you bring nothing out here, and yet the Government assess the profits. This is another blow that you are going to give them, a most unjustifiable blow. Then, there is a restriction even on exports and imports of goods in some countries, and in this connection the Government should come forward to help them in that matter.

If the Government help them and want any Excess Profits Tax from them, they will be willing to give that, at of course the percentage which will be reasonable, though I am considering up to now that this fifty per cent. incidence is too much but then the point is—what help have the Government been giving them? They complained at the time of the revision of the Income-tax Act and asked for help for making their remittances and for making their exports and imports. Has any help been given to them? Has there been any help given to them for bringing out that money here? They cannot be said to be rich people when the money is locked up there, and they do not live there all their life. They belong to this country, but Government have given them no way out and how can it be possibly said that there is justification for this tax? Then, the fluctuation of the exchange is a great impediment in their way. Now, owing to this war, sterling has gone down—which is plain, and that is a fact and not an imaginary thing—and that being so, why is no relief to be given? We are here for giving justice and we want to do things in a legislature which are just and fair. Then, sterling has gone down and, therefore, other currencies have gone up. This also cannot possibly be denied. Now, on that account the normal profits have gone up. Now, you call these "excess profits" and that is fair. They are normal profits but on account of certain fluctuations of exchange there is some excess profit, and so, Sir, the case of these men is such that it should be attended to properly. When, after the war, when they bring out the money, exchange may be lower and unfavourable and thus they will suffer, having already been charged for the excess profits. When the remittances are allowed to be brought in, the losses in remittances cannot be carried forward to future years, just as it is done in the case of the income-tax. They cannot be carried forward, there is no provision whereby any refund of the tax will be allowed. Therefore, I submit that, considering all these points, I need not take the time of the House any more. There are certain amendments. Each amendment will be taken separately and then we will put the case of these men again on the occasion of each amendment but at this stage of the general discussion too at any rate we must put all our views before the House for its considering these, so that we may expect help from the House when those amendments come up. So, I will not say anything more and I will resume my seat.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, I do not like to take up the time of the House much. I am never in favour of any legislation that is unnecessary. We are ready to support every measure of taxation when it is actually needed, but before a measure of taxation should be placed before the House, the Departments of the Government should take every possible step to control their expenditure. When I opened the Budget of this year, I found that there are many "probable savings, Rs. 30,000", "probable savings, Rs. 40,000" under each head of

[Maulvi Muhammad Abdul Ghani:] expenditure. What does it mean? This shows that some ways have been invented, or some steps have been taken to show the expenditure in an exaggerated form, so that the budgeted expenditure has not been properly estimated, and, therefore, "probable savings" have been shown at every step.

The Honourable Sir Jeremy Baisman: Sir, the Honourable Member is a member of the Public Accounts Committee, and he knows that it is in pursuance of the request of that Committee that these lump sum cuts are made by showing the probable savings.

Maulvi Muhammad Abdul Ghani: I know the fate of the Public Accounts Committee. The poor members of the Public Accounts Committee are not even supplied with the audit and account rules of the military accounts or of the Railways. I asked for these and at the instance of the Audit Department the Finance Department was unable to supply me with a copy of such rules by which such control is exercised. And as regards the Government publications, well, whenever Government publications are going to be wasted, notices are issued from the Publications Office that if any Honourable Member is desirous of taking them, they may have them, so that there is no necessity of a number of publications; every year a number of unnecessary publications are made, and there is a huge waste of money, and those publications are not even supplied to the Members. Take care of your penny, and the pound will stick to you.

I was submitting, Sir, that if there is any necessity of expenditure, every reasonable man would support it. Take the case of the Railways: they have unnecessarily taxed the travelling public. They are going to accumulate money and waste it like water. So far as the present legislation is concerned, it is surmised that on account of the war the expenditure has gone up or will go up. Therefore, some sort of taxation should be imposed. But up till now it has not been shown what amount this kind of taxation will bring into the coffers of the Government and how much is needed.

Mr. M. S. Aney: Sir, there is no quorum in the House.

Mr. President (The Honourable Sir Abdur Rahim): There seems to be no quorum, so the House has to be adjourned. The Assembly stands adjourned till eleven o'clock tomorrow.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 14th March, 1940.

LEGISLATIVE ASSEMBLY

Thursday, 14th March, 1940.

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

Syed Haider Imam, M.L.A. (Nominated Non-Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

TROOPS USED OR REQUISITIONED IN CERTAIN PROVINCES.

389. *Sir Syed Raza Ali: (a) In view of the exercise under the Government of India Act, 1935, of ministerial functions by the Governors of the Central Provinces, the United Provinces, Bihar and Bombay, where the Provincial Assemblies have not met for several months, will the Defence Secretary be pleased to state the number of occasions when troops were used, or a requisition for troops was received but subsequently cancelled, by the civil power of the aforesaid Provinces during each of the periods between:

- (i) July 14, 1937, and July 13, 1938,
- (ii) July 14, 1938, and July 13, 1939,
- (iii) November 4, 1939, and February 21, 1940, and
- (iv) July 14, 1935, and July 13, 1936?

(b) What was the total number of the troops used or requisitioned by the aforesaid civil power during each of the periods mentioned in part (a) above?

(c) If the figures for any particular period are noticeably large or noticeably small, will the Defence Secretary be pleased to explain the cause of such increase or decrease?

Mr. G. M. G. Ogilvie: (a) and (b). I lay on the table a statement containing the required information.

(c) Government are unable to suggest a reason for increases and decreases.

STATEMENT

(a) & (b). Occasions on which Troops were requisitioned by the Civil Authorities in the Provinces of Bombay, Bihar and the United and Central Provinces.

Date	Province	Place	Troops employed
(i) 14th July 1937 to 13th July 1938			
Troops called out			
7-2-1938	U. P.	Cawnpore	1 armoured car patrol.
8-3-1938	U. P.	Allahabad	1 company, British Troops and 1 company, Indian Troops.
9/13-3-1938	U. P.	Allahabad	1 company, Indian Troops.
17/26-3-1938	U. P.	Allahabad	Detachments, Indian Troops.
16/17-3-1938	U. P.	Benares	1/2 company, British Troops.
18/22-3-1938	U. P.	Benares	2½ companies, British Troops.
18-3-1938	C. P.	Jubbulpore	1 company, British Troops and 1 Regiment, British Troops.
10-4-1938	Bihar	Jamshedpur	Detachment, Auxiliary Force (India).
11/13-4-1938	U. P.	Allahabad	1 company, British Troops.
Troops stood to			
1/15-8-1937 (approximate).	U. P.	Cawnpore	1 company, British Troops.
1/15-8-1937 (approximate).	U. P.	Lucknow	1 company, British Troops. 4 companies, Indian Troops.
15-10-1937	C. P.	Jubbulpore	1 company, British Troops.
11/12-2-1938	U. P.	Cawnpore	1 company, British Troops.
11/14-2-1938	U. P.	Fyzabad	1 company, British Troops.
25/26-3-1938	U. P.	Benares	1/2 company, British Troops.
8/13-3-1938	U. P.	Meerut	1/2 company, British Troops. 1 Squadron, Indian Troops.
14-4-1938	Bombay	Poona	1 company, British Troops.
17/18-4-1938	Bombay	Bombay	Detachment, British Troops.
22/23-4-1938	U. P.	Lucknow	4 companies, British Troops.
16/20-5-1938	U. P.	Cawnpore	Detachment, British Troops.
4/6-7-1938	U. P.	Cawnpore	Detachment, British Troops.

Date	Province	Place	Troops employed
(ii) 14th July 1938 to 13th July 1939			
Troops called out			
31-1-1939 to 1-2-1939.	U. P.	Tikrauli (Saharanpur).	2 companies, Indian Troops.
5/7-2-1939	U. P.	Benares	1 company, British Troops.
11/25-2-1939	U. P.	Cawnpore	1 company, British Troops.
28-2-1939 to 3-3-1939.	U. P.	Badaun	1 company, British Troops.
2-3-1939	U. P.	Cawnpore	1 company.
4/23-3-1939	U. P.	Benares	1 company, British Troops.
5/6-3-1939	U. P.	Cawnpore	British Troops (no details available).
26/27-3-1939	U. P.	Benares	8 platoons, British Troops.
3-5-1939	U. P.	Lucknow	3/4 Bn., British Troops.
23/29-5-1939	Bombay	Sholapur	2 companies, British Troops.
19/20-6-1939	U. P.	Cawnpore	Detachment, British Troops.
Troops stood to			
25-7-1938	U. P.	Bareilly (for Pilibhit).	Detachment, British Troops.
21-8-1938	U. P.	Saharanpur (for Deoband).	1 company, Indian Troops.
18-10-1938	Bihar	Dinapore	1 company, British Troops.
14/15-11-1938	U. P.	Lucknow	2 companies, British Troops.
21/22-11-1938	U. P.	Benares	1 company, British Troops.
24-1-1939	U. P.	Bareilly	1 company, British Troops.
26/31-1-1939	U. P.	Dehra Dun (for Meerut)	2 companies, Indian Troops.
1-2-1939	U. P.	Agra (for Aligarh)	1 company, British Troops.
12/16-2-1939	U. P.	Cawnpore	1 Bn., British Troops.
25-2-1939 to 2-3-1939.	U. P.	Meerut	1/2 company, British Troops. 1 Squadron, Indian Troops.
4/5-3-1939	U. P.	Meerut	Detachment, Auxiliary Force (India).
4/7-3-1939	C. P.	Jubbulpore	2 companies, British Troops.

Date	Province	Place	Troops employed
8-3-1939	U. P.	Cawnpore	1 company, British Troops.
31-3-1939 to 3-4-1939.	U. P.	Lucknow	1 company, British Troops.
10/13-5-1939	Bihar	Jamshedpur	Detachment, Auxiliary Force (India).
(iii) 4th November 1939 to 21st February 1940			
Troops called out			
11/12-12-1939	C. P.	Jubbulpore	1 company, British Troops.
Troops stood to			
10/13-12-1939	C. P.	Jubbulpore	1 company, British Troops.
(iv) 14th July 1936 to 13th July 1936			
Troops called out			
25-3-1936	U. P.	Agra	2 companies, British Troops.
24/25-4-1936	Bombay	Poona	2 companies, British Troops.
Troops stood to			
4/7-3-1936	U. P.	Fyzabad	1 company, British Troops.
4/7-3-1936	U. P.	Meerut	1 squadron, British Troops.
1/3-4-1936	U. P.	Allahabad	No details available.

Sir Syed Raza Ali: May I know from the Honourable Member whether he can say which is the period during which the heaviest calls were made on the forces?

Mr. C. M. G. Ogilvie: The statement is a very long one, but I should say that the heaviest call was in the period July 1937 to July 1938.

OFFICERS AND CLERKS IN THE OFFICE OF THE INCOME-TAX ADVISER.

1390. *Nawab Sahibzada Sir Sayad Muhammad Mehr Shah: Will the Honourable the Finance Member be pleased to state:

(a) the number of officers and clerical staff (separately) in the office of the Income-tax Adviser;

(b) how many of them are Muslims;

(c) whether the orders relating to communal representation have been observed in recruiting the officers and staff in question; if not, why not;

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

(d) whether the staff of the Income-tax Adviser was shown in the returns furnished to the Home Department and if so, whether that Department pointed out the desirability of giving adequate representation to Muslims; and

(e) whether recruitment of the clerical staff was made through the Public Service Commission, and if not, why not?

The Honourable Sir Jeremy Raisman: (a) There are at present four officers and eight clerks.

(b) Two clerks are Muslims.

(c) Orders regarding communal representation have been duly observed in filling the clerical posts. As regards officers the persons most suitable for the work have been selected from the Income-tax Departments of the various provinces. No direct recruitment was made.

(d) The office of the Income-tax Adviser came into existence in 1939 and will be shown in the returns which are to be sent to the Home Department during 1940.

(e) The recruitment of the clerical staff was not made through the Federal Public Service Commission. The office of the Income-tax Adviser is subordinate to the Central Board of Revenue and as such is not governed by the Government of India, Ministerial Establishment (Recruitment, Promotion and Seniority) Rules.

CLERKS IN THE CENTRAL BOARD OF REVENUE LABORATORY AT DELHI.

1391. *Nawab Sahibzada Sir Sayad Muhammad Mehr Shah: (a) Will the Honourable the Finance Member be pleased to state the number of clerical staff employed in the Central Board of Revenue Laboratory at Delhi, and how many of them are Muslims?

(b) What additional staff (clerical and technical) has been recruited for the Laboratory on its transfer from Lahore and how many Muslims have been taken in the additional staff?

The Honourable Sir Jeremy Raisman: (a) The clerical strength of the Control Laboratory is six out of which two are Muslims.

(b) The following additional clerical and technical staff has been recruited for the Laboratory on its transfer from Lahore:

Clerical—

Superintendent

Upper Division clerk

Lower Division clerks

Technical—

Instrument maker

Store-keeper

Two Muslims have been taken in the additional staff.

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

OFFICERS APPOINTED TO THE CENTRAL BOARD OF REVENUE SERVICE OF CHEMISTS.

†392. *Nawab Sahibzada Sir Sayad Muhammad Mehr Shah: (a) Will the Honourable the Finance Member be pleased to state the number of officers appointed to the Central Board of Revenue Service of Chemists since 1934?

(b) How many of them are Muslims?

(c) Do the orders relating to communal representation apply to this Service? If not, why not?

(d) What are the minimum educational qualifications required of candidates for appointment to this Service?

The Honourable Sir Jeremy Baisman: It is presumed that the Honourable Member refers to the Central Revenues Chemical Service, Class I.

(a) Two.

(b) Nil.

(c) No Sir. As the posts are technical posts requiring special qualifications they have been exempted from the application of communal rules under paragraph 6 of the Home Department Resolution No. F. 14/17-B/88-Establishments, dated the 4th July, 1934.

(d) M.Sc. in Chemistry of an Indian University and special knowledge and experience in the subject for which recruitment is made.

PROPOSED LOCATION OF THE COLD STORAGE DEPOT NEAR A SCHOOL IN THE RAWALPINDI CANTONMENT.

†393. *Sardar Sant Singh: (a) Will the Defence Secretary please state if there is any proposal to grant Government land near Deny's High School, Rawalpindi Cantonment, for erecting a cold storage depot? If so, is the Honourable Member aware that this storage will store meat including beef and bacon?

(b) Is the Honourable Member aware that Deny's High School is an old institution imparting instructions to all communities, Hindus, Sikhs and Muslims? If so, is he aware that strong objections have been taken to the location of the cold-storage depot near this institution?

(c) Has the Honourable Member received representations and memorials against such a grant?

(d) Why is the person who has applied for the grant of land allowed to erect the cold storage depot near the school in an area thickly populated by Indians?

Mr. C. M. G. Ogilvie: (a) to (d). Such a proposal was received, but was not accepted. The remaining parts of the question do not, therefore, arise.

ADMINISTRATION OF THE DELHI PROVINCE.

†394. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Home Member please state whether Government have taken any practical action about the creation of a council for the administration of Delhi Province?

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

(b) Did Government ever consider the question of extending the territorial limits of Delhi Province by the inclusion of districts from the Punjab and the United Provinces?

(c) Was the attention of Government ever drawn to the inconvenient arrangements now existing in the administration of Delhi Province, splitting up the administration into different departments under the charge of the members of the Executive Council of the Government of India?

The Honourable Sir Reginald Maxwell: (a), (b) and (c). The reply is in the negative.

ACQUISITION OF SOME LAND NEAR THE KHEWRA SALT MINES.

†395. *Khan Bahadur Sheikh Fazl-Haq Prachi: (a) Will the Honourable the Finance Member please state whether the Northern India Salt Revenue Department acquired some land under Land Acquisition Act near Khewra Salt Mines belonging to zamindars of Pind Dadan Khan in 1926 or thereabout? If so, what was the object for which this land was acquired?

(b) Did Government make use of this land for the object for which it was acquired? If so, how much area was used?

(c) Is it a fact that this land is no longer required by the Salt Department for the object for which it was acquired?

(d) If the answer to part (c) above be in the affirmative, will Government be pleased to state whether they are prepared to restore the land to its original owners?

(e) Will Government be pleased to state whether the land acquired by Government under Land Acquisition Act has been given by them on long lease to a private company known as The Alkali & Chemical Corporation of India Limited? If so, were the owners of the land consulted before Government gave this land on lease to this company?

(f) Was the Commissioner, Salt and Revenue Department, consulted about the giving of this land on lease to the company mentioned in part (e) above? If not, why not?

The Honourable Sir Jeremy Baisman: (a) Yes: 112 acres of land belonging to zamindars of Pind Dadan Khan were acquired in 1922 with the object of preventing the land being used in a manner detrimental to the safety of the neighbouring salt mines or of the water supply and sanitary arrangements in the mines. Part of the land was also required for the development of the salt mining industry.

(b) Yes. The exact details of the area actually used for various purposes from time to time cannot be ascertained without undue expenditure and labour.

(c) No.

(d) Does not arise.

(e) Yes; part of the land has been leased to the Alkali and Chemical Corporation of India for a period of 49 years. Government own the land and it was not necessary to consult the original owners.

(f) Yes.

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

UNSTARRED QUESTIONS AND ANSWERS.

RULES GOVERNING THE TRANSFER OF SUPERINTENDENTS OF THE OFFICES OF THE DEPUTY DIRECTORS, MILITARY LANDS AND CANTONMENTS.

78. **Sardar Sant Singh:** (a) Will the Defence Secretary please state the rules governing the transfer of Superintendents of the offices of the Deputy Directors, Military Lands and Cantonments, as regards the period to be spent at one place?

(b) Is there any bar against local residents to remain as Superintendents? If not, do Government propose to re-examine the question to introduce a bar?

Mr. O. M. G. Ogilvie: (a) All clerical establishments of the offices of Deputy Directors, Military Lands and Cantonments, are liable to transfer, but the period to be spent at any one place has not been fixed.

(b) The answer to the first part is in the negative. As regards the second part, Government do not propose to introduce a bar.

EXPENSES INCURRED ON SALOONS, ETC., OF MEMBERS OF THE EXECUTIVE COUNCIL.

79. **Maulvi Muhammad Abdul Ghani:** Will the Honourable the Finance Member please lay on the table a statement in respect of the years 1937-38 and 1938-39, showing:

(a) the expenses incurred on saloons and reserved carriages for the Honourable Members of the Executive Council of the Governor General;

(b) the amount spent over motor haulage for them; and

(c) other travelling expenses for them?

The Honourable Sir Jeremy Raisman: A statement is laid on the table:

	1937-38	1938-39
	Rs.	Rs.
(a) Expenses incurred on saloons and reserved carriages for Honourable Members of the Executive Council of the Governor-General:		
(i) Tour expenses	71,655*	62,529*
(ii) Interest, repairs, maintenance, and depreciation charges	29,535	35,477
	1,01,190	98,006
(b) Other travelling expenses—		
(i) Voted	3,808	4,658
(ii) Non-voted	1,107	999
	4,915	5,657
Grand Total	1,06,105	1,03,663

*Includes the cost of motor haulage. The collection of separate figures of cost on that account would involve an expenditure of time and labour not commensurate with the results likely to be achieved.

THE AGRICULTURAL PRODUCE CESS BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I move:

"That Khan Sahib Shaikh Abdul Hamid be appointed to the Select Committee on the Bill to make better financial provision for the Imperial Council of Agricultural Research in place of Khan Bahadur Sir Abdul Hamid."

This, Sir, is an amendment designed to correct an error in the original announcement of the panel.

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

"That Khan Sahib Shaikh Abdul Hamid be appointed to the Select Committee on the Bill to make better financial provision for the Imperial Council of Agricultural Research in place of Khan Bahadur Sir Abdul Hamid."

The motion was adopted.

THE EXCESS PROFITS TAX BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Select Committee's Report on the Excess Profits Tax Bill.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, the other day I was speaking on this subject, but for want of a quorum I had to stop. I was submitting to the House that some care should be taken when preparing the Budget. I find that money is hoarded everywhere. The Finance Member said that at the suggestion of the Public Accounts Committee the probable savings have to be shown under some other heads, but I think he referred to the probable lump cut. Over and above the lump cut, I find the probable saving. However, I leave the matter here.

Now, Sir, I want to point out that a reference to the ordinary accounts will reveal to you that in some of the Departments the saving amounted to 47.78 per cent. in 1938-39 as against 38.59 in 1937-38. This shows that some more care is required in framing the Budget. My object in mentioning this point here is that if proper care is taken, then there will hardly be any deficit in the budget which has now been provided for, and there would have been no necessity for introducing this harsh measure of taxation. There is one thing I want to suggest to the House, and it is this. There was one transmuting legislation after the Finance Bill, and now another addition is going to be made in the shape of the Excess Profits Bill. This legislation will also have to be carried on from year to year, but it should not be done. The better course will be to keep in force as long as the war is on or to keep in force even a little after the war is over, and when the necessity for increased expenditure is over, there will be no need for a measure of this kind. Another thing is, no consideration has been paid in this legislation to provide for cases in which there is actually hardship. The tax is going to be levied also on items which are to be regarded as profit on account of fluctuation in exchange rates. Owing to the fluctuation in exchange rates, the profit in some cases is regarded as

[Maulvi Muhammad Abdul Ghani.]

accrued profit, although it has not actually accrued here. Similarly, profits made today on account of the fluctuation in exchange may actually be realised at a time when the exchange rate goes down, and in such cases the assesses shall be put to unnecessary trouble for no fault of theirs. I hope the Finance Member will see to it and suitable provision will be made to provide for all such cases.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I must first record my protest for holding the meetings of the Select Committee at a time when the Assembly Session was going on and we were discussing matters in which I was vitally interested. That prevented me from attending the meetings of the Select Committee. I must also record my protest for holding the meetings of the Select Committee when non-official Resolutions were being discussed, but when official Bills were taken up they never held any meetings of the Select Committee. I think this kind of discrimination against official Resolutions is not very desirable.

The Honourable Sir Jeremy Raisman (Finance Member): On a point of fact, I think the Honourable Member made a mis-statement. The proceedings of the Select Committee, unfortunately, had to go on both during official business and also during non-official business.

Dr. Sir Ziauddin Ahmad: But when the official Bills were discussed they had no meeting. Anyway, the point is, I was absent from those meetings of the Select Committee and could not take part there on account of my presence in the House, and, therefore, I have a right to introduce some of the questions on the floor of the House and move the necessary amendments.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Everybody has that right.

Dr. Sir Ziauddin Ahmad: But I have a stronger reason for doing so. People are divided into three classes, the poor, the middle class and the rich. Now there are two sub-divisions in each class. As regards the poor, you place them under two classes, those who are beggars and have nothing to live upon and those who make the two ends meet. Then comes the middle class, and among them also there are two classes, called the upper and the lower middle class. Similarly the rich people can also be divided into two classes, one is of those who are rolling in wealth and the other is of those on whom the wealth is rolling. And we know, as every mathematician knows, that the two extremes always meet together. If you go to the positive side and also on the negative side to infinite length, they always meet, and, therefore, there is not much difference between a beggar of the lower ranks of the poorer class and the people on whom wealth is rolling, and whom I would call poor orphans.

As we have often been referring to the British Act here, I may mention that Prof. Keynes has definitely proposed—and he is also supported by a very large number of people in his view,—that the Excess Profits Tax should be 60 per cent. and the remaining 40 per cent. should be taken as a loan without interest and should be kept with the Government, and the

amount may be utilised at the time of any emergency that may arise after the war. So I lay this suggestion before my friend, Sir Homi Mody, as he has been quoting so often the practice and theories of British Acts. So following the proverb which he and Mr. Chambers have used so often—compare like with like.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): In that case there will be nobody to compare you with.

Dr. Sir Ziauddin Ahmad: A 60 per cent. compulsory tax should be imposed and also a compulsory loan of the remaining 40 per cent. should be raised, and this will be a fair comparison of like with like.

Now, Sir, I may assure our business friends through my friend, Sir Homi Mody, that I have read every line which has been sent to me, and I have noted down my opinion. I have before me the opinion of the Federation of the Chamber of Commerce on this measure, and I suppose it was written after the Select Committee had reported, it is dated the 11th March, 1940, and so the Select Committee's Report was out then. I think I must draw attention to one paragraph which is an exceedingly good one, and my friends, the Commerce Member and the Finance Member, should take a special note of it so that they may follow it,—that a convention should be established under which all interests which are likely to be affected vitally under the provisions of such Bills should be given an opportunity to appear before the Select Committee for submitting their points of view with regard to the probable effect of such measures on those interests. This is really a very sound suggestion. We adopted this principle in the case of the Ottawa Agreement in 1931, and I wish that principle had been adopted in a large number of taxation measures, because, unfortunately, the people who are not in the trade do not understand the significance of the measures adopted here. It is only businessmen who understand them. For example, I shall quote one instance. I shall not quote your ruling, Sir, but I shall quote some facts. A simple amendment was adopted to include the years 1938 and 1937 in the list of option, and to a layman like myself it looked to be a very innocent amendment, but I discovered that the announcement in the Radio of the adoption of that particular amendment cost certain merchants a large amount by way of speculation, because as soon as this fact became public property, it stopped speculation. The friends of the members of the Select Committee were debarred from making money. I feel the Radio has done a very great service in this matter. I shall not say anything about your ruling, but it is a matter for the Select Committee to consider what steps they should take in future to reveal or keep secret these decisions. My view is that the members of the Select Committee should be debarred from disclosing the proceedings of the Select Committee even to their friends and advisers and there is no reason why the friends of the Members who are outside should derive any monetary benefit from the proceedings of the Select Committee which are always confidential.

Then I come to the next point, and it is this, that the whole of this Bill should be reviewed on the occasion of the Finance Bill. This is a very sound suggestion and it is a very great improvement. If such things are reviewed from year to year, it will be a great help to the Legislature so that the other Members of the House will be able to express their opinions about such things.

[Dr. Sir Ziauddin Ahmad:]

Next I come to the preamble. It is said here that as soon as the war ends, then the Excess Profits Tax Bill ceases to operate. I think anything of this kind is an impossibility. You can only say that it should operate when the Legislature meets. After the cessation of hostilities, suppose the Legislature does not meet and the war also stops, and, therefore, the suggestion contained here does not appear to be reasonable.

Then I come to the next suggestion at page 4—return of capital in itself is not an income or profit. I quite understand if you return the capital, then certainly it cannot be taxed; but if any amount that has already been taxed is kept in deposit and subsequently released, it should not be taxed twice over. This I quite understand but if you keep a certain amount in a certain fund under the name of depreciation or under any other name and do not pay income-tax on it, and if it is later on transferred to some capital fund, tax will be charged on release. Therefore, income-tax should not be charged only on that portion on which income-tax was already paid but if it comes to capital, then income-tax ought to be charged.

I come now to the next suggestion.

Mr. M. S. Aney (Berar: Non-Muhammadan): May I point out, Sir, that the Honourable Member purports to read out from some document which is not before the House?

Dr. Sir Ziauddin Ahmad: I am expressing my own opinion. I do not care what these people are saying.

Mr. M. S. Aney: Then do not refer to the document.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks the Honourable Member is reading out passages from the document to show what objections have been taken and he is going to reply to them.

Dr. Sir Ziauddin Ahmad: I want to reply to the points raised in this document. The other point which I should like to reply is this. Special claims of pioneer or new industries with a view to encouraging the starting of new industries particularly during the present condition when it would not be possible for some western countries to manufacture and continue to export their products to India. This point has already been taken up and we had a good announcement on the floor of the House when Mr. Chapman-Mortimer moved his motion.

The other point which I should like to emphasize is this. I understand the Honourable the Commerce Member has already taken action to organize Board or Committee of Industrialists and of scientists for the rapid development and promotion of industries. That is a very good suggestion. I hope action will be taken by the Government at once. I should like to ask on the floor of the House and I hope some Member representing the Chamber of Commerce will care to follow it up. Will you agree to follow the practice that is now being adopted in connection with railways in France, that is, the railways depositing a certain amount by which the losses of other railways are paid up? Are you prepared to deposit a certain amount by which the losses of other industries might be made up? You are not prepared to do it, but you ask the other taxpayers to make good the

losses that are being made. I hope businessmen will create a special fund for this purpose and not trouble the general taxpayer to undertake the whole trouble.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks the Honourable Member is devoting too much attention to some other document. He had better now devote his whole attention to the Bill before the House.

Dr. Sir Ziauddin Ahmad: What I want to express is merely this. The efforts of businessmen and other persons who are interested are not altogether lost. Any document that is sent to us or to the Government is carefully examined and in forming my own opinion, I pay due consideration to all the opinions expressed by these persons who are affected by our measures.

The main points which we have to deal in this Bill are four or five. What should be the limit of exemption? Rs. 30,000 or more? In the original Bill it was Rs. 20,000 and the Select Committee extended it to Rs. 30,000. There are several amendments to the effect that it should be raised still further. This is the first point. The second point is what should be the quantum of taxation, 50 per cent., more or less. The third point is what is the definition of excess profits which you are taxing, that is, whether you will have statutory percentage or whether you should calculate the excess by taking a particular year or a group of years to be the standard year and, afterwards, calculate it. There are also certain other minor suggestions which we have to consider in connection with this point, whether relief should not be given to nascent industries and whether relief should not be given to foreign profits which cannot be brought in on account of restrictions under which any money beyond a certain sum is not allowed to be taken out, and also the difficulties in exchange variation. Supposing the profit in rupees is something like Rs. 2,000 and when the amount is brought to India, on account of exchange fluctuation it may be reduced to Rs. 1,000. The other point is what is the capital on which the standard profit should be calculated? That is one of the points which we will have to discuss.

Now, I will take up the question whether it should be 50 per cent. or less. I think there was a suggestion made by some Member of the Committee that the percentage should be a graded one from 35 to 60 per cent. or some other limit.

Sir E. P. Medley: I suggested 35. Nobody suggested more.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Somebody did suggest a graduated scale from 35 to 60 per cent.

Dr. Sir Ziauddin Ahmad: This was suggested. I did not want to support without visualising the effect of this graded cut. It is now too late in the day to introduce this graded cut on the floor of this House on the occasion of the discussion of the Bill. I would have very much liked to study the problem in the Select Committee had the opportunity been given to us as to what effect it would have on the general revenues. That is a point which should be considered later, next year, when we work out this particular thing. I think it is rather too late to introduce the system of graduated tax.

[Dr. Sir Ziauddin Ahmad:]

as we have done in the case of the ordinary income-tax. I hope the Department will consider this point and see what would be the effect on the calculation if this graduated scale is introduced. I know that this graduated scale is introduced only in one country,—Canada. In other countries it is a uniform scale. Therefore, on this occasion, I would rather support a uniform taxation and a taxation of about 50 per cent. which is less than the tax in the United Kingdom by ten per cent. This point ought to be considered.

The other point is whether the limit should not be raised from 30,000 to 36,000 or 40,000. This question is really inter-mixed with many other suggestions because, after all, you cannot have a huge cut in this Bill. It would mean taxation elsewhere. I mean you can only have a cut within certain limits. My own opinion is that I should be allowed to have all these minor concessions which are set out here which will not exceed more than 50 lakhs in the aggregate provided you may agree to remove the option given by the Select Committee, that is 38-39. That is really a big morsel on account of which we are losing two crores per annum.

The next point which has not been taken up by this Bill and which I had no opportunity to discuss in detail on account of my absence. But I had discussed it on the occasion of the introduction of the Bill. I am referring to the case of the protected industries. The case of protected industries is entirely a class by themselves. You cannot include them along with other industries. I have tabled an amendment and I do not know whether I will be allowed to discuss it on the floor of the House. I will discuss now the general principles governing that amendment.

The other day the Honourable the Commerce Member put forward two alternative schemes, whether we should have a permanent tariff board or an *ad hoc* committee. He said if we had a permanent tariff board and if it is allowed to interfere in the workings of the industry year after year, that will dislocate the industry a great deal.

Mr. President (The Honourable Sir Abdur Rahim): Has that got anything to do with this Bill?

Dr. Sir Ziauddin Ahmad: I may make this suggestion for the consideration of the Government.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member ought to introduce all sorts of subjects.

Dr. Sir Ziauddin Ahmad: This is connected with the Bill because it will affect the definition of standard profit.

Mr. President (The Honourable Sir Abdur Rahim): Not the establishment of the Tariff Board. The Honourable Member had better address himself to the Bill.

Dr. Sir Ziauddin Ahmad: Then I will make these suggestions on the occasion of the discussion of the Finance Bill later on.

One point is that in the case of protected articles the standard profit is the profit fixed by the Tariff Board and anything over and above that should be deemed to be excess profits which should be taxed. And we know that they are earning more profits than was fixed by the Tariff Board.

For example, take the case of Tatas. They sell pig iron at Rs. 35 a ton to the outside world and at Rs. 65 a ton to the Indian industrialists. So when they are charging more in the home market than from foreigners they do not need protection. On the other hand they need an export duty to keep the export price on the same level as the import price. We have given protection to Tatas to encourage our smaller industries and not to starve them at the expense of foreign industries. Again, take billets which they sell at Rs. 47 per ton to England and Rs. 65.

Mr. M. S. Anoy: How is the question of protection to Indian industries relevant to this Bill?

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks the Honourable Member is rather straying a little too far from the Bill.

Dr. Sir Ziauddin Ahmad: I want to show that these people are making greater profits than the Tariff Board allowed them and these profits should be taxed.

Mr. President (The Honourable Sir Abdur Rahim): Of course, the Honourable Member can urge that what he considers excess profits should be taxed, but he cannot discuss the policy of protection now.

Dr. Sir Ziauddin Ahmad: I am not advocating the withdrawal of protection but I am stressing the point that they are making very huge profits which must be taken into account. In the wire and nail industry we find the same thing. They have raised the price so that they do not fulfil their obligations which they had undertaken in 1938, and they are now entering into new contracts at higher prices which is very unfair. So I urge that the Commerce Member must have some machinery to calculate the profits of Tatas and also the profits over and above what was allowed by the Tariff Board. This is a point which I will urge on the amendments that you must make a difference between ordinary and protected industries. Take textiles. A simple arithmetical calculation shows that we the consumers are putting 30 crores per annum into the pockets of the textile industry. On account of the heavy duty imposed on it the price has gone up by one anna per yard and as the cotton mills are producing 4.8 billion yards per annum it comes to 4.8 billion annas, which means 30 crores. Therefore, these two industries make enormous profits. They earn crores of rupees and spend large sums of money in propaganda which no one can stand against. They are protected at the expense of the consumers and they are being given two crores under the new provision adopted by the Select Committee.

I now come to the new amendment with regard to the consideration of profits of 1938-39. From the figures I have given it will be clear that if we include the option of 38 and 39 the two industries to be benefited will be cotton and iron and steel; and these are the two industries which are run at the expense of the consumers on account of the high tariff wall. So they should be excluded from this option and we should apply an interest of six per cent as allowed by the Tariff Board. In the case of cotton mills, if 400 be taken as profit in the boom year of 1928. It was 89 in 1935, 90 in 1936, 126 in 1937, 258 in 1938. Sir, the original proposal was that you combine 1935 and 1936 so that it will come to about 100 which is fair and just. The Select Committee now combine 258 with 183 and the effect will be that your standard is raised to 195, about double of what they had

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in the boom year of 1928. So I ask any fair-minded person who does not see through the spectacles of Sir Homi Mody and personal profit whether it is fair that these industries, whom we are protecting and giving 30 crores every year at the expense of the consumers of India, should be given this additional advantage. I ask you to be fair to the consumers of India and not be influenced by millionaires. If any industry gets this advantage not at the expense of consumers or by means of a high protective wall, it is their luck and they get it through their wisdom and they should get that benefit. But these industries get it not by wisdom but by propaganda and the influence which they have over the Commerce Member and the Finance Member. If you will give me the permission, Sir, I would like to read one passage.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go back and read his own speeches.

Dr. Sir Ziauddin Ahmad: I told him then that he talks very little on the floor of the House—all his speeches are behind the curtain. I say again that if anybody wins this profit by virtue of his own skill or wisdom, he can take it; but if you derive that profit by exercising some undue influence over the Members of the Treasury Benches and by means of propaganda in press and otherwise which you can afford to do because you get 30 crores every year, then I do not think it is fair that this money should be pocketed entirely by you and the State should not get a fair and reasonable share of this amount.

Continuing the figures I was giving, I take the case of Iron and Steel. Taking the profit to be 100 in the boom year 1929, we find that in the year 1937 it was 209 and in 1938 it rose to 311; so that really we are giving them a standard profit of about 250 or 2½ times the profit which they had in the boom year. It is not, therefore, reasonable to make this particular allowance. We ought to be fair and just in giving these concessions to protected industries. We ought to give them what the Tariff Board allowed them, but we ought not to increase their profits by imaginary figures.

Sir Syed Raza Ali: Are these figures relating to the textile industry?

Dr. Sir Ziauddin Ahmad: They are about iron and steel. I have the latest Investors' Year Book here which gives reliable figures. Here are the profits which some of these textile mills have made. In the case of one mill, the Madura Mills Company Ltd., in the year 1929 they gave 25 per cent., then 10 per cent., then 10 per cent. and so on. The Muir Mills gave 55 per cent. in 1929, 50 per cent. in 1930, 40 per cent. in 1931, 40 per cent. in 1932, 35 per cent. in 1933, 40 per cent. in 1934, 22 per cent. in 1937 and 25 in 1938. And yet they have been clamouring all the time that they need protection. Do they want this protection for the industry or for giving huge dividends to shareholders? I want a plain answer to this question. If they want to protect the shareholders and give them high dividends, then I can understand what the Government is doing: you can go on giving 30 crores per annum to these poor orphans. I am accustomed to give charity to the poor and I am willing to give 30 crores to these poor orphans also. But if they say they want it to protect the industry, then I say they are wrong. They are accustomed to give such large sums of money

to the shareholders and keep nothing in reserve; and when a bad time comes, they come up with a cry for protection against this thing and that thing. I say that all this propaganda to boycott British goods is instigated by the millowners; it cuts both ways: they get their 30 crores per annum from the poor consumers of India, and at the same time they kill the cottage industries. I am strongly in favour of protection of Indian industries but I am not in favour of protection of sugarcane growers and investors and shareholders of these companies. I am not going to protect them. They should have their profit up to eight per cent.—though I think even six per cent. is good enough—but not the profits on the astronomical scale which I have just mentioned from this year book.

An Honourable Member: Now coming to the Bill.

Dr. Sir Ziauddin Ahmad: I am discussing the Note of Dissent which I have added here and I am enlarging on it.

Bhai Parma Nand (West Punjab: Non-Muhammadan): May I ask one question? What is this amount of 30 crores? Is it a gift by the consumers or does it include the price of cloth, etc.?

Dr. Sir Ziauddin Ahmad: It is a gift by the consumers as I shall explain. If protection had not been given the consumers would have had to pay a certain price. On account of this protection of 50 per cent. and 85 per cent., the price we are now paying is an additional minimum of one anna per yard. I consulted several persons who know this subject very well; and they say that it comes to ½ anna on certain articles, 1 anna on others, 1½ annas on certain others—but the average is a minimum of one anna a yard, and taking the manufactures at 4.8 billion yards, it works out at this rate to 30 crores.

Coming now to the minor points, we want relief in certain matters which we will discuss in greater detail later on; but I would like to emphasise that by the amendments made in Select Committee we have given a very big moral of about 1½ crores. It will probably be two crores or more—to these two industries which are really protected industries, which are not entitled to get this concession. I know that the House is very much influenced by the capitalists and I have very little chance of being heard; but sooner or later the time will come when the poor taxpayers will have some voice in matters of taxation. At present they have no voice whatever. Policy is controlled entirely by the capitalists in the country; but the time will come soon when the poor taxpayers and poor consumers will also have some voice and they will then raise a very strong protest. With these words I resume my seat.

Sir H. P. Mody: Mr. President, when this Bill came up before the Assembly on the motion for reference to Select Committee, I supported the motion, because I felt that if it were thrown out, it would be certain and if that happened an irreparable injury would be done to the trade and industry of the country. I expressed my confidence that in the Select Committee the Bill could be altered very considerably so that the blow might be softened to the taxpayer and the report which we are now considering is, if I may say so, a more or less complete justification of the attitude which in common with other friends I took on that occasion. It was a very weighty Committee, and an acute observer in the Press

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Gallery commented upon its much benighted character. Out of a total of 14 Members, there were as many as eight Knights and only six gentlemen. (Laughter.)

We began rather badly, but very soon the sweet reasonableness which the non-official Members of the Committee showed melted the hard hearts of the Honourable the Finance Member and his official Colleagues. The result is the report which we are now considering. I do not know how exactly to estimate the gains which have been secured in the Select Committee. I have not got the mathematical head,—thank God for that,—of my Honourable friend, Dr. Ziauddin Ahmad.

Dr. Sir Ziauddin Ahmad: But you have got the business head all right.

Sir H. P. Mody: . . . but he seems to think that we have secured something like 2½ crores.

Dr. Sir Ziauddin Ahmad: Or 1½ crores minimum? (After a pause.) Yes, 2½ crores, very likely.

Sir H. P. Mody: You can take whichever you like. I have a great regard for my Honourable friend. I am free to admit that when it comes to a question of calculation of decimal points he can be relied upon for being accurate and mathematical, but when it comes to a question of calculation of lakhs and crores he is apt to be metaphysical, and I have often noticed that he handles his zeros rather carelessly. My Honourable friend said just now that there were only three classes of people in this country,—the rich, the poor and the middle class. It has come as a great surprise to me. I thought in the world inhabited by my Honourable friend there was only one class, and that was the consumer, and I would have been greatly disappointed if in his oration this morning he had missed out the consumer for whom he has always been standing up. If I may say so, my Honourable friend is himself a first class specimen of a consumer. I was saying that no reliance can be placed whatsoever upon the figures produced by my Honourable friend with regard to the extent of relief which we have obtained.

Dr. Sir Ziauddin Ahmad (interrupting from a Front Bench seat): I would like to have the official opinion whether these figures are correct or not.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member ought to be in his seat if he wants to intervene.

Sir H. P. Mody: It is certainly true that we have obtained more or less substantial concessions, but I am not going to be so very effusive as my Honourable friend, the Leader of the European Group. My friend seemed to bestow praise upon everything; it is the only thing a Scotsman gives away free! He seems to have liked the standard period, the percentage, and practically the whole Bill. What I would like to say to my Honourable friend is that he is one of those people who may be regarded as somewhat prematurely reasonable. The moment anything is thrown at him he rushes forward warmly to embrace it. And I must tell him that

while I am no less appreciative of the accommodating spirit shown by my Honourable friend, the Finance Member, I certainly would not like to go the length of saying that from the Select Committee has emerged a Bill which could not be improved upon, and which will do justice to every taxpayer. My Honourable friend really takes almost a child's delight in little toys and trifles and while it may be that some of the toys in the Select Committee were of a somewhat substantial character, on the whole I should like to dispel any notion which my Honourable friends on the Treasury Benches may have formed from the speech of Mr. Aikman that we are entirely pleased and satisfied. If you want to know what is the real reaction of the industrial and commercial classes towards this Bill, I would say that they do not like this imposition at all. And I do not think that they can be blamed for not liking taxation of this character. No normally minded person likes taxation, and if my Honourable friend, the Finance Member, and those behind him on the Treasury Benches say that they do, all I can say is that they need to consult a specialist. So, with that reservation that no man likes to be taxed if he can help it, I would say that the commercial and industrial classes would not have objected to taxation of war profits if two conditions had been satisfied. It must be admitted that it is very hard upon commercial and industrial interests that very early on in the course of the war this measure should have been brought in. If time had been given for consolidation of their position, then it would have been perfectly equitable to share with the State the profits which accrued directly as a result of the war. And here, I want again to emphasise that trade and industry in this country have to encounter many handicaps. They have to face difficulties of finance, among other things, and if it is the fact that today some industries and businesses are in a flourishing condition, it is not because they have received any special encouragement or protection, but because in course of time they have been able to consolidate themselves. The other condition is that it is war profits which are really being taxed. I do grant that many improvements which were made in the Select Committee, particularly the grant of an additional optional period which I regard as of very considerable value. But I am afraid that even then there will be many hard cases. I am not saying this by way of reproach or criticism or condemnation; I am merely preparing the ground for some of the amendments which will come up before the House!

I plead for consideration of industries which are placed in the position 12 Noon. of, say, the cinema industry whose case was heard so often in the Select Committee. The cinema industry does not depend upon the war for its profits; it depends upon popular tastes and sentiment. (Interruption.) For years you may not be able to produce a good picture, and in the chargeable accounting period by some stroke of luck you might strike the popular fancy. Well, that being the case with regard to this industry, I think it would be very hard if the Act was applied rigorously and without consideration of its special difficulties. There is the case of the shipping industry which has problems of its own, the case of the Sindi merchants who trade in all parts of the world and who have foreign incomes coming to them, and many other cases in which I could point out that, if the Act was not applied in the proper sort of way, it might be found in spite of all the improvements which were effected in the Select Committee, to work a considerable amount of hardship. In particular, I would like to state the case of the new industries, industries which are of a pioneer character and which are still in the infancy

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of their development. I must admit that in certain of the sub-clauses provision has been made for the consideration of these industries. I think their case ought to be specifically considered by the Excess Profits Tax Officers and the various tribunals that will be set up under the Act. I have accordingly given notice of an amendment which has the effect of placing before these authorities the position that new industries have got to be specially considered.

Now, I do grant that we cannot provide for all the exceptional cases; from the very beginning we recognised the difficulty of making provision for any and every case of hardship that came to our notice. If we had attempted to do so we might have produced not the report of a Select Committee but a sort of jigsaw puzzle. I grant all that. It was also obvious that Government, while they recognised the force of many of our contentions, were legislating for the dishonest as well as the honest taxpayers, and in some cases they seemed to have been carried away by the fear that the dishonest taxpayer would get away with it. Now, there might be dishonest taxpayers. I do not know about them, because I come from Bombay, but my Honourable friends may have experience of other parts of the country, and they may allow themselves to be swayed by considerations of what might happen if they allowed any loopholes through which dishonest taxpayers may be able to escape. All these considerations point in one direction, and that is that it is a matter of fundamental importance that in the administration of the Act Government should select the right type of officers. A great deal will depend upon the manner in which this Act is administered. Now, it is no reflection upon officers in the Department of the Central Board of Revenue or any other department to say that they look upon their duties in much the same way as a surgeon would look upon the prospect of removing an appendix. It is a matter of professional skill with them. It may be that some taxpayers may have no conscience, but some tax-gatherers may have still less, and it is possible that they may enter upon their duties with the idea of making as much revenue as possible. I emphasize that this is no reflection upon the officers of any department. It is their business. I would like therefore special instructions to be issued to all the officers who have got anything to do with the administration of this Act that they must administer it with a degree of forbearance and indulgence, and in all cases of doubt, they must give the benefit of the doubt to the assessee and not to the department.

Now, Sir, I know that if and when any of the provisions of the Act come to operate hardly upon any individual or any class of taxpayers there will be an opportunity to this House to set right things which we do not foresee at the moment. Many anomalies and acts of injustice may come to light during the operation of this Act, and one of the most valuable safeguards which we have secured in this Act is that its operation is in the first instance limited to the 31st March, 1941. Thereafter, the question of its continuance and of the proper percentage will come up before us. This I regard as a very valuable gain, and I am certain, though I cannot pretend to be the conscience-keeper of the Finance Member, that seeing the spirit of accommodation and reasonableness and fairness he has shown in the Select Committee, he himself will be the first to set right all the anomalies and hardships which this Act is bound to create.

My Honourable friend, Dr. Ziauddin, said that I exercise a sort of influence upon the Finance Member, the Commerce Member and other Members of Government.

Mr. M. S. Aney: Behind the curtain.

Sir H. P. Mody: That charge has been made against me before in this very House. Well, Sir, it may or may not be so. All that I do is I try and talk sense,

An Honourable Member: Not inside the House.

Sir H. P. Mody: and when a man talks sense and if there is also a little sense in the head of the party he talks to, then these two senses come together and harmonious results are produced.

Sir, I want that in the administration of this Act there should be the necessary humanity and the necessary skill amongst the officers of the Central Board of Revenue, so that they take from the taxpayers only what should be taken fairly and honestly from them. I think my Honourable friend should feel gratified that in spite of all the opposition which his Bill encountered in its first stage, the manner in which he met the criticisms of various interests has earned for him almost a measure of popularity. No Finance Member can hope ever to be really popular, but in the present case when the Bill was placed before the country my Honourable friend was about as popular as a dacoit! He has now the satisfaction of knowing that those associated with him in the Select Committee have appreciated his efforts, and I join whole-heartedly in the tribute which my friend, the Deputy President of the Assembly, paid to him on the spirit of reasonableness he has shown. I want most emphatically that the same spirit of reasonableness be shown in the administration of the Act, and also, if I may say so, in the consideration of the amendments which stand in my name!

Mr. F. E. James (Madras: European): The House has listened to a speech from Sir H. P. Mody which fitted in with his spring-like appearance this morning. Apparently, as far as the Excess Profits Tax Bill is concerned, winter has passed and spring is at hand.

Sir H. P. Mody: I cannot afford to wear winter clothes.

Mr. F. E. James: I thought, as I listened to him, that he should really sing, in the words of the poet who wrote the great ode to the spring:

"Oh Spring, who art so sweet,

I run my lover's arms to meet,

And standard profits too!"

Sir, when this Bill was first published, it gave a very great shock to the business world, and nowhere was the shock felt more than in Bombay, judging from the telegrams which most of us have received, and I must say I am reminded of the story of the Irishman who fell down a deep pit in a quarry and his friend said to him: "Are you killed entirely? If so speak", and he replied, "I am not dead, but speechless". Bombay

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business is not dead nor is it speechless. I should like to say a word or two about the Select Committee, as one gentleman to a number of others. There were fourteen members of that Committee. There would have been thirteen, which would have been a most unlucky number had it not been for the fortunate but rare appearance of my friend, Mr. Jinnah, who was successful in adding Sir Cowasji Jehangir to the Committee, and I know the Committee Members were very sorry that he could not participate fully in the meetings of that Committee. And here I am not going to incur your displeasure and I am not going to divulge at any rate what happened in the Committee but I may have a few remarks to make on what did not happen in the Committee; I take it that that does not come within the four corners of your recent ruling. First of all, we had the three Honourable Members of the Council—the Leader of the House, the Finance Member and the Commerce Member,—a very capable and competent trilogy, Faith, Hope and Charity. Charity is not the Finance Member. The Chairman—I am sorry he is not here today,—was one whose re-appointment to his high office will increase the popularity of subsequent Select Committees. One of the most valuable mementoes which my Honourable friend, Sir Homi Mody, has taken away from the Select Committee is a collection of rare stories, the Chairman had the gift of waking up at inconvenient moments. As far as the Finance Member is concerned, I do not know how to put it. Perhaps I might do it in this way. Normally speaking, his motto perhaps would be: "Suavitur in modo, fortites in re." But I think after the Select Committee he would alter it to read: "Fortites in re, suavitur in spite of Mody!" As far as the Commerce Member is concerned, I have to be careful, what I say about him, because we both come from the same part of the world. All I will say at this stage, however, is this, that, with that rare instinct which is so characteristic of the South Indian, he was able to guess much in advance exactly what Sir Homi was trying to conceal. Then, we had those two stalwarts of the Central Board of Revenue,—my friend, Mr. Chambers, implacable, stubborn, obstinate; and my friend, Mr. Sheehy, who in comparison was the embodiment of the bowels of compassion. Last but not the least on the Government side, was our silent but popular friend, Sir Abdul Hamid,—whose "standard period" was lunch time, and he never had to carry over into the afternoon meetings any deficiency in profits. Then we had the two representatives from Bombay,—Laurel and Hardy,—Sir Homi Mody and Sir Cowasji Jehangir, as inseparable, yet as distinct as the Laurel and Hardy of film fame. They always asked the impossible: that enabled us to secure concessions for which they, subsequently, claimed the credit!

That is the foundation of their Minutes of Dissent. Then as to my Honourable friend, the Deputy President, Sir, here again I have to tread warily, because he may be in the Chair this afternoon. All I can say is that he made valuable contributions to our discussions, more in sorrow than in anger. Then we had the two Knights of the Faith representing the Muslim League, Seth Sir Haji Abdoola Haroon and Sir Syed Raza Ali. What they did not know about the Bill is worth knowing. Dr. Sir Ziauddin Ahmad is *sui generis*; I shall deal with him quite separately. Then, as my Honourable friend, Sir Homi Mody, suggested, the only two gentlemen of the Committee were my Leader and myself; I did the talking and he did the work. I have left till the last my Honourable friend, the revered Dr. Sir Ziauddin Ahmad . . .

Mr. President (The Honourable Sir Abdur Rahim): The Chair hopes the Honourable Member is now coming to the Bill itself.

Mr. F. E. James: Sir, I am giving the background against which we may examine the Bill as a whole and it is impossible for this House to appreciate the value of a Select Committee Report until it has some knowledge of the personalities who drew it up. I won't tarry long but I only want to say this, that we were greatly edified by the interventions of my Honourable friend, Sir Ziauddin Ahmad, whether as a professor or as a mathematician. I may add that his presence on the Select Committee reminded me of somebody I had recently seen and I came to the conclusion that it was Mr. Chipps. I hope it will be many many years before we have to say to one who is so beloved and popular in this House, "good-bye, Mr. Chipps". I ought to say a word now about the draftsman. I have now come to the Bill, Sir. It was an exceedingly difficult Bill, highly complicated, and I think our draftsman should be congratulated upon the clear and pellucid English in which he has embodied most of these complicated provisions. As an example of that clarity, allow me to read the second proviso to Schedule I on page 14:

"Provided further that where a standard period or chargeable accounting period is not an accounting period, the profits or losses of the business during any accounting periods wholly or partly included within the standard period or chargeable accounting period shall be computed as aforesaid, and such division and apportionment to specific periods of those profits or losses and such aggregation of those profits and losses, or any apportioned part thereof shall be made as appears necessary to arrive at the profit during the standard period or chargeable accounting period: and any such apportionment shall be made in proportion to the number of months or fractions of months in the respective periods unless the Excess Profits Tax Officer, having regard to any special circumstances, otherwise directs."

That, Sir, is worthy of Charles Lamb or E. V. Lucas or Sir Muhammad Yamin Khan.

Then, Sir, allow me to make a few references to the Minutes of Dissent. These Minutes of Dissent are, I understand on the highest authority, not given in their order or importance. Sir Homi Mody and Sir Cowasji Jehangir have both contributed weighty Minutes of Dissent. The only difference between them is this: whereas Sir Homi Mody composed his Minute of Dissent before signing it, Sir Cowasji Jehangir signed it before composing it. I would particularly commend to the attention of the House the Minute of Dissent signed by my Honourable friend, the Deputy President, as being commendably short. When I come to Dr. Ziauddin Ahmad's Minute of Dissent, then another cat is out of the bag. I understood the Honourable the Finance Member to say in the bag. I understood his speech that in order to improve the statistical records of the Central Board of Revenue, he was making new arrangements which would enable him accurately to estimate much earlier than is usual the revenue to be expected from his taxes. I congratulate Dr. Ziauddin Ahmad upon his appointment and the Honourable the Finance Member on getting such a valuable statistical expert in his Department. I would like to put to Government—whether it is in their province, I know not; if not, perhaps it is yours—this point, as to whether there is any need in our procedure for these dissenting minutes. It is not the ordinary Parliamentary practice. It has been a practice in this House, but I would strongly commend to the House the practice of the Standing Finance Committee for Railways whose Members agreed some years ago not to append any Minute of

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Dissent to their reports and always to preserve their anonymity. I think actually that would be far preferable, for, after all, every Member who wants to dissent has an opportunity of dissenting on the floor of this House and a good deal of paper and time and energy could be saved.

Now, Sir, I think we can claim that the Bill, as it has emerged from the Select Committee, has in some important directions been re-constructed and certainly its foundations have been strengthened and broad-based on more equitable principles. It can no longer be said that it is jerry-built.

Now, Sir, I come to the Bill. My Honourable friend, the Leader of our Group, has, I may claim, contributed two outstanding speeches to the discussions in this House on this subject. In his first speech when the Bill was referred to a Select Committee, he gave general support. He indicated that we should ask for amendments in regard to the "standard" period, in regard to the statutory percentage and in regard to the question of depreciation. He also indicated that we should request some provision which would ensure an annual review of the rate and the machinery under this Bill. Thirdly, he advocated that if more money had to be raised through this emergency form of taxation, there should be some additional organ set up for the control of expenditure. In the main, the points which we urged at that time have been met and we very gladly acknowledge the anxiety of the Honourable the Finance Member to meet genuine criticism without necessarily surrendering principles. It is an attitude the return of which we welcome.

My Honourable friend, the Leader, stated that this Bill should be applied equitably. If it was applied equitably, then there would be little criticism as to the actual rate of the tax. We believe that subject to a few alterations still to be made, the equitable principle has been applied throughout the Bill as it now emerges. We do not feel, therefore, that there is any justification for a reduction in the rate of the duty. After all, what matters more than any alteration in the percentage is the method in which that percentage is to be applied. And, if that method is an equitable one, allowing for hardships and special cases, then it would seem to us that the argument of 50 per cent. is almost unassailable. Of course, I know there have been arguments in the Select Committee and in the country claiming many choices of individual years as to the "standard" period. I saw one paper even go so far as to claim the best year in the last twenty as the "standard" period. I am bound to say that I was reminded—I do not know whether it was in Bombay—of a gentleman who was prosecuted under the Food Adulteration Act. He had been accustomed to make sausages out of rabbit flesh. Owing to the heavy demand upon his produce, he decided to adulterate his sausages with a little horse flesh. Eventually, he was prosecuted and his defence was that he only administered the admixture to the extent of 50:50. He was asked: "What do you mean by that?" He said: "One rabbit and one horse!" There are some who would adulterate the taxable excess profits by taking a long choice of individual years, and that, in our view, would be unfair. On the other hand, the inclusion of the year 1938-39 together with the year 1937-38 is a great concession and we recognise that. We pleaded for it because we believed that it was just. As far as the raising of the minimum from Rs. 20,000 to Rs. 30,000 is concerned, quite frankly, speaking personally, I am not happy because I believe that that takes away from the purview of this tax a considerable number of traders who in the early days of the

war did profiteering in foodstuffs of the worst possible kind. I do not know whether any Members in this House were in Germany after the war in the years 1919 and 1920. If so, they will remember public feeling against profiteers. The Germans had a word for profiteering which was not a very pleasant one. I think very often when we are talking about this matter of profit, we are apt to use false analogies and to indulge in false values. The old rhyme Honourable Members will remember:

*"The Landlord calls it rent,
as he winks the other eye,
The merchant calls it profits,
as he heaves a heavy sigh,
The banker calls it interest,
as he puts it in his bag,
But Bill the Burglar's honest
He simply calls it 'swag'."*

I am sorry that on this matter the Government gave way, though I do appreciate that, probably they gave way mainly for administrative reasons.

My Honourable friend, Sir H. P. Mody, has referred to the case of businesses with branches in other countries. I support his plea that these overseas enterprises should not be handicapped more than is absolutely necessary. The case of nascent industries will no doubt be pleaded in this House and there again I trust that there may be some specific provision or direction made in the relevant parts of the Bill whereby the Central Board of Revenue or the Board of Referees as the case may be may give special consideration. I am glad that section 26 is now in the Bill. This will enable brokers, small new businesses, even the cinema producing and distributing industries to make a special case for the consideration either of the Board of Revenue or of the Board of Referees. The cinema industry was not able to convince the Select Committee as to its claim for special exemption. Perhaps that was due to the fact that the stars by which they are usually guided were not brought to Delhi. I do entirely share the view expressed by Sir H. P. Mody that a great deal will depend upon the machinery which operates this Bill. Care should be exercised in the appointment of Excess Profits Tax Officers. They should be honest and reasonable and they should be able to interpret the intentions of the Legislature with knowledge and with equity.

I should like to say a word about the Board of Referees. There again the utmost care should be exercised in the selection, particularly of the non-official members. I should like to know whether the Honourable the Finance Member has any particular method as to their selection in his mind. These appointments should not be made as rewards for political services, they should not be made to secure subservience to the Central Board of Revenue, nor should they be made to satisfy communal claims. The non-officials to be appointed should be men with knowledge of trade, commerce or industry but above all they should be men who have the confidence of the business community.

Sir, in conclusion, I would like to say just one word as to the background behind this emergency tax. I have felt from time to time that in discussing these matters we have been tempted in examining details to forget what is behind this thing. Behind it, after all, is an Empire at war. Behind the men in the army, the navy or the air force, there must

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stand fully mobilised economic and financial resources. That is how wars are fought nowadays. Money must be raised for defensive purposes. Equally industrial development, free and unhampered, is as essential to the strength of the country. A tax on new profits arising during the course of the war is fully justified, provided first of all it is levied equitably; secondly, it does not hinder unduly industrial enterprises in India or commercial enterprises abroad; and thirdly, as long as those who are to be taxed can feel sure that the taxes they are paying are being employed effectively in the prosecution of the war.

The constitutional issue has been mentioned during the course of the debate. I would only say this: I would ask Honourable Members to realise, that once the war is won, India can grasp the substance of her freedom.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Mr. President, I am not in such a happy position as my Honourable friend who spoke just before me. I am not in a position to accept this measure, nor am I in a position to praise this measure, this side or that side. This is a war measure. I am here to represent the views of the various Indian Chambers of Commerce to this Honourable House. My first duty, therefore, will be to represent their views and oppose this Bill

An Honourable Member: On principle.

Sir Abdul Halim Ghuznavi: I hope my Honourable friend will wait patiently and will not interrupt me. Let me make it clear. I want to oppose this Bill

An Honourable Member: On principle.

Sir Abdul Halim Ghuznavi: Withdraw the word 'principle'. I want to oppose this Bill tooth and nail and throw it out. What I mean to say is that all Indian Chambers of Commerce are first opposed to it on principle.

Before I proceed further, let me make it clear that we are absolutely willing to help my Honourable friends on the Treasury Benches to conduct the war and to defeat Hitlerism and Stalinism.

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural): But without paying taxes.

Sir Abdul Halim Ghuznavi: If the money is required, India is prepared to help to raise that money, but not in the manner that the Government want it. We have been told that only three crores are required. We found really speaking they wanted eight crores. They got five crores through increasing the rates and fares on the railways and the other three crores they want to get through this Excess Profits Tax. These three crores would have been available, but they would not devise other ways and means to get it. The easiest way is to tax the infant and undeveloped industries in India which cannot afford to pay more taxes than they are paying already. What is the position today and what was the position in 1914? War was declared in 1914 on the 3rd August and this war was declared in 1939 on the 3rd September. Sir William Meyer was the then Finance Member of the Government of India and I will read his speech to

show that they wanted money and got it, not by this method but by the method which, if adopted today, we would have all approved. That war budget was introduced in 1915, and Sir William Meyer said:

"Since I last addressed the Council on financial matters India has been, and is still, passing through a crisis which has subjected her financial and economic system to a supreme test."

That financial crisis was the withdrawal of almost all the postal deposits and sale of promissory notes for which money had to be paid and also the visitation of the Emden in Madras waters,—things which do not exist now. They wanted silver and not currency notes and what did they do? If the Finance Member today had adopted that policy of his predecessor of 1915 the whole country would have applauded him as one of the best Finance Members that we had. At the same time I must offer my Honourable friend a tribute which he deserves because he is not following his immediate predecessor. He has said that, unfortunately, within a few months of his taking office he was beset with difficulties inherent in a war of such magnitude which compelled him to introduce this measure. But my grievance is

An Honourable Member: What is your tribute?

Sir Abdul Halim Ghuznavi: My tribute is, for one thing about which there can be no two opinions, that he has not got that Griggian temper and anti-Indian bias. He is a perfect gentleman and one who has a genuine desire to do justice to the people of this country which is the land of his adoption.

The Honourable Sir Jeremy Raisman: Sir, while I am grateful for the very kind remarks which the Honourable Member is making about me, I must object to his characterising my predecessor as having an anti-Indian bias.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member was not justified in making that remark.

Sir Abdul Halim Ghuznavi: Sir, if you want me to withdraw it, I will do so. Sir William Meyer said:

"The first method of adding to our resources which would naturally suggest itself, one indeed which we have very seriously considered, is to follow the lead of the mother country."

Sir, just what has happened this time also. The mother country has imposed an Excess Profits Tax and they want to follow in her footsteps and impose a special taxation. Continuing Sir William Meyer said:

"I have no doubt that the majority of members of this Council have been asking themselves for some time past what line we shall take on this question."

But, Sir, Members of this House did not even have time to consider what line of action our Finance Member was going to take and it came

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order, that is the order on which much store was set. Honourable Members are not aware of the history of the 200 million bags of sandbags. They will soon hear it. Here it is. 200 million bags—that order was placed in Bengal, because Bengal has got the jute monopoly and the jute mills. The offer was, "Don't make any profit on this. Give us at your cost price because it is needed for conducting the war", and they agreed,—Indians and Europeans as well.

An Honourable Member: No profit?

Sir Abdul Halim Ghuznavi: They got a very small profit, not the profit that they would be making otherwise. We are getting a far better price from others.

Seth Haji Sir Abdoola Haroon (Sind: Muhammadan Rural): After calculating how much profit on it?

Sir Abdul Halim Ghuznavi: My Honourable friend interrupts me as to how much they calculated profit on that.

Seth Haji Sir Abdoola Haroon: How much per cent.?

Sir Abdul Halim Ghuznavi: He has left the sugar business, he is now busy with the Muslim Dominions, because he is the Foreign Secretary of the Muslim League, and he has nothing to do with Indian business or Indian concerns. He discusses political questions with the Muslim Dominions as the Foreign Secretary of the Muslim League.

Seth Haji Sir Abdoola Haroon: Because you were not there.

Sir Abdul Halim Ghuznavi: You are the Muslim League Foreign Secretary. Will you deny that?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member will go on with his speech.

Sir Abdul Halim Ghuznavi: That is the only order that India got so far as the war is concerned. Then, after September, further orders for 700 million bags of sandbags came. It is absolutely a fleabite. You have no idea of the jute business.

An Honourable Member: A big flea.

Sir Abdul Halim Ghuznavi: Over one crore of bales of jute is produced in Bengal and 700 million bags require only ten lakhs of bales. How else have we been profited by the war? The huge Supply Department. We had one Supply Department already, and there is another one as if one was not sufficient to supply His Majesty's Government with the goods that they wanted. We do not know the total quantity supplied but I will not take up that question now today. It will come in the Finance Bill, and I shall then show how we are fleeced to maintain that Supply Department—that will be one of the subjects that I shall discuss on the

Finance Bill. The war has come, it is being fought not to benefit Indians or India but to benefit our friends sitting on the right. What profit have we got from the war up to now?

Before I go on to discuss the report of the Select Committee, I will make one more point and that is this. I am now talking of the Excess Profits Tax—foreign business. We protested against the clause in the Income-tax Amendment Bill last year, but, as is usual, our protest was in vain. That amended Act entitles the Government now to invade the income of our foreign business, but we must bear in mind that India has very little foreign business, and even the little that she has got is in its infancy. My Honourable friend's predecessor must have his pound of flesh from the Indian business men and in that decision he was helped by the Benches opposite which are vacant today. That decision entitles the Government to touch foreign business on the accrual basis, not on the remittance basis. We were ready, and willing to pay on the remittance basis, but by one stroke of the pen, all Indian concerns which have their agencies abroad were penalised to pay income-tax and super-tax by adding their foreign income to the income they made in India, so that super-tax may be calculated on the total income of the business. The House will feel astonished that this system of taxing on accrual basis was not in existence even in England. It was only in 1932 that they started this practice in England when their industries, their foreign businesses had been completely developed and were in a position to stand a tax of this kind. We always compare our conditions with the conditions of the mother country, England.

Mr. M. S. Aney: Step-mother.

Sir Abdul Halim Ghuznavi: . . . Can we do that? Are the conditions same? Nevertheless, when this Bill was introduced, it was a slavish copy of the Act of Great Britain. Everything we want to copy, forgetting that India is not England and its industries are not in a strong position. True, Government of late years have been doing their best to foster the industries of this country. At the same time, what they give us with one hand by way of a little support, they take away with the other hand. If you take away whatever support you give us, by way of taxation, how on earth can these small industries exist? How on earth can we put by some money for the rainy day, for the time when the depression will come, for it is bound to come after the war is over.

They want this Excess Profits Tax. I say—tax on what? War profits? We have made no war profits. Assuming that we have made war profits and that you are entitled on political consideration to a share of that profit, what will happen when the war will be over? Will not the industries be stranded, as was the case last time? I had huge business then. A firm of mine was one of the biggest suppliers of Government. What did we find after the war? The things that we bought at Rs. 40 per hundred-weight and which were ready for delivery to Government, Government would not take after the war. We had to sell them at Rs. 4 and Rs. 6 per hundred-weight, which was the pre-war standard price. On that price the things had to be sold and that evil day is coming this time also when all the businesses will have to suffer. Their things will never fetch the price that they brought during the war. They will immediately have a terrific blow and how are they to carry on after that blow. Has any provision been made? Will the Honourable the Finance Member give us some portion of that back? No.

Sardar Sant Singh (West Punjab: Sikh): A compensatory Bill will be brought.

Sir Abdul Halim Ghuznavi: Therefore, speaking of the foreign businesses, they are not making any war profits. Are they? Why should they penalise them? Why should they ask for excess profits tax from their business? They don't raise their little finger to assist those businesses in foreign countries, whereas they have got their own business established with all the support which they could give; but in time of war a share of the excess profits is being asked from those concerns which will never be able to recover from that shock if they have to pay—even if they have to pay half that amount which has been fixed for this country. With these empty Benches it is no use, except to ask for mercy from our friends on our left. We shall not be able to carry any of our amendments whatsoever, however reasonable they may be. The only request we can make to our friends on the Treasury Benches is to consider the position of India before they take the step of refusing all the amendments which will be brought forward at a later date.

Now, Sir, taking the report of the Select Committee, fourteen Members were the members of the Select Committee—six Government and eight elected Members of this Honourable House. Am I correct? Six from the Treasury Benches

Mr. S. P. Chambers (Government of India: Nominated Official): Five.

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 Abdul Halim Ghuznavi: Mr. Deputy President, before lunch I was speaking about the number of gentlemen who were members of the Select Committee,—five official, one nominated, and eight elected Members. Apparently it looked as if the elected Members would have their majority in the Select Committee, but to our misfortune it was converted into three; the other five joined in the chorus with the Government Members. Only three were left to fight the battle of Indian industries.

Sir, I will discuss the various Minutes of Dissent. I will take first the Minute of Dissent of my Honourable friend, Dr. Sir Ziauddin Ahmad. My Honourable friend is a soviet-minded gentleman. He wants to take away everything. He does not know the A, B, C. of business, he does not know the A, B, C of industry or commerce.

An Honourable Member: How do you know?

Sir Abdul Halim Ghuznavi: but he will give us nothing. Our industries and everything must starve? "Give it first to the Government, the public exchequer, then to the consumer, and you live on nothing. On six per cent. you must employ all your funds, because the Government gives you a subsidy. Therefore, all the excess profit above

six per cent. Government is entitled to." But generously he suggested, "give sixty per cent. and forty per cent. as a loan without interest." That was his suggestion. Sir, I shall read the illuminating Note of Dissent of my Honourable friend, Dr. Sir Ziauddin Ahmad:

Dr. Sir Ziauddin Ahmad: On a point of personal explanation, Sir. The theory was advanced by Professor Keynes. It is receiving great support. There was an article in the *Statesman* and in the *Business*.

Sir Abdul Halim Ghuznavi: Sir, he has got hold of an Indian Year Book, which is one of the books published by Messrs. Place, Siddons and Gough, and he has taken all the figures from that book. I was wondering where he got the figures from but when he showed the book to us this morning, I discovered that it was from that book. His first grievance, as he said himself, was and this I shall dispose of in half a minute, that he was not able to give us his full weight in the discussion because it was being conducted when the non-official business was going on in this House. Sir, God is great. If he had given his full weight, God alone knows what else would have happened. Only half weight has brought us to this pass and his full weight would have finished us completely. His first remarks are: "Amendments made in the Bill are not supported by arguments," and then he proceeds—in fact he has been very helpful to my Honourable friend, the Finance Member. He shows how much Government is going to lose! He gives the figures for the amendment that was accepted in the Select Committee. He has an eye of course on the Tatas. Tatas come in every time, whenever he has an opportunity of making a speech.

Dr. Sir Ziauddin Ahmad: I hope you are not making money in that too?

Sir Abdul Halim Ghuznavi: Sir, the whole of his amendment is in support of the Government.

The Honourable Sir Jeremy Balamon: Is that a crime?

Sir Abdul Halim Ghuznavi: and he goes further. My Honourable friend, the Finance Member questions, but if I read out the whole Minute, it will take a lot of time.

An Honourable Member: Go, on, read it.

Sir Abdul Halim Ghuznavi: No, I want to read something more sensible than what is there. I will not take the time of the House by reading all his long statements here—excepting, what he generously suggested in the last paragraph, for which our grateful thanks are due to him. Sir, I shall dispose of it by referring to my Honourable friend's Note of Dissent. He too feels that this should be conceded, and I thank him very much. "The suggestion", he says, "was also made (but not accepted by the Committee) to treat loans raised from individuals who practically act as a Bank on the same level as a registered bank." Then he goes on to point out that if this is carried out, what would be the

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loss to Government. He is very careful in pointing to that too,—he says, “look here, if you agree to this, here is the amount that you are going to lose.”

“The loss due to this concession would be nominal and it would only be 6 lakhs in the whole year and about 2 lakhs in the current year, which we can easily afford in view of the other big concessions given.”

Now, Sir, what is the principle? If a registered bank advances a loan to my concern, that is allowed and it will be taken into calculation. But the British banks do not allow any loans to the smaller industries and it is also difficult for the Indian industries to get any loan from the British banks in India. Where are they to go for money? How many Indian banks are there? Very few. In considering the extent of advances that they can give to the industries, their number is hopelessly small. What the big industries do to small concerns is that they borrow the money from moneylenders at a reasonable rate of interest. When a money-lender finds that his interest at five or six per cent. is assured, he advances his money on the security of the business. According to this Bill, that will not be taken into consideration. Advances from the registered bank are allowed but not the loans from money-lenders who do lend money nowadays on secured security. Is it not a great hardship? Is it fair at all? So far as that point is concerned, that is my concluding remark. I will make an appeal to the Finance Member to consider this point. He has agreed to the loans that are advanced by the banks and he should also agree to the loans that are advanced by private parties.

Mr. Deputy President, Sir, I will discuss your Note of Dissent, which is a very able note, later on. That would be my concluding criticism on the Minutes by the Members of the Select Committee. I now go on with the Note of Dissent by Sir Cowasji Jehangir. This is what he says in his Note of Dissent and I want the Assembly to listen to it. The Note says:

“The Assembly should not forget, while discussing each provision, the object Government have in view. It is to get a reasonable share in profits consequent on the War. In the Objects and Reasons this is stated quite clearly. But when the preamble and several of the provisions of the Bill are examined, it will be found that Government would not only share in profits resulting from the War, but also in normal profits and in normal increase of profits, which every well-managed business hopes to make.”

That is a very important point. Government hold that they are entitled to a share of profits made during the war or due to the war, that is to say, any transaction which brings in profit due to the war. At the same time, one has to bear in mind the business which was managed badly before but has now come in efficient hands and is consequently making profits. I can give you a definite instance here and now of a jute mill which I shall not name, which was in a very bad way because of its mismanagement although the gentleman at the head of its affairs was one of the finest type of man in Calcutta. The management was so bad that they were losing heavily. The management has now been transferred to efficient hands and they will make money, not because of war, but because of the efficiency in the management. Therefore, Sir, I say that protection must be given in the Bill to such cases by making it clear that Government will be entitled to an excess profits tax from the war profits alone that a particular company has made. Here I would like to refer to the speech of Mr. Burns, who was then the President of

the Bengal Chamber of Commerce, and then I will deal with my friends, the Members of the European Group. What they say here is inconsistent with what the President of the Bengal Chamber of Commerce said in the annual meeting of the Bengal Chamber.

Mr. A. Aikman (Bengal: European): Why not?

Sir Abdul Halim Ghuznavi: Sir, before I discuss Mr. Burns's speech I would like to read only one small sentence from your Note of Dissent. You said, Sir, “There should be either super-tax or excess profits tax: not both.” I appeal to this House whether it is fair for Government to have the super-tax and on the top of that an excess profits tax. That was not the case in 1919. At that time, either a man agreed to pay an excess profits tax or a super-tax, but here we are taxed for both. Still, my friends here in the European Group chime in everything is O. K. They do not find any fault with anything. Sir, that the basic theory of the excess profits tax is that it is to be a tax on the growth of profits and the political justification for imposing the tax is that the profits have grown as a result directly of the war. Will the Honourable Members see to this that when the tax collectors begin collecting taxes, they would give their attention to the firms' books and find out whether the excess profits they earn are directly due to the war or otherwise? If it is otherwise, the Government are not entitled to ask for that excess profits tax. Then, Sir, Sir Cowasjee says that in India it cannot be argued that the war had any effect on the profits of any company in 1938, with the exception of the order for a few sand bags. The President of the Indian Millowners Association, Mr. Macdonald, who has just retired, in his speech which he delivered on the 17th February in Calcutta about war requirements being met by jute mills has shown—I do not want to take much of the time of the House—shortly speaking, that after the first order of 200 million bags were received, no further orders came and the result was a tremendous depression. (Laughter.) My Honourable friend, Mr. Aikman, is laughing. Here is the speech of Mr. Macdonald and there is no use laughing. What the Mills had to do was to seal up the looms. Most of the looms had to be sealed because they were losing money. Then came the second lot of order after September. What was the result?

An Honourable Member: The looms were unsealed.

Sir Abdul Halim Ghuznavi: Yes, they were first unsealed and then again they were sealed. Unsealed once and sealed again. I am coming to that. When the order came, the looms were unsealed. Do my Honourable friends know at what price that hessian was accepted by the Indian mills? The mills would have sold that hessian at a much higher price outside, but the millowners preferred to sell them at a cheap price as their quota of contribution towards the conducting of the war and thereby they made only very small profit. What was the position? The contract was made that it should be delivered at a certain time. His Majesty's Government failed to carry out the contract. It was extended from April to July. Delivery was withheld. What was the result? The market collapsed. Still this Assembly thinks that in so far as the Indian mills are concerned, they are piling up money because of the war.

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LEGISLATIVE ASSEMBLY

[14TH MAR. 1940]

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Not the entire Assembly.

Sir Abdul Halim Ghuznavi: Certain Honourable Members in the Assembly think that way. As I said that was the position of the market on the 27th January when it was announced that 50 per cent. of the excess profits were wanted. There was a collapse of the market. All the money that was made had gone; they vanished. There was no profit left.

Sir Muhammad Yamin Khan: Still 50 per cent. of the profits will remain.

Sir Abdul Halim Ghuznavi: I am addressing the Chair and not my Honourable friend. So I will not take notice of his interruption.

Now, in drawing up a Minute of Dissent, two Knights—Sir Raza Ali and Sir Abdoola Haroon,—submitted a joint Note of Dissent. What do these Knights say: They said:

"Speaking for ourselves we can say that we have no fault to find with flat rate of the excess profits tax being fixed at 50 per cent."

Thank you. Indeed no fault to find with 50 per cent. But they have generously added two more sentences:

"If however, this question is reopened we would like a graduated scale varying from 35 to 60 per cent. . . ."

Sir Syed Raza Ali: Why don't you finish the sentence?

Sir Abdul Halim Ghuznavi: It would look more ridiculous if I finish the sentence. All right, I will finish the sentence it goes on:

"coupled with the raising of the standard profits to 36 thousand rupees in section 6, sub-section (4) to be substituted."

But they dismiss it by saying:

"This would require very elaborate and careful calculations into which it is not necessary to enter at this stage."

Because they feel that they find no fault with 50 per cent. Why should the Government be worried with all sorts of calculations, sending for various mathematicians, statistical officers and so on to find out the variations that would follow if that method was adopted?

Of course, our friends from the European Group have no Minute of Dissent because they agree *in toto*, even without any amendments, to the Bill brought forward by the Government.

Dr. Sir Ziauddin Ahmad: Their Minute of Dissent is incorporated in the provisions of the Bill.

Sir Syed Raza Ali: The meaning is that they got all they wanted.

Sir Abdul Halim Ghuznavi: Sir, Mr. Burn, President of the Bengal Chamber of Commerce, speaking at the annual meeting said he would support this measure provided certain essentials were satisfied. Sir, I say these have not been satisfied. They were, firstly,

"that full justification was afforded for the imposition of the tax from the point of view of the special expenditure necessitated by the war".

I say, that has not been satisfied.

"Secondly, that the proceeds of the tax were devoted to the effective prosecution of war and to India's defence."

The Honourable Sir Jeremy Raisman: That also has not been satisfied?

Sir Abdul Halim Ghuznavi: If the expenditure of the office of the Director General of Supplies is legitimate expenditure to be supplied from this money, I do not know what to say.

The Honourable Sir Jeremy Raisman: What about eight crores of defence Expenditure?

Sir Abdul Halim Ghuznavi: Sir, we have for the last 20 years,—14 years as far as I am concerned,—cried ourselves hoarse over the huge military expenditure. My Honourable friend would have been justified in taking that eight crores by additional taxation if they had effected retrenchment and not incurred this huge military expenditure. And, recently, under this new Act, even our power to discuss the army budget has been taken away. How are we to know whether that eight crores is really necessary for the defence of India? When my Honourable friend, Sir Muhammad Zafrullah Khan, was in England recently, the newspapers gave out that he was shown all the secrets of British war methods; but here when a question was asked in the other House or some information the reply was that it was secret and the information could not be given. Then the next condition, given by Mr. Burn, was:

"That the basis of the taxation and the method of assessment were fair and equitable, that they did not penalise or impede the development of new industries and were such as to limit economic disturbances which the imposition of the tax must entail."

The House will judge whether that has been fulfilled.

Mr. A. Aikman: It has been fulfilled.

Sir Abdul Halim Ghuznavi: It has not been fulfilled, according to my humble self.

Mr. A. Aikman: Then the Honourable Member cannot have read the Bill.

Sir Abdul Halim Ghuznavi: Sir, I now come to the points raised by you, Sir, in your Note of Dissent which the Indian Chambers of Commerce completely approve. Your first point is that the chargeable accounting period should begin on or after the 1st day of April, 1940. War was declared on the 3rd September

Dr. Sir Ziauddin Ahmad: Why not after the war?

Sir Abdul Halim Ghuznavi: That would be the correct thing to do, as was done on the last occasion. They want the industries to be hampered and strangled even from now, as the Industries cannot get any relief on the borrowed capital because they borrowed from private individuals as British banks would not advance. If they go to a British bank and ask for

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advance on deposit of stocks and shares, they would advance only 30 per cent. which is absolutely insignificant. Sir, your second point was that 'the tax should not be more than 25 per cent.' Sir, who wants to advance money to an industry when there is the risk that he may lose his all, knowing that if there is a profit, 50 per cent. would be taken away as excess profits tax? Conditions here are different from those in England; there the industries are well established whereas here they are only just starting, and now a tremendous burden is being thrown on them. At any rate 50 per cent is a prohibitive percentage. Then, Sir, you said that the Act should not apply to the banks. They surely are not going to make any war profits and nothing will come to them. So why frighten Indian banks from coming into existence? Sir, I have already dealt with your fourth point. Your fifth point was that the exemption limit should be raised from Rs. 30,000 to Rs. 40,000 and your sixth point, Sir, was the most important one and that was that the option about the standard period should be extended to the year 1938, standing by itself. It will not be disputed that Indian industries suffered up to 1938, and it is only after 1938 that they have just begun to raise their heads. Give us that year in any event, that calendar year at least if not the official year. (Interruption) I want even the calendar year 1938 alone if not the official year. Option should be given to all assesses to choose either the standard profits or the statutory percentage. Give that option to the assesses and do not restrict the choice. Then, there should not be joint assessment of the income of a partnership and of joint Hindu family businesses.

These are the points that I had to place before this Honourable House and when this Bill comes up for discussion, clause by clause, I hope the Honourable Members will bear in mind the points which are essential for the benefit of India and the Indian industries. I will read from the memorandum of the Western India National Liberal Association only one sentence; which says:

"A fundamental objection to the Bill is that, while in the Statement of Objects and Reasons the Government profess to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war, clause 4 of the Bill levies excess profits tax on all profits in excess of standard profits, irrespective of whether these have accrued as a result of war conditions or otherwise."

Then, again, one other point which the Federation of Indian Chambers of Commerce have made out is this. They say:

"They do not, therefore, desire to reiterate their views beyond stating that they are still not convinced of the justification for the introduction of a legislative measure of such a nature at this stage of development of the war."

Again, Sir, as pointed out by Dr. Sir Ziauddin Ahmad this morning, the various important commercial bodies and industrial interests in the country were not permitted to lead evidence before the Select Committee with regard to the various important provisions of the Bill. This is a very important matter.

An Honourable Member: By whom?

Sir Abdul Halim Ghuznavi: By the Government. They did not ask them to come. The Commercial interests, Industrial interests, all wanted

to lead evidence, but Government would not make them. The Treasury Benches forget what they did when British interests were concerned; when the excise duty on matches was first levied, I was one of the members of the Select Committee, and all the European manufacturers who had their factories here were asked to lead evidence. It is on record. They gave evidence before us. This Western India Match Company came before us, and they have got a big business in India with over 300 establishments all over India. They were allowed to lead evidence. The view of the Industries concerned would have helped members of the Select Committee and would have given them an idea as to whether the industry could bear the burden which was intended to be imposed. But this time the Industries were not allowed to lead evidence. What is the use of the Chambers and Associations sending these letters, Memorials, et cetera, to us and to the Government? Their evidence would have given the Committee members a clear impression whether the industries could bear the burden which was being imposed.

Sir, I said about taxing the foreign business this morning; if the principle is that excess profits should be taken from the profits accrued during the war, why should the Government tax foreign business concerns which have nothing to do with this war? Government cannot give those concerns any help. Indian foreign concerns are in their infancy. They have already been taxed on an accrual basis. On the top of that a further tax is wanted from them as excess profits tax. As I said this morning, with the empty Benches we know, not one of our amendments will be carried. All that I have now to do, in concluding my speech, is to appeal to the Honourable the Finance Member that he may take into consideration the points that have been raised and that when suitable amendments are moved, he may agree at least to those amendments which the unanimous demand of the Indian industries and Indian interests justifies.

Sir Muhammad Yamin Khan: Sir, after the very depressing news this morning of the great tragedy which happened in London, which is condemned by everybody in this country, we had this afternoon a very amusing speech from my Honourable friend, Sir Abdul Halim Ghuznavi.

Sir Abdul Halim Ghuznavi: Because you do not understand.

Sir Muhammad Yamin Khan: It will take a long time for anybody to understand.

My friend said that Dr. Sir Ziauddin Ahmad did not understand even the ABC of business, while he called himself a businessman. I do not know, if my friend would have liked to take this compliment if he had known the definition of a businessman as given by Dr. Sir Ziauddin Ahmad the other day. Dr. Sir Ziauddin Ahmad defined a pukka businessman as a person who knows how to cheat shareholders, rob consumers and evade income-tax officers. I do not know if my gallant friend from Calcutta would like to flatter himself by calling himself a businessman after this definition.

Babu Rajnath Bajoria (Marwari Association): Indian Commerce. Is the Honourable Member, in order, in giving this definition of a businessman?

Sir Muhammad Yamin Khan: I am quoting what another Member said when he was told that he did not know even the ABC of business. Then my friend, Sir Abdul Halim Ghuznavi, says, that Dr. Sir Ziauddin Ahmad wants people to invest their money at six per cent. interest. I wish, Sir, I got six per cent. out of my investments.

Sir Abdul Halim Ghuznavi: You are getting more.

Sir Muhammad Yamin Khan: I am not getting even one per cent. now. In our village property we are not getting even one per cent.; I would be glad if we got even one-half per cent.

Dada Baijnath Bajoria: Per month?

Sir Muhammad Yamin Khan: Per year. For several years past, we have been paying land revenue of these properties from our pocket. Therefore, those who have agricultural property would be jolly glad if they could get a return of six per cent. on their investments. This rate may seem to be too small for my friend the businessman from Calcutta, but to my mind when the Bank does not offer more than one-half per cent. on investments, one should be glad if he could get six per cent. on any kind of safe investment.

Then, my friend said that Dr. Sir Ziauddin Ahmad wants to support the Government. Is there anything wrong in it, in view of the fact that the principle underlying the Bill is one which has been strongly advocated by everybody in this country, except perhaps by a handful of people who do not want to pay their share for the defence of this country? During the Budget debate it was brought to light that the country has to bear eight crores defence expenditure. Where is the money to come from? Is it to come from the poor consumer who had been paying to those people who will be paying excess profits? Should he be made to pay again to the Government of India? No, certainly not; all these eight crores should come entirely from those who have made profits on account of war. That was the view of Dr. Sir Ziauddin Ahmad. I am sure everybody will agree that those rich people and mill magnates who have been making excess profits as a result of the war should pay their share out of their excess profits for the defence of this country. But what is the position? We find that these people have been very lucky in that the Government have shown very great consideration to them by taking into account only half of the extra expenditure; that is to say, they are taking only three crores out of the eight crores and they are throwing the extra burden on the other consumers who have been all along paying in various ways on account of the increased cost of living. My friend was saying that he would have opposed it tooth and nail if he could do so, and after saying that, at the last moment, as in despair, he is pleading for mercy to the Finance Member to show some consideration for the unanimous demand of the people. Who those people who have made this unanimous demand are, I do not know. At least, as far as the Assembly is concerned, there has been no unanimous demand. In fact there is no unanimous demand on any matter in the House. If there had been a unanimous demand from the country as a whole, one could have understood it, but as far as we know, only 5,000 people will be affected by this measure, and their number is really negligible considering that 86 crores of people inhabit this vast country, and if a referendum were taken, it would be found that the entire sum should be met from the excess profits.

Then my friend said whether the Finance Member will ask those people who will collect the excess profits tax to examine their account books to see whether actually profits have been made entirely as a result of the war conditions or not. He also observed that people have been losing and how such people will be taxed. The whole principle of the Bill is that it will be applicable to only those people who make excess profits, and not to others. If people have been making a loss during the last two years, and if in this year they have made a profit, that cannot be called excess profit, because there was no profit made last year. The excess profit will mean only such profit as has been made as a result of the war. The only difficulty is where people have been making a tremendous profit taking advantage of the war conditions, and the poor consumer had to pay, and the consumers now want that the extra expenditure incurred as a result of the war must be met by those people who have benefited by the war conditions, because those extra profits would not have accrued to them if the war had not broken out. Therefore, he is perfectly justified in saying that 50 per cent. should be taken out of him. I do not think that that limit is very excessive. To my mind, it is quite all right.

An Honourable Member: It is 60 per cent. in England.

Sir Muhammad Yamin Khan: I do not mind if it goes a little further, I am ready to go up to the limit of the defence expenditure.

An Honourable Member: To any extent?

Sir Muhammad Yamin Khan: Up to the limit of the defence expenditure I do not mind. (Interruption.) God helps those people whose money is taken away by those people whose draining they cannot stop, and God helps in this way that Government comes at least to their rescue. I do not think that the limit which has been raised from Rs. 20,000 to Rs. 30,000 is welcome to this House. It is not desirable. I should ask that Rs. 20,000 should stand. If a man has made Rs. 20,000 and even above that, if he calls himself a poor man, I do not know what to say. In India the average income of a person is five pice a day, he cannot get even two meals a day. That is the average income of the poor consumers in India, and if Rs. 20,000 is supposed to be a small sum, then I do not think you can find any one in this country who can support such an idea, except those who themselves get that income.

I need not repeat what I said on the former occasion. The principle underlying this Bill is welcome to the masses of this country, and they will whole-heartedly support it. They would like that people who can bear the burden should bear it to meet the extraordinary expenditure on account of the war. I do not want to repeat what I have said. I only wanted to deal with the speech of my Honourable friend, Sir Abdul Halim Ghuznavi, and that is what made me get up and give a reply so that there may not be any misunderstanding left in the country or outside this country that the public is of his view. I want to make it perfectly clear that the country is on the side of the Bill and the principle of this Bill, and nobody will like to oppose it tooth and nail like Sir Abdul Halim Ghuznavi. I support the motion.

Mr. M. S. Anay: Every Member who got up in this House today and yesterday to speak to the motion moved by the Honourable the Finance

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Member had generally to say something in praise of the work done by the Select Committee. I do not want to deny the credit which is due to the labours of the Select Committee in improving the Bill and making it somewhat less rigorous than what it was in its original form.

Sir H. P. Mody: Thanks.

Mr. M. S. Aney: I am receiving thanks from my Honourable friend, Sir Homi Mody. As you know and as Honourable Members of this House know, I was one of those who opposed this Bill on its principle and opposed the motion for referring it to a Select Committee also. I am inclined, therefore, to view it from the point of view of certain definite principles and express my views as to how far what I regarded to be objectionable features of the Bill have been obviated in the report of the Select Committee.

In the first place, the main object of this Bill has been to impose taxation upon those profits which were obviously due to war conditions. Of course, I quite agree with some of the Members who argue plausibly that it is always difficult to make a clear distinction between profits solely due to war and profits earned during the war period. That sort of distinction it is difficult to make no doubt, but one thing one has to bear in mind is, that the main object of this Bill is to take away from the people what can reasonably be shown as having been earned by them on account of war conditions—and it is also further intended to raise that money for the purpose of meeting the extra expenditure which the State has to incur on account of the prosecution of the war. It was for this reason that even the Members of the European Group, while they gave their general support, to the principle of the Bill, reserved their opinions upon certain details till the full picture of the financial position was presented to them. What was the principle underlying that statement? It was to find out what was the exact extra liability which the State would have to incur on account of the prosecution of the war, and until the precise nature of that liability was ascertained, they did not think it proper to commit themselves to any particular percentage as a proper percentage for taxation for the purpose of raising this new tax. Therefore, we have to see two things in this connection. One is, what is the total amount required for the war? An emergency tax of this nature is intended to cover the expenditure necessary on account of the existence of the emergency itself. So, it must be limited in two ways. It must be intended only to get so much approximately as is likely to be required on account of the existence of the emergency, and it must not at all go beyond the period of emergency. These two conditions are necessary and I want to see whether sufficient care has been taken to observe these two conditions which, in my opinion, ought to regulate a measure of taxation of this kind.

Now, Sir, it is admitted—and I am not going to dispute that fact because my Honourable friend, the Finance Member, must have shown to the Members of the Select Committee all the secrets which are denied to us mortals, who had no access to the Select Committee—that the Finance Member may have presented them all the detailed figures showing how the estimates are made about expenditure and why he regards three crores as the possible amount that he can make out of this apparatus. I except his figure, that he is likely to get out of this three crores of rupees. I

think that is the figure which has been given out as a likely amount. I assume that he is likely to get three crores. It may be a little bit more or less. I have not got the figures to say that he is bound to get more than that but the second condition by which he is bound was that he has to make these three crores out of what we consider as war profits. Now, for the sake of finding out those war profits, one test has been provided and that was this, that a certain profit is to be taken as a standard profit and whatever is made in excess of that is presumed to be due to conditions existing on account of the war. That is known as excess profits and that excess is only to be taxed. If that is so, the one thing which I will insist on is this, that for the sake of finding out the standard profit you must allow the people to take up that year in which war was not in existence and yet they made the highest profit. The year in which they were able to make the highest profit and when there was no war can be taken as a proper year for ascertaining the highest capacity of making profits out of the industry without the aid of war conditions. Is that done here? The one point on which the majority of the speakers in this House congratulated the Finance Member on having made a very good concession is that the highest year is allowed to be used by him in this Bill. But let us see how has he used it. He has not taken 1938 by itself. He wants to couple that year with another year and strike an average and take that average as the basis for the sake of ascertaining the excess profits for that year. I want to know why. I have read the report.

The Honourable Sir Jeremy Raisman: Because it must be compared with an average.

Mr. M. S. Aney: I am not sure. The theory of average is entirely different from the theory of finding out the highest income which an industry or business has made in any particular year when the war was not in existence because to that limit you must allow the profits made during the course of the war also as possibly made on account of its normal expansion and not otherwise. That would be the proper way of construing and looking at the thing. Therefore, if the year 1938 was a proper year, I do not want that year to be connected with the year 1939 and then strike an average. By striking an average the highest profits are not taken into account by themselves but there is an attempt to reduce those profits by a certain fraction on account of the lower profits of another year being added on to them and thus a lower figure is obtained as the basis. This is inconsistent with the very idea on which the standard profits are to be assessed. If the idea underlying is what was the average profit, why not take ten years and find out the average. There is a minimum and anything in excess of that may be called an excess profit. My position is this. Although it is an improvement upon the old situation, I do not think it is carrying out the principle of option in its proper sense if we allow the mechanism of option provided for in this case to take the year 1938-39 or 1939-40 together in order to find out the average thereof. I do not think the concession is carried out either peacefully or faithfully and a fair opportunity is given to the people to make such option as they deem proper for the sake of choosing the highest year of profit. By the acceptance of average income for two years it is not merely the excess profit that is taken into consideration, but a fraction of normal profit is also included therein. There is also another thing. If we are to take only war profits into consideration, I have not been able to understand—and no

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convincing reason has been given—as to why profits made by Indian residents in foreign countries should be included here unless it is really contended that those profits were due to war conditions. That is another point. In that connection there are two objections which I want to take. When the Income-tax Bill was discussed, there was a good deal of controversy over the question whether the accrual basis should be taken or the remittance basis should be taken. For the purpose of the Income-tax Act which was then passed at the instance of the late Finance Member and our Honourable colleague who is present here at least for some time, Mr. Chambers, that principle was conceded for certain reasons, because under the Niemeyer Award the income that was to be derived from the income-tax was to go into the divisible pool of the provinces who were going to be partners in that. That was a great temptation on which the Honourable Members on the Congress Benches were persuaded to accept that impracticable and, in my opinion, mischievous principle for the purposes of the Income-tax Act. But if we are to accept the accrual basis and not take the remittance basis I do not see any reason why that principle should be extended here now, because, I am sure, it has been made perfectly clear by the Honourable the Finance Member when he moved his motion for reference to the Select Committee, on some question being put by one of the Members on this side—that so far as this tax arising out of this Bill is concerned the amount of tax derived from the companies will be classed as corporation tax and that derived from individuals will be considered and treated like income-tax and the latter alone will be taken into the divisible pool and so on. It is perfectly clear that what we are going to get here is not a matter in which the Provincial Governments can have any share at all except in a small fraction which he calculated to be 30 lakhs, if I mistake not. Some figure like that the Honourable Member gave. Therefore, the principle that was recognised by this House on a certain assumption cannot be accepted by this House for all purposes. The grounds on which it was possible to secure the consent of an important section of this House, without whose co-operation it would have been impossible to pass that Act at that time no longer hold good and, therefore, I want to urge that it would be iniquitous to assess the foreign income on accrual basis for the purpose of this Act. Let it be assessed, if it is to be assessed at all, on remittance basis.

There is another reason why this point should be taken into consideration in this connection. I am told that there is an embargo on the removal of money from certain countries—the export of currency from certain countries. If that is so, whatever profits they may have been making they will not be available to the Government here, at least during the year of taxation. They may be available at any other year and when they will be so available here for purposes of taxation, probably the value of that tax, in terms of Indian coin, may not be the same when the assessment is being made. So all sorts of difficulties are likely to arise. Thirdly, as I have maintained at the very beginning, I have not been convinced, at any rate no serious arguments have been advanced by anybody and things have simply been taken for granted, that the profits which these businessmen, resident in India, are making in foreign countries have got any relation at all to the existence of the war conditions and so on. Therefore, for all these reasons the best course would have been to eliminate that source of income altogether from the income to be classed for the purpose of assessing the excess profits here.

Then, one point on which the Honourable Member was given great credit and I also concede that as improvement in the right direction though not quite up to my satisfaction, was this. We maintain here, as I have already stated at the beginning also, that this Bill should be limited only to the period of the emergency. So I would have liked the Select Committee to make a proper change in the section so as to lay down that this Bill will remain in force till the hostilities continue or something like that, with power given to the Government for its extension if necessary for a further period till all the things in connection with the war are settled and so on. Now what is now done is something which some persons think is a great gain achieved. The existence of this Act is limited now to March, 1941. Am I right? That is, for a period of one year, and it is thought that next year when the Finance Bill comes on they will have to go on again with the same provisions in the Finance Bill for extending it to the year 1942 and so on. I quite see that. But I think there is a good deal of difference between this position and the position which I have suggested. If there be a clause or provision in the Finance Bill to this effect that the year 1940 in the Act relating to excess profits should be changed into the year 1942, I am sure I will not be allowed to move any amendment in this House which comes to touch the other parts of this Act. We know the position every year and we know how it is impossible to review the entire position of the Acts referred to in the Finance Bill. At most, what will be conceded will be the rate; that may be modified by first getting the permission of the Governor General to move a suitable amendment to that clause. Even in that case the difficulty would be the same, if our amendment seeks to change or vary the rate to be imposed, probably we may require the permission of His Excellency, the Governor General. My position is this. What was wanted was an annual review of the situation and of the operation of this Bill throughout the year and if that annual review required that certain provisions of this Act should be entirely changed, that the basis of Rs. 30,000 should be raised to Rs. 40,000 to Rs. 50,000, nothing could be done. There is no power given for a real and effective review of the working of this Bill during the year by the manner in which the change is brought about here. So, although it may be that for the time being we are being taxed for one year, I venture to tell you that you are being taxed for as many years as the Government of India would like to tax you in this matter. Except for a technical satisfaction, there is no real gain and I do not know why Sir Horni Mody thinks that a substantial advance is made here.

Sir H. P. Mody: Because the House is able to reduce the rate to say, five per cent., if it wants to.

Mr. M. S. Aney: I am not contemplating that extreme situation here. My point is this, that if the Government really wanted to concede the position that it was necessary to give this House the opportunity of annually reviewing this thing, then they must come out with a complete Bill next year for the sake of getting it passed or they must definitely state that they only want to keep it in force during the period of the war. That alone would give an opportunity of reviewing the whole position, and not merely by requiring the Government to make that little change in the Finance Bill. That does not satisfy me at any rate. That was not exactly the position taken up by most of the non-official Members of the House also. The third thing was this. I really do not understand why, in exempting certain kinds of loans, such as the loans given by the Banks, the

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loans which will be advanced by bankers who are not banks should not get any exemption here for the purpose of this tax. What the technical difference is between the two kinds of loans really passes my comprehension. I am reliably told by those who are engaged in big industries and small industries in India that it is difficult for Indians running small industries to apply successfully to these big banks with a view to getting any loans whatsoever. If that is the correct position, then I am sure we are creating a handicap on the Indian industries of the worst type during the period this act shall be in force. We are keeping those Indians who are interested in the expansion of Indian industries under a great handicap. The sources from which they are likely to get their loans are not exempted from the concession which is extended to the loans advanced by banks. What is the reason for that? In the Report I did not find any sound reasons given anywhere at all. So on this point also I feel some difficulty that due attention has not been given in the Select Committee to the claims of Indian industry in regard to this matter. Sir, I have stated that although I should be prepared to accept the principle that for the purposes of war profits such war profits should be taxed, still I would lay down one or two conditions. Firstly, you must tax those that are capable of bearing it. Secondly, your taxation must not be such as to impede the progress or the extension of Indian industries. Whether that important condition to which I at least attach importance has been duly borne in mind in making improvements in the old Bill and in preparing the report of the Select Committee, is a point that should certainly be considered, but as a result of such attention as I was able to bestow on this Report and with such knowledge of industries as I have been able to gather myself and with the help of some friends interested in industry, I have not been able to see anywhere that this point of view has been steadily kept in view in considering this Bill. Therefore, if this higher taxation which is being imposed now is retained, there is every likelihood that our industries will be greatly handicapped and the extension of industries will be seriously jeopardised.

There is one more point and I shall finish my speech. Now between the old Excess Profits Act of 1919 to which frequent reference was made both now as well as in the previous debate and the present Bill there is an important point of difference. It has been rightly brought to the notice of this House and the Honourable the Finance Member that that Bill was introduced into the House after profits were made and earned for some years. And then it was only a matter of calculation and they took their share from it. But what is the position now? Here we are taxing the prospective gains. We expect the people to make gains on account of war conditions and yet we want them to start their business with a handicap that 50 per cent. of their gains will be diverted towards the Government treasury as a war profit. Between these two positions, from the point of view of the industry, there is a good deal of difference. When there was no such handicap, people did make money and earned profits. But when there is a handicap at the very beginning, they would not be able to expand their business in such a way as to take full advantage of war conditions which are coming into existence. Whatever natural expansion is required to take full advantage of the conditions that come into existence on account of the war will be impeded because of this handicap at the very beginning. So, taxation on prospective income and taxation on income already earned are two different things and there is a

good deal of difference between the two. You are now going to tax the prospective income and we have hardly gone through six or seven months of the war. The year is yet to expire. Now, the business would have gradually adjusted itself to take advantage of the conditions, but when a serious handicap like this is introduced at the very inception of it, I think that work is likely to be considerably disturbed and we may not be able, therefore, to get such advantage out of these war conditions as we would otherwise have got. Sir, I do not want the businessmen to disown the liability they owe to the State for making a contribution to the war. I do not want that. But, at the same time, the State must see that they make the real profits. If it is the intention of the Government that the Indian industries ought not to be able to expand during the war period in such a way as to become a menace to the industries at home, then we must oppose this Bill. The introduction of this Bill has already put down the prices of the agricultural commodities in the country.

The Honourable Sir Jeremy Raisman: No.

Mr. M. S. Aney: I beg to differ from the Honourable the Finance Member. He is an authority on this question but I am saying this from my practical experience and knowledge of the conditions of the bazaar and I know what the position today is. The cotton commodity has suffered in its price. The price of cotton commodities today are not the same at which they were being sold before the publication of this Bill. The publication of the Report of the Select Committee did not make any material change in the situation.

The Honourable Sir Jeremy Raisman: I am sure that the industry affected by the Excess Profits Tax Bill recovered after the publication of this Report.

Mr. M. S. Aney: It would be some time when my Honourable friend will be able to explain in such a way that I should be able to understand it. For the present I cannot accept that statement as indicating a state of things as I understand it.

Sir, the one point which I urged at the beginning was that, however, you may tax these big men, they are too shrewd. I have already given a certificate to my friend, Sir Homi Mody that they can never pay it out of their pocket.

Sir H. P. Mody: I cannot pay it out of the Finance Member's pocket. Can I?

Mr. M. S. Aney: Therefore, the only man's pocket he can touch is mine. He has it both ways. In the Select Committee he wants to touch the pocket of the Finance Member.

Sir H. P. Mody: I am not very particular as to whose pockets I touch.

Mr. M. S. Aney: Sir, when I look at all these things, I do not think that the Bill has come up to that standard where I could have congratulated the Members of the Select Committee on their achievements, although they have made certain improvements I cannot congratulate the House also for a piece of legislation that is being presented before it for their approval. I, therefore, oppose the motion before the House.

Honourable Members: The question be now put.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is.

"That the question be now put."

[While the bell was ringing, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

The motion was negatived.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I am very thankful to the Members of the Treasury Benches for not challenging a division and giving me an opportunity to have my say. It is difficult to improve upon the speeches or the debate that we have heard today. We have had a first class debate. My Honourable friend, Dr. Sir Ziauddin Ahmad, provided an excellent fare, my Honourable friend, Sir Homi Mody, brought us Poona strawberries and my Honourable friend, Mr. James, supplied us with cream and a sumptuous treat. As the day advanced and the evening approached, my Honourable friend, Sir Abdul Halim Ghuznavi, provided us with ginger, gin and bitters. I say, Sir, that my Honourable friend, Sir Abdul Halim Ghuznavi, allowed himself to be beaten by that old Abdul Halim Ghuznavi who used to be amongst us in 1904, 1905 and 1906.

An Honourable Member: He was wrong Ghuznavi then. (Interruption).

Pandit Krishna Kant Malaviya: I think he was right then and he was right today. Naturally, Sir Abdul Halim's gin, ginger and bitters went to the head of my Honourable friend, Sir Muhammad Yamin Khan. He lost his balance and he thought that Sir Abdul proclaimed to the world that we are not supporting the Government, that we do not support the principle underlying the Bill and he became most anxious with his body and soul to shout, I am the most loyal, and we are the most loyal servants. As is natural the Leader of my Party saw that his friend sitting by his side has lost his head and he provided sanity of judgment.

Sir, I was not anxious to speak. I am even now not anxious to speak for more than a few minutes. All that need be said has already been said by my Honourable friends. But I am interested in those adventurers of my country, those traders who, at the risk of their lives and property, go to foreign countries just to earn a living, earn small profits and thus add to our national wealth. While the Income-tax Bill was before the House, I fought for these friends. I am still of the opinion that these brethren of ours, who trade in foreign countries and who are not provided with any facilities or any help by this Government and who at times are put to great hardships and even ruin of their businesses, just as it happened in the case of friends trading in Abyssinia and Spain, need encouragement and special concession. I think their case stands on quite a different footing than the case of those friends who are amidst us and who have, at least, got behind them the protection of the British bayonets. I, therefore, plead and request the Honourable the Finance Member to consider the case of these friends of ours more favourably, allow excess profits tax paid abroad in non-Empire Countries to be deducted to the fullest amount and not to the extent of a half only and, at least, be guided by the

opinions of my Honourable friends, Mr. Sheehy and Mr. Chambers, who I know are inclined to be considerate so far as these foreign traders are concerned.

Let me now deal with an important question affecting foreign incomes, that is, double taxation. Clause 11 of the Bill provides that if a person pays excess tax in the United Kingdom or in any Empire country, then by virtue of reciprocal arrangement, relief is given in respect of excess tax paid in India as well as Empire countries. In such cases, Indian Government refunds half the balance of the excess tax, so that the excess tax is borne only once, but under this arrangement Indian Government make a very heavy sacrifice, because most of the relief goes to foreigners as there are very few Indians in the United Kingdom who can take advantage of the relief arrangement.

The present policy of taxing is bad. If foreign enterprise is to be encouraged, then it is necessary that the burden of taxation on foreign accounts should not be heavier than the burden on Indian incomes. Under section 49-D of the Income-tax Act, if a person pays income-tax in foreign countries, then he does not get complete relief from double taxation and he has to bear income-tax $1\frac{1}{2}$ times more the income-tax which a person making income in India bears. I have had a talk with my Honourable friends, Mr. Sheehy and Mr. Chambers, and I only hope and trust that they will advise the Honourable the Finance Member to concede the demand of these brethren of ours and see that justice is done to them so far as double taxation is concerned.

There is another piece of injustice which the Indian traders in foreign countries have to suffer. Under clause 12, sub-clause 2, excess tax which is paid in the United Kingdom or in the Dominions of His Majesty's Government is allowed as a deduction of expenditure for purposes of income-tax. That is to say if a person has made an income of one lakh fifty thousand rupees on which he has to pay excess tax of fifty thousand, then his income for income-tax purposes is to be not one lakh fifty thousand, but only one lakh of rupees, the excess tax of fifty thousand is allowed as expenditure. The Government have not extended the same benefit to Indian traders in non-Empire countries. This is a very just and proper demand and I request the Honourable the Finance Member to see that justice is done and that these friends are allowed the same concessions which are allowed to the traders in the United Kingdom although they are trading in non-Empire countries.

Another question which has been dealt with by my Honourable friends who have spoken before me is with regard to fluctuations. We are told that this Bill is intended to tax abnormal profits and not normal profits. Now, let me illustrate how normal foreign profits also come under this Bill. Suppose a person makes an income of 60 thousand guilders in Java, in the standard period. At the rate of exchange appropriate to this period, his profits in Indian currency works out at one lakh. Now suppose he has made a profit of only 60 thousand guilders, in the chargeable accounting period, that is, he has made a profit below even his normal profit. Because sterling has gone down, the value of the guilder has gone up temporarily and his profit works out to one lakh and nine thousand; under this Bill he will have to pay excess tax of Rs. 4,500. The trader has made on the contrary less profits than his normal profit and it is inequitable that he should be made to pay excess tax on his profits. I therefore request the Honourable the Finance Member to exclude from this Bill profits which

[Pandit Krishna Kant Malaviya.]

are not excess profits, but which are fictitious profits owing to exchange fluctuation and I would request the Honourable the Finance Member to give assurance to this House that the Board of Central Revenue would in actual practice exempt cases like these from the purview of the Excess Profits Bill. I do not want to take up any more time of the House but I hope that in consideration of these questions the Honourable the Finance Member will consult my Honourable friends, Mr. Sheehy and Mr. Chambers, and if he finds that they think that ours is a just demand, he will concede it.

The Honourable Sir Jeremy Ralsman: Sir, in replying to this debate I do not propose to endeavour to traverse all the points which have been raised most of which will, I have no doubt, be raised again on the consideration of the clauses and in connection with the various amendments of which notice has been given. I shall, therefore, confine my remarks to the more general aspects of the Bill and I should like to deal first with the repeated assertion that this measure, even in its present form, will tax not only excess profits but normal profits or, as the criticism is sometimes put, that it is a measure which will tax profits other than war profits. If what is meant is that there will be a certain category of profits which cannot be proved by a strict process of demonstration to be due to the war and that the tax will be levied on such profits, I agree that that is the case. But I am not prepared to admit that that is necessarily a serious criticism of the measure. The principle of this Bill is not the taxation of profits which can be demonstrated to be due to the war; it is the taxation of excess profits arising in war time and in war conditions, because it is based on a principle of priority of taxation, namely, that the cost of the additional defence measures should be borne in the first instance by those who in the conditions of war find themselves not worse off but better off. Now, I myself believe that the vast majority of people who find themselves better off during the war are better off because of the war. The economic conditions of modern states are so organically inter-connected that it is in my opinion impossible for so powerful a factor as war to be applied to the economy of a state without affecting every aspect of it; and I attach very little importance to the theoretical or metaphysical case which is so frequently stated of a business which is making profits in the war but without any connection whatever with the war. However, even if I granted that such a case can exist, what does it amount to? It amounts to this. You have to raise revenue in order to meet the additional expenditure which is thrust upon you and which you have to assume in war time. In looking round for the sources of your new taxation, will you refrain from taxing definite war profits because it can be argued that any measure which is devised to tax war profits will also possibly affect a small number of persons who, though they are making additional profits during the war, are perhaps not making additional profits because of the war?

Now, Sir, I come to the question of the standard period. And here I must admit that the criticism which touched me most is that of my Honourable friend, Sir Ziauddin Ahmad, because he represents a point of view which is in my opinion very inadequately represented in this House and because it is a point of view with which I have the utmost sympathy and a point of view which I believe should, undoubtedly, in any healthy state and legislature be constantly before the minds of those who are

responsible for economic and fiscal policy. Sir Ziauddin Ahmad is not satisfied with the additional option which has now been given to the taxpayer, and I understand the reasons for his disquiet. But the situation in which I found myself was this. There are certain industries, and they are important industries, in regard to which I held and still believe that they like many industries in Europe were earning substantial war profits during the period often referred to as the 'shadow war' before war actually broke out. The Bill as originally introduced in this House was devised to tax those profits as well as the profits which have accrued and will accrue after the outbreak of war. But in the course of examining this question in the Select Committee and dealing with the criticisms which had been raised I came to the conclusion that there were also a number of industries and that there was a large field of commercial activity in India which was comparatively unaffected by the quasi-war conditions which had been in existence in Europe for a year or more before the outbreak of war. I, therefore, found myself in this dilemma that if I were to adhere to my original scheme I would inevitably have laid under contribution certain profits which could not be represented as due to war conditions or even as arising indirectly out of war conditions. It was a difficult and important decision to take because, as my Honourable friend, Sir Ziauddin Ahmad, has pointed out, it involves very large sums of revenue. Nevertheless, Sir, I felt that I would be on stronger ground in basing the Bill on a broad principle of equity which would eliminate as many cases of hardship as possible rather than in concentrating at this stage on the revenue aspect of the measure. I felt in fact that it would be better that the Bill should be modified in the direction of greater equitableness and if necessary, and if our needs later on should so require it, that the incidence of the tax should be increased in other ways.

I must admit that the blithesome character of the speeches made this morning were not entirely in accordance with my own mood on this point. In fact it may be said that the history of the Select Committee is that up to a certain stage there was depression in one part of the Committee and after a certain stage that was transferred to another part of the Committee. I have asked myself whether I am in the position of that young lady who, in a certain verse familiar to many of us, was fool-hardy enough to go for a ride on a tiger: the verse says they returned from the ride with the lady inside and the smile on the face of the tiger. I asked myself several times whether I have returned from the ride in the Select Committee, which I undertook with my friend, Sir Horat Mody, inside the tiger and whether the smile on his face is not symptomatic of what has happened. But I have now explained to the House that although the advantage to certain concerns which has resulted from this very important modification is extremely substantial, nevertheless I felt that it was counter-balanced by a great improvement in the equitable incidence of this measure.

I regret that even after going so far, I have not been able to satisfy my friend, Mr. Aney, who still thinks that it would be consistent with the object of this Bill to allow the assessee to choose the highest individual year which he enjoyed for, I do not know how long. My Honourable friend has failed to appreciate that the scheme of this Bill as I have pointed out more than once bases the calculation of the excess on the difference between the average of the profits earned during the war and the actual profits of a standard period. For example, if the highest year which my

[Sir Jeremy Raisman.]

friend, Mr. Aney, would concede to the assessee showed a profit of one lakh of rupees, and if that were taken to be the normal, then, during the war if the same assessee were to earn one lakh a year for every year of the continuance of the war, he would pay no excess profit. If the war continued for three or four years and he made four lakhs which might well be two or three times the average of the income which he made in any of the previous four years of his business, then Mr. Aney would say that he had made no excess profits due to the war: Mr. Aney would say that the fact that he was able to repeat four times during the war the highest peak which he had ever attained in the last five or ten years had nothing whatever to do with the war. It seems to me that that is a serious overstatement of the case. It seems to me that in conceding the average of two years of high economic activity, we have adopted a basis of comparison which can only be regarded as exceedingly favourable to the assessee; and what is the result? The result now is that any business which will pay excess profits is to be congratulated. If my Honourable friend, Sir Homi Mody, could be told now which are the businesses which will pay excess profits, he would by wise and rapid investment in shares be able to make a good deal of money, for it is obvious that those businesses will now not only have to reach but to surpass a very high level of activity. They will have to be in a position to pay very high profits to their shareholders before I can rank for part of the dividend.

I was asked whether I could give an assurance that this measure was intended to operate only during the period of the war. I myself have indicated that the object of this measure is to secure revenue to meet the additional expenditure on defence, and I consider that that statement bears its meaning on its face. My Honourable friend, Mr. Lalchand Navalrai, put two very contradictory propositions to me. Whilst on the one hand he was anxious that this measure should be closely associated with war and with the prosecution of the war and the period of the war, he suggested on the other hand that part of the proceeds should be used for the development of industry or for some other purpose not directly connected with the war.

Mr. Lalchand Navalrai (Sind: Non-Muhammadian Rural): During the war.

The Honourable Sir Jeremy Raisman: It seemed to me that he was inviting the very danger which he wished to avoid, because once you suggest that excess profits tax should be levied for any purpose other than that of the emergency, then you really do open the door to an argument which is not without force that an excess profits tax should be levied at any time in order to provide finance for desirable State activities. I am not myself supporting that argument. I myself have based the necessity for this measure on the requirements of the emergency, on the requirements of defence; but some of my critics have actually advanced suggestions which would be dangerous, if not fatal, to their own case.

I come now to one other question which will not presumably arise during the clauses and which perhaps I may deal with now; and that is the question of the machinery to administer this measure. I realise that this is a complex and highly technical measure, and I can assure the House that the question of the machinery to carry it out has claimed and will continue

to claim my very careful attention. I realise that it is of the utmost importance that a measure of this kind should be not only efficiently administered but should be administered in a proper spirit and I hope to secure that the machinery to which the collection of this tax and the performance of the various duties under this measure will be entrusted will be suitable for its purpose.

I do not think, Sir, I should detain the House by dealing with any of the other points which have been raised, because, as I have already said, I feel that they will arise on the clauses, and that I shall have an opportunity of dealing with them then.

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

"That the Bill to impose a tax on excess profits arising out of certain businesses, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The House will now deal with the Bill clause by clause. The question is:

"That clause 2 stand part of the Bill."

As Honourable Members know, it is not the duty of the Chair to call on Honourable Members in whose names the amendments stand to move them, but when the clauses are called out, Honourable Members will rise in their seats and move the amendments

Mr. F. E. James: May I make a submission to you, Sir? Some of us have not had quite sufficient time to consider all the amendments which may be necessary to this measure, and I wonder whether the Honourable the Finance Member would be willing, with your permission, to defer the consideration of the clauses at this stage of our proceedings, till tomorrow.

The Honourable Sir Jeremy Raisman: I have no objection.

Mr. Lalchand Navalrai: Sir, some of us had applied for sanction for some of our amendments, and we have not yet got reply.

Mr. President (The Honourable Sir Abdur Rahim): If it is the desire of the House that the House should defer further consideration of this Bill till tomorrow, the Chair has no objection.

The Assembly then adjourned till Eleven of the Clock on Friday, the 15th March, 1940.

LEGISLATIVE ASSEMBLY.

Friday, 15th March, 1940

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

DUTY HOURS OF WATERMEN AND SWEEPERS ON THE NORTH WESTERN RAILWAY.

396. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state the maximum number of hours that watermen and sweepers are required to be on duty?

(b) Is it a fact that on the North Western Railway, at small roadside stations, these men, besides doing their legitimate work of supplying water or cleaning the station and its premises, are also required to perform eight or twelve hours' duty in rotation with other members of the staff, for watch duty and giving of line-clears, etc.?

(c) If the reply to part (b) above be in the affirmative, are these watermen and sweepers classified as:

- (i) continuous workers,
- (ii) intermittent workers, or
- (iii) exempted workers?

(d) If they are exempted from the hours of Employment Regulations, why are they given any duty in rotation for eight or twelve hours, besides doing their legitimate duty?

The Honourable Sir Andrew Olow: (a) No maximum period has been prescribed, but I would refer the Honourable Member to my reply to part (d) of his question No. 280 asked on the 22nd September, 1939.

(b) At roadside stations, the legitimate work of watermen and sweepers includes assistance to the station staff.

(c) Their classification depends on the circumstances under which they work.

(d) I would refer the Honourable Member to the reply I have just given to part (b).

Mr. Lalchand Navalrai: In view of the fact that these 'sweepers' and watermen are used for even unloading at some stations, some definite rule should be made as to what particular extra work they should be given. Will the Honourable Member kindly revise the rule and see that they are not overworked or given any extra work which they cannot do?

The Honourable Sir Andrew Olow: I am not aware of the fact that they are used for unloading.

Mr. Lalchand Navalrai: The Honourable Member might take it from me that it is so, and I am asking that something should be done with regard to that, to see that they are not overworked or that they are not given work to the detriment of their health.

The Honourable Sir Andrew Olow: I cannot investigate the case of every sweeper or waterman on the line. If anybody feels that he is overworked, he can make a representation to the authority concerned.

Mr. Lalchand Navalrai: But if all of them are so overworked, will he address the Agents

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

Dr. Sir Ziauddin Ahmad: Will the Honourable Member make enquiries if they are overworked? If they are overworked, they ought to be overpaid—that is, paid more over and above their salaries, that is what I mean. They should be paid overtime as settled in the rules framed by the management.

Mr. President (The Honourable Sir Abdur Rahim): That is hypothetical. The Honourable Member said that they are not overworked.

MEMORIALS SUBMITTED BY THE VISION-FAILED STATION AND ASSISTANT STATION MASTERS ON THE NORTH WESTERN RAILWAY.

397. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether Government are aware that agitation and discontentment prevail amongst the station and assistant station masters on the North Western Railway, on account of very heavy reduction in their emoluments in refixing them in alternate appointments on failure to attain a particular standard of vision test or colour perception fixed for their class?

(b) If the reply to part (a) above be in the affirmative, will the Honourable Member please state how many memorials on the subject have been received by the General Manager, North Western Railway, Lahore?

(c) If the Honourable Member has no information in regard to part (b) above, will he please ask for particulars from the General Manager and lay a statement on the table of the House? If not, why not?

(d) Is it a fact that posts of van sorters carry fixed emoluments and all appointments to this post are in an officiating capacity? If so, why are not these posts given to the vision-failed station and assistant station-masters?

(e) Is it a fact that the scale of pay for van sorters not being similar to grade II scale of goods clerks, the latter do not stand to gain in increments by counting their service as van sorters? If so, why goods clerks only are recruited as van sorters?

(f) Are Government aware that station and assistant station masters have better qualifications than goods or booking clerks? If so, why are they not employed as van sorters, if no other equivalent post is available for them on the same rate of pay or pay which approximates to their original pay?

The Honourable Sir Andrew Olow: (a), (b) and (c). The provision of alternative employment for staff who fail in vision tests was referred to in memorials received from station masters and assistant station masters in 1934, 1939 and 1940, and I would refer the Honourable Member to the orders issued by the General Manager, North Western Railway, on the subject which have been laid on the table in connection with my reply to parts (b), (c) and (d) of his question No. 388 asked on the 12th March, 1940.

(d) The answer to the first part is in the affirmative. As regards the latter part, these posts are not filled permanently.

(e) The answer to the first part is in the negative. Goods clerks officiating as van sorters count such service for increment in their substantive grade on which they hold a lien. The latter part does not arise.

(f) Station masters and assistant station masters are not necessarily as well qualified in goods and coaching work as goods clerks and booking clerks and they are not as well qualified for the work of van sorters as goods clerks.

Mr. Lalchand Navalrai: Have they been put to any test to the effect that they are not capable of carrying on as van sorters when they had worked as assistant station masters before?

The Honourable Sir Andrew Olow: No test. It is merely a matter of general qualifications.

Mr. Lalchand Navalrai: That may be a guess, and, therefore, I am asking that they should be tested and given these places. Will the Honourable Member kindly do that?

The Honourable Sir Andrew Olow: No, I do not see why. That would necessarily interfere with the promotion of other men.

MEMORIALS SUBMITTED BY THE VISION-FAILED STATION AND ASSISTANT STATION MASTERS ON THE NORTH WESTERN RAILWAY.

398. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether the General Manager has received a memorial from the station masters and assistant station masters employed on the North Western Railway, requesting that failure in vision test or colour perception of persons already in service be treated as occupational disease under the Workmen's Compensation Act? If so, how was the same disposed of?

(b) If the reply to part (a) be in the negative, will the Honourable Member please get the required information from the General Manager and inform the House?

(c) Does the Honourable Member propose to treat this as occupational disease? If not, why not?

The Honourable Sir Andrew GLOW: (a) Memorials were received in 1940 from the staff of two Divisions and are under consideration.

(b) Does not arise.

(c) I have not seen the memorials but so far as I am aware, failure in vision of the kind under consideration is not a disease peculiar to the employment in question.

RACIAL DISCRIMINATION IN THE EQUIPMENTS OF GUARDS' RUNNING ROOMS.

399. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state the equipments of a European Guards' running room, and the Indian Guards' running room?

(b) Is it a fact that the equipment of a European running room is better? If so, what are the reasons for the discrimination?

(c) Is it a fact that at the Walton Training School mess there were European, Hindu and Muslim messes, but now these messes have been divided into:

- (i) senior mess,
- (ii) Muslim mess, and
- (iii) Hindu mess?

(d) Can an Indian higher grade guard go to a European running room? If not, what is the reason for this discrimination? When do Government propose to remove this? If not, why not?

The Honourable Sir Andrew GLOW: (a), (b) and (d). In view of part (c) of the question, I presume the Honourable Member refers to the North Western Railway, and I have called for information from that Railway which will be laid on the table of the House in due course.

(c) There were originally three messes, for Christians, Hindus and Muslims. There are now five messes, three senior messes for Christians, Hindus and Muslims and two junior messes for Hindus and Muslims.

Mr. Lalchand Navalrai: Why should they be called senior and junior?

The Honourable Sir Andrew GLOW: I presume there are senior men in the senior ones and junior in the junior ones.

Mr. Lalchand Navalrai: Does it mean with regard to their salaries?

The Honourable Sir Andrew GLOW: I cannot say.

Mr. Lalchand Navalrai: If Indians and Europeans live more or less in the same style, why should there be any difference between them?

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

PURCHASE OF DISINFECTING FLUIDS BY THE NORTH WESTERN RAILWAY.

400. *Sardar Sant Singh: (a) Will the Honourable Member for Railways please state whether it is a fact that the North Western Railway

confines its purchases of disinfecting fluids to an imported brand, when disinfecting fluids of Indian manufacture are available on the Indian Stores Department contracts?

(b) Are Government prepared to draw the attention of the North Western Railway authorities to the Stores Purchase Rules and direct them to give preference to Indian made goods?

(c) What is the total quantity of disinfecting fluid purchased by the North Western Railway during the year 1939 and what brand has been purchased?

(d) Is it a fact that the North Western Railway authorities have disinfectant fluid reservoirs on different railway stations with the name of the brand of the imported stuff they use?

The Honourable Sir Andrew GLOW: (a) and (c). 6,490 gallons of 'Izal' disinfecting fluid were purchased by the North Western Railway during the contract year ending on 31st October, 1939, but it is not a matter of policy to confine purchases to imported brands.

(b) The Administration is familiar with the Stores Purchase Rules and its purchases are subject to these rules.

(d) There are no standard reservoirs for disinfecting fluid on the North Western Railway but as different brands of fluid require different treatments before use it is probable that containers marked with the names of brands are kept at certain stations to ensure that the proper treatment is carried out.

Sardar Sant Singh: May I know if it is not a policy to confine their purchase to imported brands,—may I know how much Indian made brand was purchased during this period?

The Honourable Sir Andrew GLOW: During that year? None.

Sardar Sant Singh: Why?

The Honourable Sir Andrew GLOW: I presume because, following the principles of the rules, this was found to be cheaper, quality and price being considered.

Sardar Sant Singh: Will the Honourable Member make enquiries as to what was the price quoted both for imported brand as well as for home-made brand?

The Honourable Sir Andrew GLOW: I see no reason for that. I believe that contracts for imported materials are scrutinised by the Indian Stores Department.

FIXATION OF PAY OF RETRENCHED HANDS OF COMPILATION SECTION OF THE NORTH WESTERN RAILWAY ON RE-APPOINTMENT.

401. *Sardar Sant Singh: (a) Will the Honourable Member for Railways please state:

(i) if it is a fact that certain retrenched hands of Compilation Section of North Western Railway were offered appointment by the Chief Accounts Officer in old scales of pay;

- (ii) if it is a fact that they were re-appointed in the Compilation Section, Chief Accounts Office, North Western Railway, Lahore, in the old scales of pay and were subsequently confirmed in the old grade of pay;
- (iii) if it is a fact that though they were originally fitted on initial pay of the grade, yet on subsequent representation to the Controller of Railway Accounts, New Delhi, they were given the benefit of the previous service in the fixation of pay in old scales of pay; and
- (iv) if it is a fact that in 1936 on receipt of Agent's letter No. 220/E./O./IV, dated April, 1936, they were fitted in the new scales of pay?

(b) If the reply to the preceding parts be in the affirmative, is the Honourable Member prepared to reconsider their case?

The Honourable Sir Andrew Olow: I would refer the Honourable Member to my reply to starred question No. 99 asked by Bhai Parma Nand on the 15th February, 1940.

GRIEVANCES OF THE ASSAM BENGAL RAILWAY EMPLOYEES re GRANT OF LEAVE.

402. *Mr. Akhil Chandra Datta: Will the Honourable the Railway Member be pleased to state:

- (a) if Government are aware of the discontent among the Assam Bengal Railway employees regarding the manner in which leave is sanctioned;
- (b) if Government's attention has been drawn to the article published in the *New Equity* of April, 1939—an organ of the Assam Bengal Railway Employees' Association—wherein this grievance has been ventilated;
- (c) if Government are aware that even in urgent cases, such as *sradh* ceremony, son's death marriage ceremony in the family, etc., the position of the applicant's name in the leave register rather than the urgency of the occasion is taken into consideration in granting leave due; and
- (d) what is the percentage of the relieving staff to the total staff (i) in the Assam Bengal Railway, and (ii) in other railways?

The Honourable Sir Andrew Olow: (a) No.

(b) I have seen a copy of the article referred to.

(c) Government have no information with regard to the position, except the statements made in the journal to which the Honourable Member has referred.

(d) As regards the first part, Government have no information as the Assam Bengal Railway is a Company-managed railway. As regards State Railways, there is no uniform percentage for relieving staff, and provision for relief is not necessarily made by means of relieving staff.

FUNCTIONS OF THE CENTRAL BOARD OF PUBLICITY.

403. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. Muhammad Nauman): (a) Will the Honourable Member for Railways be pleased to state the functions of the Central Board of Publicity and its total cost?

(b) What arrangements for publicity regarding Indian Railways are there in the United Kingdom and other foreign countries? What is the total amount of expenditure in this connection with details of every city, office or agency, in foreign countries?

(c) Do Government propose to reduce the expenses on this account in foreign countries?

The Honourable Sir Andrew Olow: (a) If I am correct in assuming that the Honourable Member wishes particulars relating to the Central Publicity Bureau its functions are given in Chapter V, paragraph 68, page 79, of the Railway Board's Annual Report for 1938-39, and its cost, in the Proceedings of the Meetings of the Standing Finance Committee for Railways, Volume XVI, No. 5, Annexure C to Demand No. 6-G.

(b) Publicity for Indian railways is undertaken in the United Kingdom by the London Office of the Central Publicity Bureau, which has no offices in foreign countries. Particulars of the expenditure on this office are also given in the Standing Finance Committee's proceedings to which I have referred.

(c) No.

Dr. Sir Ziauddin Ahmad: With reference to the answer to part (b) of the question, may I know whether the Railway Board have decided to abolish their offices in New York?

The Honourable Sir Andrew Olow: Yes, it is abolished.

Dr. Sir Ziauddin Ahmad: May I know whether he can mention now or later what are the advantages in abolishing this Department? Only economy?

The Honourable Sir Andrew Olow: I think the conclusion reached was that the amount of extra traffic secured was not commensurate with the expense of the office.

Dr. Sir Ziauddin Ahmad: Did the Honourable Member consider only the profit and loss of the railways or did he also consider the profit and loss to the country as a whole? Did he also consider whether travellers coming to this country and spending money are buying rupees in dollars in America, which will help the monetary policy?

The Honourable Sir Andrew Olow: I considered none of those factors, because I did not make the decision.

SYSTEM OF GIVING ADVERTISEMENTS ON CERTAIN RAILWAYS.

404. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. Muhammad Nauman): (a) Will the Honourable Member for Railways be pleased to state the cost of Publicity Departments of the East Indian Railway, Eastern Bengal Railway, and Bengal and North Western Railway, together with the names of the heads of these departments?

(b) What is the system of giving advertisements to vernacular papers and which of the Urdu papers and of which Provinces are on the list?

(c) How are the rates ascertained from these newspapers for advertisements, and on what chief consideration is the particular paper favoured?

(d) Is it a fact that rates of advertisements in English papers are three times the rates of a Vernacular paper? What are the rates per page, half page and per column for Vernacular and English papers, separately?

The Honourable Sir Andrew Clow: (a) The Publicity Branch of the East Indian Railway is under Mr. J. C. Rose, the Chief Commercial Manager. Its cost, during 1938-39, was Rs. 1,09,468.

The Bengal and North Western Railway have no separate Publicity Department.

As regards the Eastern Bengal Railway, I have called for the information and will lay a reply on the table in due course.

(b) Advertisements are placed with such newspapers at the discretion of the Railway Administrations. I lay on the table a list of Urdu newspapers to which advertisements are supplied by the East Indian Railway and the Bengal and North Western Railway, in the various provinces.

(c) By direct negotiation with the newspapers concerned. Various factors regulate the placing of advertisements. Among them may be mentioned the nature and scope of the advertisement, the circulation of the paper and the area served.

(d) No: while the rates for papers printed in English are on the whole higher than those for papers in Indian languages, there does not appear to be the disparity suggested by the Honourable Member. I have only the rates per column inch and these for a large number of leading newspapers in English vary from 18 annas 10 pies to Rs. 2-8-0 and in the case of papers in Indian languages, they range from 10 annas to Rs. 5.

List of Urdu Papers to which Advertisements are given by the East Indian and Bengal and North Western Railways.

Railway	Province	Papers
East Indian Railway	Bengal	"Asre-Jadid", Calcutta;
Do.	Bihar	"Hind", Calcutta.
Do.	United Provinces	"Ittehad", Patna.
Do.	Delhi	"Sadaqat", Cawnpore; "Haq", Lucknow; "Haqiqat", Lucknow;
Do.	Punjab	"Mukhbiri-Alam", Moradabad;
Bengal and North Western Railway	United Provinces	"Ryasat", Delhi; "Swarajya", Delhi; "Tej", Delhi.
		"Milap", Lahore.
		"Hamdam" and "Mulk".

Dr. Sir Ziauddin Ahmad: Will the Honourable Member advise the officer in charge of publicity on the East Indian Railway that he should employ at least one man who knows decent Urdu, because every notice, which is issued by the East Indian Railway, is expressed in very bad language and is very jarring to the ear.

The Honourable Sir Andrew Clow: I will send a copy of the question and answer to the General Manager.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member say whether it is the intention of Government to reduce its Railway Publicity Department activities, and if the answer is in the affirmative, whether this is not contrary to the recommendation of the Wedgwood Committee.

The Honourable Sir Andrew Clow: We have been making efforts to secure certain re-organisation and economy in publicity. I am not aware of what the Wedgwood Committee recommended, but obviously they could not have contemplated the present condition of things which tend to restrict foreign tourist traffic.

Babu Baijnath Bajoria: With reference to the answer to part (b), may I know the names of the Hindi papers on the list in the various provinces?

The Honourable Sir Andrew Clow: I have not got those. The question referred only to Urdu papers and these are in the statement I am laying on the table.

ABSENCE OF FACILITIES FOR OFFERING THEIR FRIDAY PRAYERS TO MUSLIM EMPLOYEES IN THE EAST INDIAN RAILWAY WORKSHOPS.

405. Mr. Muhammad Nauman: (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that Muslim employees at different Workshops on the East Indian Railway are not offered any facilities for their Friday prayers?

(b) Is it a fact that these Muslim labourers and employees who go for Friday prayers are permitted to do so at a loss of their salary for that time, i.e., that particular hour is not counted for them as "working hour" and in pay sheets the amounts for absence are deducted?

(c) If the reply to parts (a) and (b) be in the affirmative, are Government aware that there is a feeling that it amounts to a hardship for poor people?

(d) Is the Honourable Member prepared to consider the desirability of allowing them "leave with pay" for one hour on Fridays?

The Honourable Sir Andrew Clow: (a) and (b). Muslim employees at Lucknow and Lilloah are granted a break for Friday prayers, but the time so spent is not paid for.

(c) and (d). The question has been considered on more than one occasion. Government are not prepared to grant leave with pay in excess of that permitted under the rules applicable to employees of all communities.

Mr. Muhammad Nauman: Does this not infringe the religious laws of a certain section of the community? Although you permit him to perform his prayers, you penalise him for that period?

The Honourable Sir Andrew Olow: I do not know of any religious law which prescribes that a man should be paid for the time he spends in prayers.

Dr. Sir Ziauddin Ahmad: May I know the exact answer? If a person is employed for six hours a day and on Friday he absents himself for one hour, then he will be paid only for five hours?

The Honourable Sir Andrew Olow: It is the case that no payment is made for such periods spent out of employment.

Mr. Muhammad Nauman: I wrote a letter to the Agent of the East Indian Railway on this subject and he has written back to say that the hours spent in prayers are deducted out of the working hours, and for that no pay is allowed. This is creating a sort of agitation in the minds of the Muslim employees, and I hope the Honourable Member will look into this matter.

The Honourable Sir Andrew Olow: I do not think what the Honourable Member says is in any way in conflict with what I said just now. The question has been considered on several occasions in the past.

Dr. Sir Ziauddin Ahmad: Will the Railway Administration make any allowance for the time spent in taking meals.

The Honourable Sir Andrew Olow: I submit that hardly arises.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not prepared to answer that.

The Honourable Sir Andrew Olow: I must require notice of that.

Dr. Sir Ziauddin Ahmad: If he makes allowance for this necessity of life.

The Honourable Sir Andrew Olow: The Honourable Member is arguing.

Dr. Sir Ziauddin Ahmad: If he makes allowance for this necessity of life, then prayer is a greater necessity of life. Will you please make enquiries?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is certainly arguing.

RECRUITMENT OF APPRENTICES IN WORKSHOPS ON THE EAST INDIAN AND EASTERN BENGAL RAILWAYS.

406. ***Mr. Muhammad Nauman:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that for apprentices in workshops on the East Indian Railway, the qualification of a University

Certificate of "Matric" is considered necessary, whereas for Anglo-Indians no educational qualification is necessary?

(b) Are Anglo-Indians and Christians offered special facilities for joining as apprentices in Railway Workshops, and Indians are not so allowed?

(c) Will the Honourable Member state the method adopted in recruiting apprentices in Loco. Workshops and other Workshops on the East Indian Railway and the Eastern Bengal Railway and whether communal quota is maintained there?

(d) How is labour recruited in Workshops? Have the East Indian Railway and Eastern Bengal Railway administrations fixed different quotas in accordance with the population of different communities? If so, what are the quotas for Muslims in different Workshops with regard to labour recruitment?

The Honourable Sir Andrew Olow: (a) I presume the Honourable Member refers to apprentice mechanics. If so, the minimum qualifications are the passing of the Matriculation or the Junior Cambridge examination with a pass in Mathematics.

(b) No, except to the extent that reservations are made under the regulations governing the representation of minority communities.

(c) I would refer the Honourable Member to rule 2, Section I—Apprentice Mechanics, and rule 2, Section II—Trade Apprentices, of the Rules for the recruitment and training of apprentice mechanics and trade apprentices in the Mechanical Workshops of State-managed Railways, a copy of which is in the Library of the House.

(d) Government have laid down no rules for the recruitment of labour other than those relating to communal recruitment. On the East Indian Railway, 88½ per cent. of direct appointments are reserved for the redress of marked communal inequalities. On the Eastern Bengal Railway, orders were issued in 1935 that the percentage of each minority community then existing should be maintained in the inferior services of the Railway including labour. These percentages apply to the Railway as a whole and not to particular shops.

Mr. Muhammad Nauman: The Honourable Member said that reservations are being made for Anglo-Indians and Christians. Am I to understand that in the reservation no question of qualification is taken into consideration?

The Honourable Sir Andrew Olow: That is. I think, the question that the Honourable Member put in part (a), and I gave him an answer.

Mr. Muhammad Nauman: The Honourable Member said that the Matric or Junior Cambridge examination was a necessary qualification. Does this apply to Anglo-Indians or not.

The Honourable Sir Andrew Olow: My statement was quite general. It applies to all.

UNSTARRED QUESTIONS AND ANSWERS

RECRUITMENT OF SUB-INSPECTORS OF WORKS ON THE NORTH WESTERN RAILWAY.

80. **Sardar Sant Singh:** (a) Will the Honourable Member for Railways please state whether the Divisional Superintendent, North Western Railway, Lahore, invited applications for selection for the posts of Sub-Inspectors of Works in August, 1927? If so, how many candidates appeared and what number was recruited, both temporarily or on probation, as a result thereof?

(b) Will the Honourable Member please place on the table of the House a copy of the Circular letter No. 237-E./6, dated the 8th September, 1928, from the Agent, North Western Railway, Lahore, to the Divisional Superintendent, Rawalpindi, and others, and also please state if there was any effect of this circular letter on the men appointed, *vide* part (a), with regard to the terms of their appointments? If so, what was the effect?

(c) What are the numbers of the men so affected?

(d) Were the men, so affected, entitled to the benefits of Fundamental Rule 9-(6)-(8)-I. C., section III and Supplementary Rule 2 (12)-3 (15)?

(e) Is it a fact that afterwards some new men were appointed as Sub-Inspectors of Works and certain works mistries were promoted to Sub-Inspectors' ranks and subsequently confirmed as such, in preference to those appointed, *vide* part (a)?

(f) Will the Honourable Member please state the present position of the men appointed, *vide* part (a), as compared with those appointed, *vide* part (e)?

The Honourable Sir Andrew Clow: I have called for certain information and will lay a reply on the table of the House in due course; but I cannot undertake to secure particulars of a selection which was apparently made many years ago or to lay on the table correspondence between the Agent and his Divisional Superintendent.

PROVISION OF RENT-FREE QUARTERS TO BLOCK MAINTAINERS ON THE NORTH WESTERN RAILWAY.

81. **Mian Ghulam Kadir Muhammad Shahban:** With reference to the Honourable the Railway Member's reply to my starred question No. 55, asked on the 9th February, 1940, will the Honourable Member be pleased to state:

(a) whether the General Manager is considering the question of provision of rent-free quarters to those block maintainers who enjoyed this concession; as block mistries before 1st August, 1928; if not, why not;

(b) whether the Honourable Member is aware that block maintainers referred to in part (a) above, were granted this concession with effect from 1st May, 1931, to 31st August, 1931;

(c) whether it is a fact that the concession was given to them again in 1936 by the General Manager, North Western Railway, with the concurrence of the Chief Accounts Officer; if so, why it was withdrawn in 1939; and

(d) whether the concession is being revived; if not, why not?

The Honourable Sir Andrew Clow: (a) and (d). I understand that the merits of the case for providing rent-free quarters for block maintainers on promotion from block mistries are being examined by the General Manager.

(b) I have made an enquiry on this point but have been unable to verify it.

(c) Yes. It was apparently found in 1939 that the rules had in this particular case been misinterpreted.

RESTRICTIONS ON CANDIDATES IN EXAMINATIONS FOR PROMOTION TO HIGHER APPOINTMENTS ON RAILWAYS.

82. **Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that an employee on failure to pass examination for promotion to higher appointment, is debarred for five years from appearing for the same?

(b) Is it a fact that in other Government Departments, such a long limit is not placed on re-appearance for the same examination?

(c) Do Government propose to reduce this restriction to about one to two years only? If not, why not?

The Honourable Sir Andrew Clow: (a) I am not aware of any such general orders.

(b) I have no information with regard to the practice in other Government Departments.

(c) Does not arise.

SENIORITY OF LOCO. RUNNING STAFF ON THE NORTH WESTERN RAILWAY.

83. **Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether the seniority of grade I and II Loco. staff is amalgamated for working trains on the North Western Railway?

(b) Why has the seniority of grade III and IV Loco. running staff not been amalgamated on the North Western Railway for the purpose of working trains?

(c) Is it a fact that junior grade IV drivers are detailed to work mail trains, while grade III drivers with much longer terms of service, have to work on passenger and goods service?

(d) Do Government propose to do away with the distinction between grades III and IV and allow senior grade III drivers to work mail and passenger trains? If not, why not?

The Honourable Sir Andrew Olow: I have called for information and will lay a reply on the table of the House in due course.

THE DRUGS BILL

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE

Sir Gita Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I present the Report of the Select Committee on the Bill to regulate the import, manufacture, distribution and sale of drugs.

THE EXCESS PROFITS TAX BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Excess Profits Tax Bill, clause by clause. The Chair proposes to leave out clause 2 which contains definitions until after the other substantive clauses have been disposed of.

There are no amendments to clause 8.

The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

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

"That clause 4 stand part of the Bill."

Mr. S. P. Chambers (Government of India: Nominated Official): Sir, I move:

"That in clause 4 of the Bill, for the words 'up to' the words 'in respect of any chargeable accounting period ending on or before' be substituted, and after the words 'and shall' the words 'in respect of any chargeable accounting period beginning' be inserted."

The object of this amendment is to make it clear that the tax is to be charged—unless the Bill, or the Act as I hope it will be, is amended—up to the 31st March, 1941; that is to say, in respect of any chargeable accounting period up to that date. As the clause stands, there is a doubt that after the 31st March, 1941, no more assessments could be made or no more refunds could be given. This is purely a drafting point and I think the House will consider this amendment favourably.

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

"That in clause 4 of the Bill, for the words 'up to' the words 'in respect of any chargeable accounting period ending on or before' be substituted, and after the words 'and shall' the words 'in respect of any chargeable accounting period beginning' be inserted."

The motion was adopted.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I move:

"That in clause 4 of the Bill, for the words 'equal to fifty per cent. of that excess' the following be substituted:

'equal to thirty per cent. of that excess not exceeding Rs. 20,000,

equal to thirty-five per cent. of that excess exceeding Rs. 20,000 and not exceeding Rs. 70,000.

equal to forty per cent. of that excess exceeding Rs. 70,000 and not exceeding Rs. 1,70,000.

equal to forty-five per cent. of that excess exceeding Rs. 1,70,000 and not exceeding Rs. 3,70,000.

equal to fifty per cent. of that excess exceeding Rs. 3,70,000'."

Sir, the effect of my amendment would be to charge this Excess Profits Tax on a sliding scale and on a slab system, which has been recognised by the Government and of which my Honourable friend, Mr. Chambers, is the author, and I think, Sir, that they would agree to apply the same system and the same principle of the slab system in this Excess Profits Bill also. Sir, my amendment seeks that excess income from Rs. 30,000 to Rs. 50,000 will be charged at 30 per cent., excess income from Rs. 50,000 to one lakh will be charged at 35 per cent., and excess income from one lakh to two lakhs will be charged at 40 per cent., and excess income from two lakhs to four lakhs will be charged at 45 per cent., and for excess income of over four lakhs of rupees the full rate of fifty per cent. will come into operation. Sir, I think the Honourable the Finance Member will consider that this is a moderate and modest amendment. I do not know exactly what effect it will have on the proceeds of this Bill, but in equity and justice I would say that this amendment is reasonable and I hope it will be carried. It would help to a certain degree those industries and those businesses which have not got a very large income. With these few words, I commend this amendment to the House.

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

"That in clause 4 of the Bill, for the words 'equal to fifty per cent. of that excess' the following be substituted:

'equal to thirty per cent. of that excess not exceeding Rs. 20,000,

equal to thirty-five per cent. of that excess exceeding Rs. 20,000, and not exceeding Rs. 70,000.

equal to forty per cent. of that excess exceeding Rs. 70,000 and not exceeding Rs. 1,70,000.

equal to forty-five per cent. of that excess exceeding Rs. 1,70,000 and not exceeding Rs. 3,70,000.

equal to fifty per cent. of that excess exceeding Rs. 3,70,000'."

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I support this amendment. Apart from the grounds on which the Mover of this amendment has moved it, I support it on the ground of principle. An Excess Profits Tax is a tax on income, and it is accepted everywhere as a fundamental principle of taxation that in regard to all taxes on income the principle of graduation should be applied. Here is a demand for applying the principle of graduation to the Excess Profits Tax: so if we are to go by principles, this amendment should be accepted. I hope the Treasury Benches will accept this amendment.

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LEGISLATIVE ASSEMBLY

[15TH MAR. 1940]

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division: Muhammadan Rural): Sir, I rise to support this amendment; and I would only ask the Honourable the Finance Member and the House to read carefully only what was said in this House about the slab system at the last time when that system was introduced. It is in all fairness, as the worthy Professor Dr. Banerjee has pointed out, that we ought to pay on the graduated basis. We ought not to be hard upon those whose incomes are smaller; in fact all throughout in the Bill it has been taken that the income of the people in this country is as big as that in any other country, but I have always contended that we are much poorer than those in any other country, and that being our condition, surely the principle laid down about the slab system, which was so much welcomed not only by the Government Benches here but even by the Opposition Benches, is reasonable and I hope that when that fair principle has been adopted unanimously, the same principle will be applied in this case also as soon as possible.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Sir, the principle of the introduction of a graduated scale has something to commend itself, in that it is not right that people and companies with various incomes should be treated on the same footing. If a flat rate of 50 per cent. is to be departed from, I am sure it would not be just to treat men with an excess profits income of Rs. 50,000 in the same way as you treat a man or company with an excess profits income of five lakhs of rupees. For instance, a man with an excess profits income of Rs. 10,000 or Rs. 15,000 is well off, but he is by no means rich. I think if we are going to introduce a graduated scale, then we should so arrange matters that the burden that falls on those who are well off and on those who are really rich should be proportioned to their profits earned during the year concerned. I do not think this principle of a graduated scale can be called an objectionable principle. At the same time, Sir, before I am able to make up my mind whether to support the amendment or not, I would very much like to know as to what would be the effect of the adoption of this amendment on the finances to be raised under the Bill. I believe the position of the Honourable the Finance Member is that, in the year 1940-41, he expects to get something in the neighbourhood of three crores if a flat rate of 50 per cent., apart from other provisions of the Bill, were adopted. What I would very much like to know is, what would be the effect of the introduction of the graduated scale embodied in the present amendment on the amount proposed to be raised. It is obvious that the amount would be decreased, because the scale mentioned in the amendment varies between 30 per cent. and 50 per cent. So, naturally, there must be a decrease in the amount proposed to be raised under the Bill.

Dr. P. N. Banerjee: It would go very much above the three crores.

Sir Syed Raza Ali: I do not see the logic of my Honourable friend. What I would like to know is this. Assuming that the figures mentioned by the Honourable Member in charge are correct, and I believe they are correct more or less, by how much would this proposed amount of three crores during the year concerned be reduced? What I mean is this. If this amendment is going to reduce that amount substantially, I do not

think, I, for one, would be prepared to support it. On the other hand, if the decrease, that is sure to occur, is going to be in the neighbourhood of, say, 10 or 15 lakhs, then the amendment is well worth consideration. So, before I am in a position to make up my own mind—and I speak for myself and nobody else—I would very much like to know how the amendment, if adopted, would affect the amount to be raised under the Bill.

Mr. Husenbhai Abdullabhai Laljee: Does the Honourable Member want to know what will be the price or value of the principle of the graduated scale?

Sir Syed Raza Ali: No. What I want to know is by how much is the amount proposed to be raised going to be reduced?

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I do not agree with the figures which are mentioned in this particular amendment but I would like to say a few words about the principle underlying it, namely, whether we should have a fixed rate, whatever it may be, or a rate under the slab system. I know that in the United Kingdom they have a fixed rate and we generally follow the Acts of the United Kingdom in important cases. Canada is the only country which has adopted a slab system. This is a point which requires a very careful consideration. We cannot adopt the slab system in an off-hand manner without carefully considering the monetary value of the proposals underlying this system. We have also to determine accurately what percentages we should adopt for raising a particular revenue. We will have to find out whether the percentage should be between 30 and 50 as is proposed by my friend, Mr. Bajoria, or whether it should be between 35 and 60 as is proposed by my friend, Sir Syed Raza Ali, or any other figure. So, I think it is not wise to adopt the slab system when it has not been worked out in very great detail in the Select Committee, however desirable it may be. If the House agrees to have the slab system, then I would certainly like this matter to be referred to a smaller Committee which may work out the monetary values of the system, and it may be discussed perhaps next year after working out this particular system.

As far as the particular proposal contained in the amendment is concerned, there is no attempt to increase the amount. Had it been proposed that it should be from 25 to 65 per cent., then people with a smaller income would have been compensated by an increased revenue from those persons on whom wealth is rolling. But this particular proposal only reduces the income; it does not increase it at all. Sir, I would like to point out one thing to my wealthy friends that after all the taxpayers in India will have to pay a certain amount for the revenues of the country. If we deduct the money here, then the burden will have to fall heavier on poorer persons as compared to those who are rolling in wealth. Whenever we cut down any revenue under this particular head, we must constantly keep in mind that the losses here will have to be compensated somewhere else and I am sure there are good many friends on my side who would welcome a reduction in the price of postcards from 9 pies to 6 pies. I would rather have a reduction in taxation in certain other commodities where the incidence falls on poorer people. Besides, when we propose any reduction in the percentage, we should also keep in mind that we should not definitely reduce the income which is supposed to be derived under this Bill.

[Dr. Sir Ziauddin Ahmad.]

There is, however, one point more. There is a great difference in principle, if not in words. My friends on whom wealth is rolling and who call themselves 'poor orphans' will always say: "When both are orphans, why should not the incidence of taxation fall on the other orphans also". This may be all right in words but in practice what we see is that the prices of various commodities are going up very rapidly and they are hitting hard the poorer and the lower middle classes and therefore we should make every effort to reduce the burden of taxation on them and try to put the taxation on the class of persons who have been especially benefited at the expense of the consumers. Therefore, it is not desirable to accept the proposal of my friend, Mr. Bajeria, which may reduce the income. Although I may have some sympathy with the slab system, I think it is too late in the day to take it up for purposes of this Bill. Therefore, I oppose the amendment.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): Sir, I rise to support this amendment. The amendment lays down a graded scale in place of a flat rate. It involves the question of application of a principle of taxation which has already been accepted by the Government in the income-tax legislation. Sir, I think it will not be denied that there is a good deal of force in the contention of those who think that a uniform flat rate should not be applied to all and sundry. In other words, it seems only reasonable and equitable that the incidence of taxation should be distributed in such a way that it would fall on those shoulders that can best stand it. As I hear my friend, Dr. Sir Ziauddin Ahmad, I could understand that he was in favour of the principle of a graduated scale of taxation in respect of excess profits.

Dr. Sir Ziauddin Ahmad: I did not say I was in favour of it, but I said I was quite prepared to consider it. I did not have the opportunity to visualise it in my mind.

Pandit Lakshmi Kanta Maitra: My friend is not opposed to the principle of graduation, and his only difficulty seems to be that he is apprehensive that if it is given effect to in this piece of legislation, the estimated yield of three crores may not be reached. We, on the other hand, believe that three crores is a gross under-estimate, and even accepting this graduated scale, a good deal more than three crores would be realised. The contention of my Honourable friend, that he had not been given an opportunity to calculate what would be the proceeds if this graduated scale were adopted, does not trouble us at all. Sir, I do not think there would be much difficulty in arriving at figures. Whatever differences there may be, we are decidedly of opinion that it will never come below three crores, but much more than that figure. I think that even in matters of taxation Government should try to maintain uniformity of principle. During the debate on the Income-tax Bill, the whilom champion of the slab system, I mean my Honourable friend, Mr. Chambers, was so eloquent about it that we were swept away by his eloquence and persuasion and it found place in the Statute-book. I hope I am not going to be told this time that he could not agree to this as "consistency is the hobgoblin of petty minds". We do always believe that consistency is a great virtue, and my friends on

the Treasury Benches will do well to practise it even in matters of taxation. I, therefore, think, that as it embodies the sound principle which has already been accepted by the Government in the income-tax legislation, it does not now lie in their mouth to say 'Oh, no you are debarred from having it'. Sir, I support the amendment.

Mr. A. Aikman (Bengal: European): Sir, there is only one aspect of this amendment that I would like to point out to the House. I think the idea behind it is that by making this alteration it will temper the wind to the lambs that are proposed to be shorn.

Mr. M. S. Aney (Berar: Non-Muhammadan): Some wool.

Mr. A. Aikman: Not much. There is a fallacy in this suggestion. I agree with my friend, Pandit Lakshmi Kanta Maitra, that taxation should fall on the shoulders of those who are best able to bear it. It must be kept in mind, however, that this tax is not going to be applied to individuals, but to businesses, and if I might just illustrate the point, I would like to take the business which has two partners who have been making a lakh of rupees, and who now are going to make Rs. 1 lakh and 60,000. These two partners under the suggestion made will be taxed on Rs. 60,000 to the extent of only 30 per cent., whereas in the case of a limited company which may make an additional profit of say four lakhs, but which has 400 shareholders, who might each make an additional profit of a thousand rupees only, each of these investors would be taxed to the extent of 50 per cent. So what is proposed to be achieved by this amendment is not achieved when it comes to be applied. For that reason, Sir, I oppose the amendment.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I must oppose this amendment, and on grounds of principle as well as on financial grounds. To take the revenue effect first, although I cannot for obvious reasons calculate the precise effect of such an amendment, I can assure my friend, Sir Raza Ali, that it would be very substantial, and that it would certainly exceed a figure of ten or fifteen lakhs. But my main objection to this amendment is that the principle of a slab system is inapplicable to a tax of this kind. The object of a slab system is to ensure that assessee with large incomes pay not merely a larger sum but a larger proportion of their income, because there is a reasonable presumption that they are better able to pay a larger proportion. Now, the graduation of an Excess Profits Tax has got nothing to do with the total income of the assessee. The tax is only applied to that slice of the income which represents the excess above his standard income, so that if you have an assessee with a standard income of Rs. 20 lakhs who makes an extra lakh, you would under this graduated system tax him less than the assessee with a standard income of a half a lakh who makes an additional lakh or a lakh and half. In other words, the principle of graduation, as my Honourable friend, Mr. Aikman, pointed out, may work in an entirely perverse way in the case of a tax like this.

Now, Sir, I would also claim that so far from being inconsistent, we are supremely consistent in excluding graduation from a tax of this kind. It must be remembered that the majority of the assessee will be companies, and in the case of companies, neither the income-tax nor the super-tax is

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graduated on the slab system. Finally, I would point out that if it is the smaller business which the amendment is sought to assist, then what is called the exemption limit or rather the limit below which the tax will not operate is the appropriate relief. I claim, Sir, that there is a principle, a better and overriding principle, to be applied to excess profits, and that is the principle that in times of emergency the State should at least share equally with the fortunate assessee who finds himself better off, and the State should at least get a half share in the amount of the excess.

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

"That in clause 4 of the Bill, for the words 'equal to fifty per cent. of that excess' the following be substituted:

'equal to thirty per cent. of that excess not exceeding Rs. 20,000,

equal to thirty-five per cent. of that excess exceeding Rs. 20,000 and not exceeding Rs. 70,000,

equal to forty per cent. of that excess exceeding Rs. 70,000 and not exceeding Rs. 1,70,000,

equal to forty-five per cent. of that excess exceeding Rs. 1,70,000 and not exceeding Rs. 3,70,000,

equal to fifty per cent. of that excess exceeding Rs. 3,70,000."

The motion was negatived.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir I move:

"That in clause 4 of the Bill, for the word 'fifty' the word 'twenty-five' be substituted."

Mr. President (The Honourable Sir Abdur Rahim): The Chair thinks all similar amendments may be moved together, so that the House may discuss them all at the same time.

Mr. Akhil Chandra Datta: Sir, I move:

"That in clause 4 of the Bill, for the word 'fifty' the word 'thirty' be substituted."

I move:

"That in clause 4 of the Bill, for the word 'fifty' the word 'thirty-five' be substituted."

I move:

"That in clause 4 of the Bill, for the word 'fifty' the word 'forty' be substituted."

Babu Baijnath Bajoria: Sir, I move:

"That in clause 4 of the Bill, for the words 'fifty per cent' the word 'one-third' be substituted."

Mr. Akhil Chandra Datta: Sir, before giving my reasons in support of these amendments, I will make one general observation, particularly for the consideration of the Honourable the Finance Member with regard to these amendments. I make this suggestion in all humility

Mr. M. S. Aney: More in sorrow than in anger.

Mr. Akhil Chandra Datta: Neither in sorrow nor in anger. My friend, Mr. James, is not here now, but he was right in saying that that was my mood in the Select Committee, for obvious reasons which need not be discussed here. In view of the state of the House now, when we move any amendment for the consideration of the House, I feel that we move it for the consideration of the Finance Member only; because, in the present state of the House, his word is law unto us. The House means Sir Jeremy Raisman, and Sir Jeremy Raisman means the House. I suggest that this position only increases the responsibility of the Finance Member.

Now, Sir, so far as this particular series of amendments relating to the rate of assessment is concerned, we have discussed it almost threadbare on a previous occasion and to repeat those grounds would serve no useful purpose. I propose to add only one more argument that comparing the present rate with the rate of 1919, I may say that the rate of income-tax and super-tax has been very considerably raised since 1919. I have got here some figures to show the extent of the enhancement. Take the case of a company with an income of one lakh. The tax payable under the old system was about Rs. 18,000, and, under the new law, it is about Rs. 22,000. For assesseees other than companies the figures are still more startling. Under the old system, the amount was Rs. 16,628; under the present system, it is Rs. 26,000,—an increase of Rs. 10,000. For a company with an income of two lakhs, under the old system, the deduction was Rs. 38,000 odd, and now it is Rs. 43,000 odd. For assesseees other than companies, the amount was Rs. 43,792, and now it is Rs. 65,000. For a company with an income of five lakhs, it was one lakh before, and now it is Rs. one lakh and 9,000. For assesseees other than companies, it was Rs. one lakh and 62,000, and now it is Rs. two lakhs and 15,000. This increase has been due to the amendment of the Income-tax Act last year. These figures have to be taken into consideration on the question of what is likely to be the result upon industries and business and also the effect of these increments on the estimated yield. We must remember that in 1919 the yield was over nine crores at 50 per cent, and it is proposed now to raise only three crores. These figures, therefore, must be considered in relation to the question of rate.

Mr. M. S. Aney: Has my friend worked out the amount that would accrue according to his proposed taxation on the basis of the figures available there?

Mr. Akhil Chandra Datta: No, I have not worked it out.

Mr. M. S. Aney: Government will not work it out for you.

Mr. Akhil Chandra Datta: It will make a very great difference. So, to speak frankly, in view of the attitude of the Honourable the Finance Member on this question of the rate, I must confess I am not expecting 25 per cent. but may I, at the same time, ask him to consider whether he can make any concession in the rate of the tax?

Mr. M. S. Aney: May I ask the Honourable Member whether these reduced rates he has suggested were suggested in the Select Committee and they were rejected there?

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Mr. Akhil Chandra Datta: Yes.

Mr. M. S. Aney: One more question. Were the Members supplied with an approximate estimate of the reduction in the estimate he made on account of the adoption of these reduced rates by the Honourable the Finance Member there?

Mr. Akhil Chandra Datta: No.

I have only one more word to say in support of my amendment. It must have been noticed that the industries and businesses are very very keen over this question of percentage. That should be taken into consideration. As a matter of fact, after the first sitting of the Select Committee, the *Statesman* published a certain incorrect report as to what had happened in the Select Committee with regard to this rate of assessment. It was said there, though very incorrectly, that it has been decided that 50 per cent. would be the rate; and I am sure the Honourable the Finance Member has come to know what was the immediate effect of that publication. The markets collapsed. This is a question on which the Honourable the Finance Member might not be as unrelenting as he was in the Select Committee.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): What is moved, Sir? All the amendments?

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved: "That in clause 4 of the Bill, for the word 'fifty' the word 'twenty-five' be substituted."

The next amendment of the Honourable Member is:

"That in clause 4 of the Bill, for the word 'fifty' the word 'thirty' be substituted."

The next is:

"That in clause 4 of the Bill, for the word 'fifty' the word 'thirty-five' be substituted."

The last amendment of the Honourable Member is:

"That in clause 4 of the Bill, for the word 'fifty' the word 'forty' be substituted."

The Chair forgot to put Mr. Baijnath Bajoria's amendment, No. 13 on Supplementary List No. 1:

"That in clause 4 of the Bill, for the words 'fifty per cent' the word 'one-third' be substituted."

Mr. M. S. Aney: May I ask, on a point of order? This House is rather put in a difficult position as all these amendments have been moved together. We do not know what is it that we are discussing: are we only discussing the general principle that some reduction at any rate should be made in the rate proposed by the Government or any particular reduction which we want to adopt?

Mr. President (The Honourable Sir Abdur Rahim): The House has now got to deal with particular amendments. One Honourable Member may support 25 per cent. another may support 30 per cent., and he may give his reasons against other amendments. There is no difficulty that the Chair can see.

Dr. Sir Ziauddin Ahmad: We can have a debate on the general principle.

Mr. President (The Honourable Sir Abdur Rahim): There is no general debate. It is a question of what proportion it ought to be. That is all. It would be sheer waste of the time of the House to have a debate first on 25 per cent., and the Members to say "No, not 25 per cent." and again on 30 per cent., and so on.

Sir H. P. Mody: Sir, I do not want Government to claim the sole monopoly of the virtue of consistency. I want to share with them fully to the extent of 50 per cent. of this virtue. I moved for a reduction of the percentage in the Select Committee, and I must stand by what I did then. But apart from the question of consistency there is one consideration which I would like to urge upon my friends on the Treasury Benches, and it is this. No one knows, definitely at any rate, how much this tax is going to yield. We say five crores; Government say three crores. Who is to decide? There is only one man in this House, or for that matter in the country, who has got the mathematical equipment to figure these things out, and, unfortunately, he is generally out by a few crores. So, we are in this unfortunate position, that we think that Government will realise a great deal more than three crores and Government think with such calculations as they have made that the yield would be substantially less. That being the case, my suggestion would be that Government might well accept what I had suggested in the Select Committee, viz., 35 per cent. If after a year's working they find that it has not yielded enough, let them put it up to 50 per cent., or even more, so long as they can make out a case. The whole point is that today unless they definitely establish to our satisfaction that 50 per cent. is going to yield no more than three crores, they have no case for resisting one at least of the amendments of my Honourable friend, the Deputy President, viz., the amendment to reduce the rate to 35 per cent. When my Honourable friend, the Finance Member, made his speech on the Budget I made him a very sporting offer that I was prepared to underwrite the Excess Profits Tax, for the first period at any rate, for 8½ crores, and he would not accept it. . . .

The Honourable Sir Jeremy Raisman: I will sell it to you!

Sir H. P. Mody: Then, I understand that the Government are prepared to accept 35 per cent., and the rest is a matter of private arrangement between the Finance Member and myself. That being so, I think we should all be very happy.

Sardar Sant Singh (West Punjab: Sikh): Sir, never was such a generous offer made by a taxpayer to a tax-collector to give such a wide choice between 25 and 40 per cent. The Honourable the Finance Member has put this excess profits tax from the very beginning of the war period, and as such it has had a depressing effect upon the markets in the commercial world. As they are all gambling upon this, as to what effect it will really have upon the markets, it is but fair that, in the first year of the war, some concession should be shown to the commercial community and the tax should be levied at a lower rate than 50 per cent.

The second point which I would make particularly about this is that it was the duty of the Finance Department to furnish us with details as to

[Sardar Sant Singh.]

what amounts are likely to be realised as estimated by them, according to their wish if the tax is levied from 25 to about 40 per cent. With about 50 per cent., they say they are likely to raise something like three crores. On this side of the House, there have been persistent and consistent argument that this estimate is too low. If the Department has furnished us with their estimate of the probable realisation of the tax, say from 25 to about 40 per cent., we would have been in a position to contribute materially towards the argument what was fair and what was not. But here we are all groping in the dark and the best course will be to take into consideration the effect of this new tax upon the new industries as well as upon the markets of this country. I will, therefore, request the Honourable the Finance Member to reconsider the position as regards this rate, and, from such a large choice that has been offered to him, he should be able to pick up one, and he should not be so exacting as the taxpayers of old.

Babu Baijnath Bajoria: Sir, in the Income-tax (Amendment) Act we fought against the slab system and lost the battle. Here in the present Bill we fought for the slab system and again lost the battle. In the Income-tax (Amendment) Act, the slab system suited the Government because, as has been pointed out by the Deputy President, that system gave them much more revenue than the step system used to give them. In this amendment which I tabled, they would have got a little less than they will get under the 50 per cent. basis and so they objected to it. The Finance Member claims that he is consistent. I say that the Government are always consistent in their inconsistencies.

The Honourable Sir Jeremy Raisman: Whichever is greater.

Babu Baijnath Bajoria: Sir, they always play the game that 'heads I win, tails you lose'. So in this case also they are trying to exact their full pound of flesh from the taxpayer. Several amendments which have been moved in the House are all, of course, for reducing the percentage of rates and as such they will give relief to the taxpayer. It has also been said by previous speakers and in the debates on previous days that the estimate of the Honourable the Finance Member, about three crores at the rate of 50 per cent., is a gross under-estimate. Now, Sir, I would request the Honourable the Finance Member, that as my Honourable friend, Sir H. P. Mody, likes 35 per cent. basis and as it is very near to my amendment of 33 1/3 per cent., the Government might accept either my amendment or the amendment for 35 per cent.

Mr. Husenbhai Abdullabhai Laljee: I, as a businessman, fail entirely to find out on what basis this 50 per cent. has been fixed. If we take that it is on the basis of the fact that in Great Britain there is sixty per cent. or if we take it on the basis that after the last war which was carried on for four years, it was fixed at fifty per cent., in which case also we fail to see because even at that time there was a stipulation made that there should be either super-tax or excess profits tax. I should certainly like to know on what basis this 50 per cent. has been brought in. If it is on the score of expenses that are to be incurred, well then the expenses that Great Britain are incurring for the war and the 60 per cent. that has been fixed there could have no relation whatsoever in any degree with the 50 per cent. that the Honourable the Finance Member wishes to put on this

country. Really speaking, these three crores here against what Great Britain is spending, and the 60 per cent. tax in Great Britain is nothing in proportion whatsoever. I, therefore, submit that this figure of 50 per cent. has been taken without any calculation but on the fact as to what existed sometime back in India, but not on the same conditions. I say so because last time there was super-tax or the 50 per cent. was fixed after four years of war and the condition of the people then was much better. Therefore, if we are asked as to whether there should be three crores or 3½ crores I as a businessman fail to understand what is the amount of money that the Finance Member wants.

Mr. M. S. Aney: Three crores.

Mr. Husenbhai Abdullabhai Laljee: He does not want three crores.

The Honourable Sir Jeremy Raisman: Ask Russia.

Mr. Husenbhai Abdullabhai Laljee: So all this is speculation, sheer gamble at the cost of the poor people of this country. (Interruption.) Yes, absolutely poor compared with other countries, the poorest in the world. If you calculate the income of the people of this country and of any other country in Europe, especially England, you will find that the condition of the people here is the poorest. My Honourable friend Dr. Sir Ziauddin Ahmad asked a pointed question on the last amendment as to what would be the loss if we agree to the good principle which was adopted by us and to know whether the percentage fixed by the Government was fair? The Honourable the Finance Member said that the difference would be more than 10 or 15 lakhs. He said that it would be not more than 25 or 30. I know he won't gamble so much on the finances of the country. When he calculates three crores, surely, what this little difference would make that is between 20 or 30, he should know. The difference cannot be so much as 40 or 50 lakhs. If that was so, then there was no calculation, I submit with regard to the whole estimate of three crores. The difference must be between 10 or 15 or 20 lakhs. If that is so, then I ask in all fairness why should it not be conceded. Only recently for the Agricultural Research Council, for the purpose of agricultural development, we have been taxed to the extent of 15 lakhs. A great portion of which was being paid actually through regular revenues. That has gone away. On every pretext the Government have been taxing the poor. If it is only a question of 10 or 15 lakhs there would be no question whatsoever of conceding without further more effort. I think this is all speculation, or a gamble. Let us make a decent show. In the case of a country like England which is spending crores every day, it is only 60 per cent. fixed, in the case of India which is not spending or is unable to spend anything like it the percentage should be at least half of that, but what the Government aim at is to fix as much as 50 per cent. which is much nearer sixty per cent. I do hope and sincerely trust that the Government will consider this aspect of the question in this way that the country is very poor, that during the last war when it was introduced, the condition of the people was much better than at present, that it has no comparison whatsoever with the taxes prevailing in other parts of the world, that in many other parts of the British Empire, there is no excess profits tax and that even in Ceylon, Burma and other places, it has not yet been introduced, that under these circumstances this gamble of 50 per cent. may be reduced. I appeal to the Government to try and make at least a decent and fair show that they are

[Mr. Husenbhai Abdullahbhai Laljee.]

taxing the people on a little fairer basis. I hope and trust that the Honourable the Finance Member and the Government will show to the world that they are fair to the country's finances and to the condition of the people.

Dr. Sir Ziauddin Ahmad: I did not intend to speak on this amendment, but wanted to record my silent vote of opposition. But the remarks of my Honourable friend, Sir Homi Mody, have compelled me to get up and tell him something. He made an unnecessary and uncalled for remark about myself and I would, therefore, like to tell him something about himself. He wanted to purchase the income, if the Honourable the Finance Member is selling it. I also make an offer. If he let go clause (d) of sub-clause (2) of this Bill, I am willing to purchase it for Rs. 75 lakhs. Let him give up that clause and I will purchase it for Rs. 75 lakhs.

Sir H. P. Mody: I want you to give that in writing, and I will want your thumb mark on it.

Dr. Sir Ziauddin Ahmad: My Honourable friend, the Finance Member, told us a story about the tiger yesterday. The story was very good, but I shall also tell him a story which is relevant to this particular question. That is a story taken from *Tilsm dil Ruba*. There was a witch. She could assume the appearance of any person. She always assumed the appearance of a beautiful lady and whenever any person went near her she always devoured him.

An Honourable Member: She must have been a bitch.

Dr. Sir Ziauddin Ahmad: Then, at some other time when she was called upon to go to the Legislature, she adopted an entirely different policy, and I just quote it from this well-known book. Here it is.

"Whenever this witch went to the seat of the Government, she licked the Commerce Member, bluffed the Finance Member, kicked the Home Member, humoured the Law Member and ignored all the other Members, and she took full advantage of the absence of co-ordination among these Members."

This was the practice which she adopted with regard to the Legislature. On this particular question I do not want to take the time of the House very much, but these are the two points to which I would like to draw the attention of the House. If more humour comes from Sir Homi Mody, then I will have the privilege of relating more stories. With these words I oppose the amendment.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural): I must say that I am not a gambler, nor have I amassed money by gambling. The point before the House is whether the rate should be 50 per cent. No doubt, the Select Committee have accepted 50 per cent., but the matter is left to the decision of this House, and the consensus of opinion at least from a section of the House is that there ought to be some reduction. On account of that, certain offers have been made by these amendments that are before the House.

Dr. P. N. Banerjee: No acceptance.

Mr. Lalchand Navalrai: With regard to that, if we are united we can get it, but if we are not united and if Members commit themselves to this 50 per cent. in advance, then what can we do? I submit that the incidence of tax is always determined upon some data. I would ask if any materials have been placed before us to show how much this tax can produce. At the time when the rate of income-tax is decided upon, full facts are placed before the House showing what the surplus is or what the deficit is, and showing also the particular purpose for which the tax is demanded. It is said that the excess profits duty is being imposed for the purpose of the war, but the Honourable the Finance Member has up to this time given us no indication whatever of what he is going to realise. He is merely making his dictatorial decision and he says that it will be three crores. That is being objected to. Does the Honourable the Finance Member want to act the part of Hitler today in this House, by asserting only by speculating or from his imagination that it is going to yield so much? I do not think the ways of Hitler are liked in this country, and why should they be in this case. The Honourable Member should not be immovable like that. The rate offers have been made. The first, that is, 25 per cent., has been given up. That was even in my name. Then other Honourable Members have raised it to 30, 35

An Honourable Member: 40.

Mr. Lalchand Navalrai: Then the point is, let the Honourable the Finance Member get up and say he is going to accept 40 per cent. I give him a chance now and I will sit down at once if he says that he will accept 40.

Mr. Akhil Chandra Datta: Silence is tantamount to consent.

Mr. Lalchand Navalrai: He has not said anything expressly about it. I know that he must be considering it, because otherwise he will be acting like an autocrat. Unless he places his cards on the table and shows what these profits will be, for which he has at present not given us any data or any materials, I am afraid that this House will not be satisfied. I need not take up any more time on this point. Suggestions have been made, and let us see what he is going to accept.

Sir Syed Raza Ali: I will have only a few words to add. The position which this House has to consider is this. The House must remember that those who are most interested in this amendment are either big business men or big business concerns. The way to give relief to big business concerns and big business men was to adopt one of these two methods—either this relief could be given by reducing the flat rate of 50 per cent. to something varying from 35 to 45 per cent. The other course that could be adopted, which was a very reasonable course, I must say, of giving relief to big business concerns and big business men, was to add to the number of options that were embodied in the Bill as originally introduced and include among those options the year 1938-39 which, according to the evidence of big business men, was a very prosperous year. It was not possible, and I do not think it would be reasonable for business men to insist, that they should have it both ways. They could either expect a reduction in the flat rate or an additional option among those options which were given to business concerns and business men according to the Bill as introduced.

[Sir Syed Raza Ali.]

A very important change has been introduced by the Select Committee. The Select Committee went very carefully into the question, and, as you will have noticed, a very important alteration was made by the Select Committee in that it added to the optional years that could be chosen by business men, the year 1938-39, taken along with the year 1937-38. That was a very important change that has been made. I am surprised that no reference to this very important fact has been made by any of the Honourable Members who have spoken on the subject. Sir, considerable relief has already been given to business concerns and business men. I am afraid that if this flat rate of 50 per cent. was reduced to something like 35 or 40, so far as I can see—we discussed the subject very carefully in the Select Committee—it would very considerably disturb the arrangement of the Bill. It would interfere very considerably with the principles on which the Bill is based. Therefore, I take the responsibility of repeating what I said in the Select Committee and also in the report, namely, I have no particular fault to find with the flat rate of 50 per cent. I do not say that it is ideal. It may be that it can be improved upon, but surely you cannot improve by reducing the amount from 50 to 45 or 40 unless you take 35 at the lowest rung of the ladder and something like 60 per cent. at the other end. If you do that, you can equalise the effect no doubt, but that is not the proposal. Therefore, I must oppose the amendment.

The Honourable Sir Jeremy Raisman: I do not think I have left the House in doubt at any stage about my attitude on the question of percentage. My Honourable friend, the Deputy President, appealed to me in view of the state of the House to give consideration to this matter. I can assure my Honourable friend that this is a matter to which I have given consideration from the very beginning and all along and he himself has recognised that in spite of the strong position which he attributes to me in the House—and the position was the same in the Select Committee—I was anxious to make all concessions and modifications which I felt that the equity of the case demanded.

Now, Sir, I feel very strongly that the agitation and the criticism on the subject of the 50 per cent. is entirely unreal—I would almost say it is meaningless. If I come forward in the first instance with a proposal for 50 per cent. of an amount of profits which might aggregate say ten crores and if I, subsequently, make modifications which may reduce the amount of profit coming under tax to six crores, it seems to me that it is entirely inappropriate to continue to harp on the question of the percentage. It is a matter of common arithmetical knowledge that if you multiply a vulgar fraction by another vulgar fraction, the result is a very small vulgar fraction indeed. In other words if you multiply $\frac{5}{9}$ ths by $\frac{5}{9}$ ths, then the result is something which is a good deal less than $\frac{5}{9}$ th and, therefore, if you have already made a reduction, a very substantial reduction in the amount to which the fraction is to be applied you obviously, if you have done it with full consideration, cannot proceed then to make a similar reduction in the fraction in the percentage.

Now, a good deal has been said on the subject of the estimation of the yield of this tax. I must admit that like all Finance Ministers or Chancellors of the Exchequer in dealing with a tax of this kind I am in a position of great difficulty. In fact in the United Kingdom, the Chancellor of the Exchequer made no attempt whatever to

foretell the yield of the excess profits tax. I felt that in the circumstances of India it was desirable that I should make some attempt to estimate the yield but what I had in mind was the limited problem of the amount which was likely to be collected in the year 1940-41. As regards the further future, I do not know in what form it will be necessary to continue this measure. I cannot foretell the future of the war or how hostilities may extend. The House must realise that in dealing with a situation like that it is entirely impossible to adhere to the meticulous basis of calculation which is appropriate in ordinary times of peace. Nevertheless the more I have thought over the estimate which I placed before the House the more I feel that it is extremely unlikely to be exceeded in the course of the year 1940-41. This is the problem with which I had to deal in connection with this Budget. I regret that my friend, Mr. Lalchand Navalrai, should have accused me of an autocratic attitude in this matter. I think that in relation to this Bill I can fairly claim to have refrained from taking advantage of any excess of power which the situation may have conferred upon me and that I have done my best to meet reasonable criticism and to improve the equitable basis of the Bill but I do feel that the question of the percentage has now become a matter of principle—that having improved the Bill to the extent which it has been improved in the Select Committee we are fully justified—we have strong moral justification for claiming that the share of the State in the excess profits as determined by the measure should not be less than 50 per cent.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions : Non-Muhammadan Rural) : With your permission, may I ask a question of the Honourable the Finance Member?

Mr. President (The Honourable Sir Abdur Rahim) : Yes, if it is not a speech.

Pandit Krishna Kant Malaviya: He said that the figure of three crores is not likely to be exceeded. May I ask whether he would be willing to stop the collection of this tax as soon as the figure of three crores has been realised?

The Honourable Sir Jeremy Raisman: If I can stop the war at the same time.

Mr. President (The Honourable Sir Abdur Rahim) : The Chair would now like to put the amendments. The question is :

“That in clause 4 of the Bill, for the word ‘fifty’ the word ‘forty’ be substituted.”

The motion was negatived.

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

“That in clause 4 of the Bill, for the word ‘fifty’ the word ‘thirty-five’ be substituted.”

The Assembly divided :

AYES—11.

Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Benerjee, Dr. P. N.
Datta, Mr. Akhil Chandra.
Lalchand Navalrai, Mr.
Laljee, Mr. Huseenbhai Abdullahbhai.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mody, Sir H. P.
Parma, Nand, Bhai.
Sant Singh, Sardar.

NOES—55.

Abdooli Haroon, Seth Haji Sir.
Abdul Hamid, Khan Sahib Shaikh.
Abdullah, Mr. H. M.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Bajpai, Sir Girja Shankar.
Bewoor, Sir Gurunath.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Campbell, Mr. D. C.
Caroe, Mr. O. K.
Chambers, Mr. S. P.
Chapman-Mortimer, Mr. T.
Chettiar, Dr. Rajah Sir S. R. M.
Annamalai.
Clow, The Honourable Sir Andrew.
Daga, Seth Sunderlal.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
DeSouza, Dr. F. X.
Essak Sait, Mr. H. A. Sathar H.
Fazli-Haq Piracha, Khan Bahadur Shaikh.
Ghiasuddin, Mr. M.
Gidney, Lieut.-Colonel Sir Henry.
Griffiths, Mr. P. J.
Gwilt, Mr. E. L. C.
Imam, Syed Haider.
Ismail Ali Khan, Kunwar Hajee.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shamsul-Ulema.
Khan, Mr. N. M.
Kushalpal Singh, Raja Bahadur.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir Reginald.
Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
Miller, Mr. C. C.
Muazzam Sahib Bahadur, Mr. Muhammad.
Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.
Ogilvie, Mr. C. M. G.
Oulsnam, Mr. S. H. Y.
Pillay, Mr. T. S. S.
Rahman, Lieut.-Col. M. A.
Raisman, The Honourable Sir Jeremy.
Raza Ali, Sir Syed.
Scot, Mr. J. Ramsay.
Sen, Rai Bahadur G. C.
Shahban, Mian Ghulam Kadir Muhammad.
Sheehy, Mr. J. F.
Sher Muhammad Khan Captain Sardar Sir.
Sivaraj, Rao Sahib N.
Spence, Sir George.
Umar Aly Shah, Mr.
Zafrullah Khan, The Honourable Sir Muhammad.
Ziauddin Ahmad, Dr. Sir.

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : The Chair will now put the next amendment. The question is :

"That in clause 4 of the Bill, for the word 'fifty' the word 'thirty' be substituted."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : The Chair will now put the last amendment. The question is :

"That in clause 4 of the Bill, for the word 'fifty' the word 'twenty-five' be substituted."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : Today being Friday, the Assembly will now adjourn till a Quarter Past Two.

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. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That in clause 4 of the Bill, for the words 'fifty per cent.' the word 'one-third' be substituted."

The motion was negatived.

Sir Syed Raza Ali : With your permission, I should like to move together my amendments Nos. 14 and 15 in the Consolidated List. Amendment No. 15, if agreed to, will be followed by the consequential amendment No. 14. In fact, amendment No. 14 is part and parcel of amendment No. 15. In fact, both are one and they cannot be separated. As a matter of convenience, I have numbered them separately. I think this morning we took amendments Nos. 10 and 13 together as a matter of convenience, and the same procedure might be adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment No. 14 does not make any sense at all. However, the Chair would suggest this course. Let the Honourable Member move amendment No. 14 and follow it up by reading the percentage incorporated in amendment No. 15. In that way, it can be moved.

Sir Syed Raza Ali : It is only for convenience of draftsmanship that I numbered them as 14 and 15.

Mr. Deputy President (Mr. Akhil Chandra Datta) : There is some real difficulty and the Chair suggests to the Honourable Member that he should move the amendments in the form suggested by it.

Sir Syed Raza Ali : You can get out of that difficulty. I propose to move first of all No. 15, and then No. 14.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member cannot move like that. Amendment No. 14 has no meaning at all.

Babu Baijnath Bajoria : Sir, I rise to a point of order. Damage will be done if the amendment is moved. My point of order is that amendment No. 15 raises the incidence of taxes above 50 per cent. I should like to know whether the Honourable Member can move this amendment without the sanction of the Governor General.

Sir Syed Raza Ali : I am delighted to inform my Honourable friend that I have got the sanction of the Governor General.

[Sir Syed Raza Ali.]

I move :

"That in clause 4 of the Bill, for the words 'fifty per cent.' the words 'the following percentage' be substituted."

Sir, it will be enough if I inform the House

Mr. Deputy President (Mr. Akhil Chandra Datta): The Chair is sorry the Honourable Member did not follow what it suggested. He has moved amendment No. 14 and he has stopped with it, and he is making a speech. The Chair suggests that he should leave out the introductory words in amendment No. 15 and go to the percentage.

The Honourable Sir Jeremy Raisman: With due respect, Sir, I should like to point out that that makes it an entirely different amendment for which no sanction has been obtained. The effect of the amendment which you, Sir, have suggested would be to introduce a graduated scale with immediate effect from the first year, whereas, the effect of the amendment, as I see it, is intended to introduce a graduated scale for the future.

Mr. Deputy President (Mr. Akhil Chandra Datta): Yes, there is that difficulty.

Sir Syed Raza Ali: What I meant to convey in my amendment was to substitute a graduated scale for 50 per cent. That is all I tried to do; nothing more nothing less.

The Honourable Sir Jeremy Raisman: I regret that the Honourable Member's amendment does not seem to have that effect.

Mr. M. S. Aney: I do not see why these two amendments should not be taken together. It would regularise the procedure.

Sir Syed Raza Ali: Sir, with your permission, I propose to move the amendment like this. I want to delete the words "fifty per cent. of that excess" after the words "equal to" in line 6 of the clause, and substitute the scale of "35 per cent.", etc., as given in my amendment No. 15. If there is no objection, I shall move it like that.

The Honourable Sir Jeremy Raisman: Sir, I have no objection.

Mr. Deputy President (Mr. Akhil Chandra Datta): Then the Honourable Member may move it.

Babu Baijnath Bajoria: Sir, on a point of order. The House has already rejected the taxation of excess profits by 85 and 40 per cent. Is the Honourable Member in order again to propose that 85 and 40 per cent. should be the amount of the tax?

Mr. Deputy President (Mr. Akhil Chandra Datta): What has been rejected by the House is a flat rate of 35 per cent. for all amounts. What the Honourable Member now proposes is 35 and 40 per cent. if the profit

goes beyond a certain figure. There is a difference between the two, and the Honourable Member can move it.

Sir Syed Raza Ali: I am glad that the vexatious point of order has met the fate that it deserved.

Mr. Lalchand Navalrai: Sir, on a point of order. Is the Honourable Member justified in characterising a point of order raised by another Honourable Member as vexatious?

Mr. Deputy President (Mr. Akhil Chandra Datta): The word may not be quite desirable, but the Chair does not know that it is unparliamentary.

Babu Baijnath Bajoria: Sir, I do not take any objection to that word.

Sir Syed Raza Ali: Sir, I beg to move:

"That in clause 4 of the Bill, after the words 'equal to' in line 6, the words 'fifty per cent. of that excess' be deleted and the following table be substituted :

35 per cent. if the excess is not more than Rs. 30,000;
40 per cent. if the excess is more than Rs. 30,000 but not more than Rs. 60,000;
45 per cent. if the excess is more than Rs. 60,000 but not more than Rs. 100,000;
50 per cent. if the excess is more than Rs. 100,000 but not more than Rs. 150,000;
55 per cent. if the excess is more than Rs. 150,000 but not more than Rs. 200,000;
60 per cent. if the excess is more than Rs. 200,000."

Honourable Members will see that though my amendment seeks to introduce a graduated scale, there is a world of difference between the graduated scale in my amendment and that which was moved by my Honourable friend, Mr. Bajoria, earlier in the day. The essential difference is this,—and I invite the attention of the Treasury Benches to this. Whereas, in the amendment of Mr. Bajoria, the total amount of revenue to be derived by Government was considerably or appreciably reduced, under my amendment the revenue will not be affected at all. And I had this difference in mind when I used the word "vexatious". Unfortunately, my Honourable friend does not belong to the learned profession of law to which I belong, and, therefore, he cannot see the difference on the face of it. I have made inquiries, and I am told that the acceptance of my amendment will not affect the total revenue which will be raised under this Bill. If my amendment is accepted, the Government may be able to get a little more than they would get under the Bill. That is how I understand it. It is for the Honourable the Finance Member to say whether my information is correct or not; but I have put the information I have gathered fairly and squarely before the House. If I am right in what I have stated, it is not for the Treasury Benches to oppose my amendment. In that case, I would ask them to abstain from voting if the amendment is pressed to a vote. On the other hand, I think it is high time that we applied a proper test to the convictions and creeds of the non-official Members of this House. The clear effect of my amendment would be to ask the really rich man to give a little more than he would have to give under the clause as it stands now in the Bill.

Mr. A. Aikman: That would not be the result.

Sir Syed Raza Ali: I think that would be the result, so far as I can see. I would be very interested to hear my Honourable friend, Mr. Aikman's logic. To me it seems that 60 per cent. of 100 rupees is 60 rupees and fifty per cent. is 50 rupees, and the difference between the two is ten rupees. That is a matter of simple calculation. So that, if my motion arouses the opposition and hostility of rich people, I should not be in the least surprised. I am not here to speak for the rich man or the company which earns lakhs of rupees. I am here to represent the view of the small man, the man whose income is not expected to be very much: in any case the excess income would be between 30,000 and 1,00,000 rupees. All depends on what view this House takes, and that is the reason why I suggest to the Government to abstain from voting after the Honourable the Finance Member has made his speech. As I have said, so far as I can see, this amendment will not affect the financial position of the Government at all. All that it seeks to do is to ask individuals and companies who are in receipt of an income of more than 1,50,000 a year to contribute more to the exchequer than they would if the clause is allowed to stand as it is. On the other hand, I may say that my amendment seeks to give relief to those who, though not poor, are not by any means rich: I may call them fairly well off. That is the real point. The contest this afternoon, so far as I can see, lies between those who are very rich—though in our country unfortunately there are not very many people who are very rich, and I have every sympathy with them—and those not so rich: I have greater sympathy for those who are well off and not very rich

An Honourable Member: For the poor rich!

Sir Syed Raza Ali: My endeavour has been to try to have a scale of taxation under which really rich men would have to make proportionately greater contributions than those who, strictly speaking, belong to the middle classes. The man with an excess income of, we will say, 30,000 or 35,000 a year would be a middle class man in a western country, but will not be called a rich man in Europe or America. I want to give those people relief: I want them to contribute not more than 35 per cent.; whereas, if a man's income or a company's income is more than Rs. 2,00,000 a year, then I suggest that he or it should be taxed at the rate of 60 per cent. I believe it is a perfectly reasonable and feasible proposition. These are days when everybody is asked—quite apart from the war in the midst of which we unfortunately find ourselves—the tendency of modern legislation in all civilised countries is to make the rich man pay proportionately at the high scale than the scale which is applicable to the middle class man. In spite of the violent shakings of head on the part of my friend, Sir Homi Mody, that principle of law remains there. All legislation in modern countries is based on that. My amendment seeks to give effect to that principle and nothing more. Those of us who are in favour of the enforcement of the principle, under which every man should be required to contribute to the State Exchequer according to his means, would readily agree with and support my proposition. I am for lightening the burden of, comparatively speaking, the small man: I am

for making the burden on the really rich man a little more onerous than it is; and, as I have stated, I have very good reasons for doing that.

Summarising the whole position, we find ourselves in this situation, that whereas the Government are not affected by my amendment, either at all or if at all to a very small extent and even that to their advantage, the real contest lies between the small man and the rich man. I suppose this Honourable House will realise its duty towards those who are by no means rich, and who yet, in spite of their circumstances, are called upon to make the same contribution under the Bill to the State Exchequer as a man with an excess income of five or six lakhs a year. To apply the same principle indiscriminately to these two classes of men and make no distinction between them is, I submit, not equitable. If both these classes are to be treated fairly and justly, the scale of taxation applicable to each one should be different. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in clause 4 of the Bill, after the words 'equal to' in line 6, the words 'fifty per cent of that excess' be deleted and the following table be substituted:

35 per cent. if the excess is not more than Rs. 30,000;
40 per cent. if the excess is more than Rs. 30,000 but not more than Rs. 60,000;
45 per cent. if the excess is more than Rs. 60,000 but not more than Rs. 100,000;
50 per cent. if the excess is more than Rs. 100,000 but not more than Rs. 150,000;
55 per cent. if the excess is more than Rs. 150,000 but not more than Rs. 200,000;
60 per cent. if the excess is more than Rs. 200,000."

Sardar Sant Singh: May I know what the effect of this amendment will be, whether the words, "and shall after that date be equal to such percentage of that excess as may be fixed by the Annual Finance Act", will remain or not?

Mr. Deputy President (Mr. Akhil Chandra Datta): Those words will go.

Sir H. P. Mody: That means the whole Bill goes out.

Mr. Deputy President (Mr. Akhil Chandra Datta): Whether the whole Bill goes out or not, that is the motion moved. The Chair is not concerned with the effect of the motion.

Sir H. P. Mody: May I rise on a point of order? In clause 4, there are two ideas, one, the idea of fixing the percentage at 50 per cent. and the other idea is, after March, 1941, such percentage of the excess will be fixed by the Legislature as may be deemed fit by the Legislature—these are two distinct ideas. My Honourable friend's amendment seeks to apply to only one set of ideas, namely, the percentage to be laid down. By this amendment which merely fixes itself on to the percentage he also wants to do away with the review which has been provided for in clause 4.

Mr. Deputy President (Mr. Akhil Chandra Datta): That is a ground for opposing the amendment.

Sir Syed Raza Ali: May I point out what the position is? The position, if my amendment is accepted, will be this. After the amendment, will come the words, "and shall after that date be equal to such percentage of that excess as may be fixed by the Annual Finance Act", so that this will remain in force up to the 31st March, 1941, and it will be open to this House to revise and modify this percentage after the end of that period.

Mr. Deputy President (Mr. Akhil Chandra Datta): That cannot be, because 50 per cent. in clause 4 remains.

Sir Syed Raza Ali: No. I moved a deletion of 50 per cent.

Mr. Deputy President (Mr. Akhil Chandra Datta): There is some misconception. Will the Honourable Member give his amendment precisely in writing?

Sir Syed Raza Ali: I need only read out the words. The words will be—I need not read out the whole of clause 4. If you take the fourth line of the clause from the bottom, then the amendment is, "1941, be equal to thirty-five per cent. if the excess is not more than Rs. 30,000, Rs. 40,000. . . ." and so on, up to the end of my amendment, and then the words, "and shall after that date be equal to such percentage of that excess as may be fixed by the Annual Finance Act". It makes everything quite clear. 50 per cent. gone.

Mr. Deputy President (Mr. Akhil Chandra Datta): Honourable Members should have taken exception when I read out, and at that time there was no objection raised.

Sir H. P. Mody: Now that we have at least understood the amendment, I would have said, if I did not entertain such a respect for my Honourable friend, Sir Raza Ali—I would have said that the amendment is vexatious. Speaking for the rich poor and the poor rich, I would like to point out to my Honourable friend that his amendment would achieve exactly the contrary of that which he intends. He thinks that by fixing as high a percentage as sixty per cent. for excess of more than Rs. 2 lakhs, he is really tapping the pockets of the rich, the people who according to him could be bled and should be bled. My Honourable friend, the Leader of the European Group, this morning pointed out the fallacy in that argument. What I would like to point out is, assume that in the standard period a man's income is only Rs. 30,000 and in the chargeable accounting period it is Rs. 2,40,000. The excess is over 2 lakhs. That business with a modest income of Rs. 2,40,000 would pay at the rate of 60 per cent., because the excess is more than two lakhs.

Sir Syed Raza Ali: He should pay at that rate.

Sir H. P. Mody: Whereas if a business has in the standard period an income of Rs. 50 lakhs and in the chargeable accounting period an income

of, say, Rs. 50,85,000, that business which makes all that enormous profit will pay at the rate of 35 per cent. I see that my Honourable friend has not understood the point. . . .

Sir Syed Raza Ali: Somebody was talking to me. I did not hear you. Will you please repeat it?

Sir H. P. Mody: What I was saying was this. Suppose a business has got an income of Rs. 30,000 in the standard year and an income of Rs. 2,40,000 in the chargeable accounting period; it means that in the chargeable accounting period the excess is Rs. 2,10,000. Under your scheme of things that business would have to pay 60 per cent. of the excess. Take another case. A business has got an income of 50 lakhs in the standard year and Rs. 50,85,000 in the chargeable accounting period. Under your scheme of things, that business would be paying only 35 per cent.

Sir Syed Raza Ali: Quite right. I am surprised at this argument. That is what it should be. Like to like.

Sir H. P. Mody: No, this is very unlike to very unlike. There is no like to like in this.

Sir Syed Raza Ali: If the standard profits were 50 lakhs and if in the chargeable accounting period the profits were Rs. 50,25,000, of course, he does not pay at the higher rate. It is obvious which my learned friend should see.

Sir H. P. Mody: I do not know what my learned friend is talking about. My point is this. My Honourable friend was all the time talking about the rich. But does he regard the business which has an income of 50 lakhs as rich or a business which has an income of 2 lakhs? Which is the richer party? Perhaps in the learned circles in which my Honourable friend moves, it must be the other way about. (Laughter.) But taking the common sense and severely practical view of things, my submission is that the amendment would perpetrate a monstrous injustice, because a business having a profit of as much as 50 lakhs and more might pay only at the rate of 35 per cent. or nothing at all, and a business which has a profit of a little over 2 lakhs pays 60 per cent. of the excess profit,—where is the justice in this scheme of things?

Sir Syed Raza Ali: A thing like that will never occur under the sun; it is impossible.

Mr. A. Aikman: Why not?

Sir H. P. Mody: Well, if it will not occur, that settles it!

I hope, Sir, I have said quite enough to convince my friend opposite.

The Honourable Sir Jeremy Raisman: Sir, I explained this morning why on principle I did not regard a graded scale as suitable to the Excess Profits Tax, and that applies just as much to the amendment of my friend,

[Sir Jeremy Raisman.]

Sir Syed Raza Ali, as it did to the amendment moved by my friend, Mr. Bajoria. I think it is suitable that I should on this occasion take some credit to myself for my moderation, because I believe that the amendment now before the House would have the effect of giving us a considerably larger revenue than the Bill as it stands. However, in proof of my own consistency, I refuse to be lured from the path of rectitude by the glittering vision of larger revenue. I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Does the Honourable Member want the Chair to put this amendment?

Sir Syed Raza Ali: Yes, certainly.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is—it is very difficult to put it—the question is:

"That in clause 4 of the Bill, for the words '50 per cent.', the following be substituted."

—I need not read the percentages again—

The question is:

"That that amendment be made."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): Dr. Sir Ziauddin Ahmad.

Dr. Sir Ziauddin Ahmad: I do not like to move this amendment about the protected industries; I will move it on another occasion.

Mr. Deputy President (Mr. Akhil Chandra Datta): No. 14, in Supplementary List No. 1 to Consolidated List.

Babu Baijnath Bajoria: Sir, I move:

"That in the proviso to clause 4 of the Bill, for the words 'of life insurance' the words 'which have no relations to the conditions prevailing due to the present hostilities' be substituted."

Sir, the effect of my amendment will be to exempt all businesses which have got no relations to the conditions prevailing due to the present hostilities from the operation of this measure. This is an amendment on principle, and if it is accepted, it will give us a proof of the consistency which has been claimed by the Honourable the Finance Member. Sir, the preamble of this Bill reads:

"Whereas it is expedient to impose a tax on excess profits arising out of certain businesses in the conditions prevailing during the present hostilities:"

This means that this Bill wants to tax those businesses only which have benefited as a result of the conditions prevailing owing to the present hostilities. I have been very particular to express my amendment in the words contained in the preamble to the Bill. Now, if the preamble is accepted, I think my amendment also should be accepted; if on the other hand, the Government do not accept the preamble, my amendment also

cannot be accepted. As I stated in my speech when the motion for sending this Bill to the Select Committee was made, the question is what is the thing that the Government is after to tax? Do they want to tax the war profits or all excess profits made during the chargeable accounting period. It may be that excess profits may be made during this period, and this period may coincide with the period of the present hostilities, but the excess profits may not have any connection with the present hostilities. Is that the only ground for imposing this tax or there is some other ground? This is the main point in my amendment, and if the Honourable the Finance Member is consistent, I do not think he can object to my amendment.

Then, Sir, the principle underlying my amendment has already been accepted, inasmuch as insurance companies have been exempted. Now, if insurance companies can be exempted, why should not banks also be exempted, why not Investment companies which do not make any special profits due to war, why not building societies and several other similar concerns which can never be expected to make excess profits as a result of the prevailing war conditions, but whose income may, in the course of their business operations, increase? Sir, I commend this amendment for the acceptance of this House. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in the proviso to clause 4 of the Bill, for the words 'of life insurance' the words 'which have no relations to the conditions prevailing due to the present hostilities' be substituted."

Pandit Krishna Kanta Malaviya: Sir, I rise to support this amendment moved by my friend, Mr. Bajoria. This is a very fair and just demand. We know that there are businesses which will not profit merely on account of the war conditions or owing to the conditions prevailing during the present hostilities here or outside. My Honourable friend, Sir Homi Mody yesterday referred to the cinema industry. There is banking business, insurance business and very many other businesses which will not profit by war conditions. I, therefore, hope that the Honourable the Finance Member will kindly grant the request that has been made by my friend, Mr. Bajoria.

The Honourable Sir Jeremy Raisman: I spoke on this very point at some length in my reply to yesterday's debate. I do not believe that there are any businesses which can possibly remain entirely isolated from the powerful economic influence of the war but even if theoretically there were such I believe that it would in practice be impossible to demonstrate the fact and that it would make the administration of this measure absolutely impossible if any attempt were made to embody a criterion of that kind. I also indicated yesterday that even if theoretically such a business did exist, no very serious injustice will be done because it would be a business which was making excess profits during war time when other members of the community are worse off as a result of the war and in accordance with the principle of the Bill, there is nothing unreasonable in such a business being asked to make a prior contribution to the State. Sir, I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in the proviso to clause 4 of the Bill, for the words 'of life insurance' the words 'which have no relations to the conditions prevailing due to the present hostilities' be substituted."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): Then we go on to No. 15 on Supplementary List No. 1 and No. 17 of the main list.

Babu Baijnath Bajoria: The amendment which stands in your name, No. 17, on the main list, has priority.

Mr. Deputy President (Mr. Akhil Chandra Datta): So far as No. 17 is concerned, it has been postponed. So far as the Honourable Member's amendment No. 15 is concerned, it is for him to move it, or not to move it.

Babu Baijnath Bajoria: I do not move it.

Sardar Sant Singh: I am not moving No. 18 or the next one. I shall propose an amendment in connection with clause 26 of the Bill.

Mr. Husenbhai Abdullahhai Laljee: Sir, I move:

"That to clause 4 of the Bill the following further proviso be added:

'Provided further that profits of business accruing or arising without British India shall be totally exempt from excess profits tax under this Act.'

Sir, when I was opposing the Bill, I think I was able to make out a very good case, but I must admit that my appeal has fallen on deaf ears.

Babu Baijnath Bajoria: If you have got a bad case, you may succeed.

Mr. Husenbhai Abdullahhai Laljee: I will still try my level best to persuade my friends to consider the position of the people, Indians, outside British India. Sir, a lot of discussion has taken place and a lot of literature has been circulated amongst Members to explain the condition of the Indians overseas. Even last time when this accrual basis was adopted and when the Indians overseas were included, although there was a strong case that they should not be brought in, the Finance Member roped them in and he gave a good many and a good deal of assurances. Now, it is a well known fact that in many of the countries it is very difficult to get money. In fact, strict embargo has been placed in many of the countries. Then, Sir, there is also the exchange question. Then, Sir, it is difficult to find out what the actual profits are or have accrued in those countries. He will be a bold man who can possibly make out the profits in certain countries where at present the exchange is so unstable and in those circumstances we shall only be doing the right thing if we exclude them altogether. In fact, as I have always said, we have done nothing for those people and we are not, it appears, still serious to do anything for them, and at the present moment their condition is pitiable. Even the remittance for the goods that they sent there, they have not been able to get. This goes on even in places which are under the protection of the British Empire and the conditions are worse in places like Italy, Japan, Iraq, Iran and also to some extent in Java. In those circumstances, is it fair that we should

now call upon these people on a basis which is not at all reliable and which is difficult to ascertain to pay such a heavy tax. In section 45 of the Income-tax Act, some relief has been given and some provision has been made with regard to the exchange and depreciation. I do not know how far that could be extended under this Bill. There are lot of difficulties. After all is said and done, you must realise these difficulties from the illustrations which have been given by certain persons who are really very hard hit. I will give an illustration:

Suppose an Indian trader in Japan makes an excess profit of yens 50,000. At the rate of exchange prevailing at the last day of the year which is about Rs. 80 equal to 100 yens, the excess profits are computed at Rs. 40,000 on which Excess Profits Tax of Rs. 20,000 is assessed. As embargo on currencies is in force in Japan, tax is not collected and is allowed to remain in arrears. Now, suppose when the embargo is lifted, the rate of exchange has depreciated to say Rs. 40 equivalent to Yens 100 and 50,000 yens, the so-called excess profits of today, will then be worth only Rs. 20,000, while the tax collected at that time will also be Rs. 20,000 and thus the entire remittance of excess profits is to be given away as an excess profits tax.

Now, take a Sindwork merchant in Italy:

He has a standard profit of 100,000 liras. At the rate of exchange prevailing during the standard period, say, 720 liras equivalent to Rs. 100, the standard profits are Rs. 13,787. In the chargeable accounting year, the assessee has made a profit of 90,000 liras only, that is, even 10,000 liras less than the standard profits but owing to the recent depreciation of the sterling the rate of exchange being about 560 liras to Rs. 100, present profit works out at Rs. 16,072. Thus a fictitious figure of Rs. 2,195 is obtained as an excess profit one half of which is taken away by way of excess profits tax, while from the point of view of the taxpayer he has not only made no excess profit but has on the contrary earned 10,000 liras less than what he earned in the standard period.

The man loses in this way much more than he is assessed. In these circumstances, I hope that the Honourable the Finance Member will kindly accede to my proposal so far as the Indians trading overseas are concerned, for whom we are not able to do anything to improve their miserable condition. The amount that they would get would be very very small, hardly five or ten lakhs. I do not know whether I am right. Therefore, in proportion to the amount that we are getting already, from the experience that we have had during the last few years' working, I am sure that while my friend puts down three crores for the whole of India, he will not have three lakhs from Indians trading overseas. Under these circumstances, at least show some regard, some mercy to the poor Indians overseas—people for whom you have done nothing, and release them from this duty. With these words, Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That to clause 4 of the Bill the following further proviso be added:

'Provided further that profits of business accruing or arising without British India shall be totally exempt from excess profits tax under this Act.'

Mr. Lalchand Navalrai: Sir, I support this amendment. The question of these Indians overseas has been debated in this House at the time of the general discussion. Deputations have also waited upon the Members of

[Mr. Lalchand Navalrai.]

the Central Board of Revenue and perhaps on the Honourable the Finance Member also. Their case has been put quite plainly and their case is so very clear that I do not think it needs any repetition. Sir, it is so well-known now that the position of these Indians abroad is that they make business outside, they trade outside, they live outside, they are under a handicap in the places where they live, they are suffering from difficulties by reason of their living there, and they have also further difficulties, in that they cannot bring out their money from the foreign countries. I am, therefore, asking on what ground this excess profits tax is being demanded from them? Is it on account of any economic call or it is only because they owe a political allegiance? If it is only on account of the political allegiance as it is, then the State is not able to help them in their difficulties there in the matter of their bringing their money over here and so forth and I submit that only on that ground alone they should not be charged any excess profits tax. Now, in connection with these difficulties that are before them, first of all, it may be mentioned that during the last few years say 1935 to 1937, in Spain, Africa, China and Japan they had lean years, nay, they had heavy losses. This can be found out very easily because those days were such that they could have only losses rather than any profit. Thus if they were to make any profit now in the chargeable accounting period, then that would only go to compensate them for the losses that they had previously sustained, and it cannot also be said that their profit now is normal, and that being so, how are you going to call their profits excess profits and charge them accordingly?

Then, with regard to the exchange fluctuation. The money they had at the time of the standard profit period was at a particular exchange at that time; now when they bring the money out, the exchange will be different at that time, so even if they are allowed to bring their money, it may be that it will be no profit at all to them, but according to the present system, if the same procedure as the income-tax procedure is applied then they shall have to be charged at the exchange rate prevailing now.

Sir H. P. Mody: Not immediately—when it is brought out.

Mr. Lalchand Navalrai: In the case of income-tax they are assessed now and they don't wait to assess at the time of remittance.

An Honourable Member: No.

Mr. Lalchand Navalrai: Then, of course, that is a different question altogether. Have the same procedure put down here?

The Honourable Sir Jeremy Raisman: Yes, yes.

Mr. S. P. Chambers: It is in the Bill.

Mr. Lalchand Navalrai: They will suffer then

An Honourable Member: How can they?

Mr. Lalchand Navalrai: The point is that on account of the different exchanges at different times they will suffer. Then, coming to the question

of prohibitions also they have suffered up to now and I submit that there are other amendments for that and I hope the Honourable Member will consider them. Under the present amendment they want the whole exemption, but there are other amendments also under which they want certain concessions and exemptions. Now, in the first place, justice requires that they should be exempted and that they who have made money, if at all, outside and which they cannot bring in here, are suffering under a great hardship; therefore I would request the Honourable the Finance Member to consider their case as an exceptional one, distinguishing them from those Indians that are making profits here and whom Government also helps in making profits. The Government, on the contrary, is not able to give the former any help; so I say they should not be charged this excess profits tax. Sir, I support the motion.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I rise to support the amendment and I think the subject is not at all such as requires an explanation at a very great length. We had a full-dress debate on this question when the Income-tax Bill was introduced and when for the first time the world income of people of this country was taxed. This is going to be an additional burden of taxation on those people who have already been hit to a very great extent by the recent legislation of taxing the world income. Sir, the only point I want to make is this, viz., that their excess profits might be only nominal and might remain on paper alone for all times. Sir, I want to place before the House a concrete case. Because of the depreciation in the value of sterling there has been inflated value for currency in other countries. Take liras of Italy the usual exchange of which was 750 to Rs. 100, by reason of inflated currency and depreciation in sterling which is linked with Rupee at 1-6d. the amount today is at about 500 liras for Rs. 100. In the case of a merchant who is doing business in Italy and has been able to earn 130,000 liras, with the normal exchange of 750 would have shown his profit at only about Rs. 17,800 and which would now at present exchange amount to about Rs. 26,000, that particular merchant's position would be that this amount of about Rupees nine thousand which is the difference between Rs. 17,000 and Rs. 26,000 would be considered excess profits. The estimates will be made of that figure calculated at today's rate of 500 liras to 100. At the same time, the difficulty is obvious that he will not be able to bring back the money because of the embargo in Italy and might be able to bring back the money when the exchange value of lira might go down again to 800 or 900 to Rs. 100 when sterling improves. Automatically, therefore, the profit on paper as estimated will be reduced from Rs. 26,000 to about Rs. 12,000 or Rs. 11,000, but the estimates had been made on the inflated currency and that merchant will be compelled to pay the amount on that rate of exchange which prevailed at the time of estimate by Government. There is no provision that he will pay to the Government of India in liras. If there was a clause to the effect that he will pay in foreign currency, then probably the position would not have been what I am explaining. I will be very glad to hear from the Honourable the Finance Member how he explains this difficulty and how he is prepared to solve the hardships of the particular class of merchants who for no fault of theirs and to no material gain to them will be estimated at a higher rate because of the exchange rate at the moment and will have to pay a far bigger sum than they should be in all equity made to pay. It is only for this reason that I

[Mr. Muhammad Nauman.]

want that their case should be treated with special care and some sort of provision should be made and some solution should be found out, so that there may not remain this hardship to that class of foreign merchants. Government should provide same clause as a solution so that the Government can say that they will get a relief to that extent or the estimates of profits will be made at the time when they will bring back the money. Something on those lines should be done. It is for this reason that I support this amendment and I hope the Government of India will explain what they propose to do.

Dr. Sir Ziauddin Ahmad: Sir, I have some sympathy with the Honourable Members who have spoken on the amendment. They have, unfortunately, tapped the wrong place and they have now provided a window for the Allies but actually we will find that more Russians and Germans will pass through this window than the Allies themselves. He has entirely forgotten that according to the definition in the Bill, the Indian States are outside British India, and, therefore, all the income derived from Indian States will be exempt altogether from the excess profits tax. The result will be that all the industries in British India will shift to the Indian States. If any person has a factory, say, in Muradabad, he will be liable to this tax, but if he shifts his business to Rampur, then, according to this amendment, he will be exempt altogether from the excess profits tax. Therefore, although I sympathise with the previous speakers, I do believe that this is not the right place and right way of achieving that object.

An Honourable Member: Which is the right way then?

Dr. Sir Ziauddin Ahmad: It is not for me to say what is the right way. The only thing that I wish to point out is that this is not the right way of doing it. If we accept this amendment, then we are opening a very dangerous door, through which all our industries will be shifted with rapidity to the Indian States and British India will lose heavily in this way. There are already a number of Indian States who have got no income-tax and there are some Indian States who have got no excess profits tax either. If we accept this amendment, our labour will suffer and the question of unemployment will become more acute in British India than it is at present. I hope the House will consider all these things. I am sure nobody wants that all our industries should be shifted from British India to the Indian States which will be the inevitable result of this particular amendment. Sir, I oppose it.

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

Mr. S. P. Chambers: Sir, the motion before the House is No. 20 on the main consolidated List, and I must say that I admire the Sindhi merchants for their zeal, not only in extending their business to all parts of the world, but extending their amendments to all parts of this Bill. There are some amendments which appear to be quite reasonable and they come along later on. This amendment, however, goes, as my Honourable friend has just said, a good deal further probably than the Mover himself intended. I would like, first, of all, to refer to my Honourable friend, Mr. Laljee, who

made a very eloquent speech. He said that he wanted to put the case of the Indians outside India. He said that their condition was miserable and I think my Honourable friend, Mr. Lalchand Navalrai, expressed similar sentiments. Now, first of all, I would like to point out that Indians outside British India are not liable to excess profits tax. That is the first point. Let us make quite sure that we understand what we are talking about. Indians trading outside India, who are not resident in India, are not liable to excess profits tax. I will go a step further. There are some who, although they trade outside India, come back to this country and under the definition of "residence" in the Income-tax Act, are residents in India and are, therefore, liable to Indian income-tax, although most of them will be not ordinarily resident in British India. In fact, an amendment in section 4 of the Indian Income-tax Act was specially designed to exclude from a certain basis, the so-called residence basis, Indians who were trading abroad and who came back to this country and who would be caught by the normal definition of residence. It was, therefore, provided that such persons, though resident, should not pay income-tax on the basis of the amounts arising abroad but only on the amounts brought into British India. That disposed, for the main part, of a number of difficulties with regard to exchange on the income-tax side. When we come to the excess profits tax, if Honourable Members have looked carefully at clause 5, they will have seen that the scope of the excess profits tax is not so wide as the scope of the income-tax. All profits which are assessable on the basis of the amount brought into British India are excluded from the scope of the excess profits tax. So, even this group of Sindhi merchants are also outside the scope of the excess profits tax. We are, therefore, left not with the Indians who are trading abroad, whose conditions are miserable, but with a few who are both resident and ordinarily resident in this country and who satisfy all the conditions of residence and all the conditions of ordinary residence but who are also trading abroad. Now, their number, again, is very small. I mean the number of those who make Rs. 30,000 and who under this Bill will be liable to excess profits tax. Their number, as far as I can gather,—and this information I have got from some of my Sindhi merchant friends—may be two or three or it may be a few more even than that. That is to say the number of Sindhi merchants who are resident and ordinarily resident in British India and who are trading abroad and who are likely to make excess profits and, therefore, come within the scope of this tax is so small that their alleged hardships could almost have been neglected.

An Honourable Member: They are not the only people.

Mr. S. P. Chambers: I am just talking about the people on whose behalf the amendment was moved, a mere handful of people. Let me read the exact words:

"Provided further that profits of business accruing or arising without British India shall be totally exempt from excess profits tax under this Act"

For that handful of people it is proposed to exempt from tax the profits of large trading corporations where those profits or part of those profits arise abroad. I am not concerned with the difference between India and British India in this connection although my Honourable friend has pointed out that there might be an undesirable effect. There might be a transfer of the industry from British India to Indian States. I am not concerned

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with that. What I am saying is that large trading and manufacturing concerns would be entirely exempt from tax on profits arising outside British India by this amendment so that for the sake of a handful of people we are asked to exempt from tax the profits of very large corporations.

Mr. Lalchand Navalrai: So far as Hyderabad is concerned, I may inform my Honourable friend that they are not only two or three. There are very many. I do not know from what information my Honourable friend says they are only two or three.

Mr. S. P. Chambers: I understand that the Honourable Member comes from Sind and his friends gave me that information. However the matter is perhaps not of importance. For this purpose I admit there may be two or three or perhaps 20 or 30. It does not matter. We might have argued that when a provision of an Act operates fairly for the majority of persons, but somewhat unfairly for a few, we might have argued that hard cases make bad law. We do not propose to do that even in respect of the handful persons who are concerned. As I have said a number of other amendments have been tabled and they relate to later clauses and no opposition need be expected from Government in respect at least of two. One of them is No. 58 in the consolidated list and that refers to foreign taxation; the other amendment is No. 69 which is connected with the question of exchange which is one of the most difficult questions. At this stage we need not discuss those points in detail. The proper time will be when we reach those amendments on those clauses. All I wish to say is this: where these two amendments seek first of all to provide for a deduction when computing income-tax for foreign taxes paid abroad in respect of profits arising abroad whether within the British Empire or outside, where an amendment seeks to do that, it will not be opposed by Government. Secondly, in so far as exchange restrictions are concerned, it has already been pointed out that no excess profits tax would be collected on profits which cannot yet be brought into this country. Amendment No. 69 goes further and the intention there is that some relief should be given as and when profits are brought into this country and the intention there is to relate the relief back to the earlier year when profits were made. The special point which is being made by my Honourable friend is this that when profits are made possibly excess profits tax is chargeable but when the profits are brought into British India and the exchange losses incurred the Excess Profits Tax Act might have disappeared, so that there will be no benefit for the loss then allowable. The intention of amendment No. 69 is to see that the allowances should be given in respect of earlier year when the profits were made. I suggest, Sir, that in proposing to provide for the specific relief which is required in respect of these few cases, we are proposing to do all that we can reasonably do and this amendment which goes much too far should be opposed.

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

"That to clause 4 of the Bill the following further proviso be added:

'Provided further that profits of business accruing or arising without British India shall be totally exempt from excess profits tax under this Act'."

The motion was negatived.

Mr. Akhil Chandra Datta: Sir, I beg to move:

"That in the proviso to clause 4 of the Bill, after the word 'insurance' the words 'or banks' be inserted."

Sir, the grounds on which I claim exemption for Banks are these. Banking in the modern sense of the term, as it is understood in western countries, is a new institution in India, and, except in Bombay, where there are big banks, I do not know there are any really big banks in any other part of India. Therefore, it is a new institution and an institution which is vitally necessary for industrial improvement and development and also for purpose of commerce and trade. Therefore, my submission is that nothing should be done which might in any way hurt this growing institution. That is my first ground.

My second ground is that banks, instead of being benefited by the war, are likely to be damaged by the war. (Interruption.) I find my Honourable friend, Sir Jeremy Raisman, nods his head. Perhaps this argument is not acceptable to him. Let me tell him this. Not to speak of private banks, even post office savings banks were affected by war conditions. During the last war, there was a regular run on the postal savings banks. Immediately after the declaration of the present war, my information is—I cannot quote the exact figures,—there was a run on the post office savings banks, at least in my part of the country. There were heavy withdrawals from the post office savings banks, so that the result of war, so far as banks are concerned, is not beneficial. Of course, banks depend upon deposits. As regards deposits, the effect of the war is always to obstruct the flow of deposits, because war leads to panic, and panic stands in the way of deposits being obtained by the banks. The fact is, the people, rightly or wrongly, are very careful about their money and would rather conceal it in the earth than put it in banks because of the uncertainty caused by war conditions. Therefore, they are not benefited, but rather adversely affected by the war.

The principle of not assessing all business to this tax has been accepted and exception has been made in the case of insurance companies. I may point out that, up to a certain point, the functions of insurance companies and banks are identical, the only difference being that in banks it is short term deposits that are made, whereas in the other case the insurance money is paid after death or after a term of years. Subject to this difference, the functions of the two businesses are identical. So I submit that on these grounds banks like insurance should be exempted from the operation of this Act.

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

"That in the proviso to clause 4 of the Bill, after the word 'insurance' the words 'or banks' be inserted."

Babu Baijnath Bajoria: Sir, I rise to support this amendment. As stated by the Deputy President, banks stand on the same footing as insurance companies and they deserve special consideration. Due to war conditions banks cannot make money quickly and there is no reason why they should come within the purview of this Act. I hope the Finance Member will concede this request.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, I support this amendment. We have often been told that

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this tax will apply to profits arising out of the war. How are banks going to make such profits?

An Honourable Member: Lending money at a higher rate of interest.

Sir Abdul Halim Ghuznavi: The rate of interest is fixed,—fixed not from generation to generation but from time to time.

Mr. Akhil Chandra Datta: For all practical purposes.

Sir Abdul Halim Ghuznavi: Quite right. Therefore, as the Honourable the Finance Member has conceded it to insurance companies he should exempt banks also. Take a concrete case. There are Indian banks,—my Honourable friend, Mr. Aikman, laughs; anything Indian makes him laugh. But Indian banks are in their infancy and every true Indian must support this industry.

An Honourable Member: Why not Europeans?

Sir Abdul Halim Ghuznavi: They will not, for obvious reasons.

Mr. A. Aikman: They do.

Sir Abdul Halim Ghuznavi: This is the way they do it. As soon as I begin to support the amendment my Honourable friend, Mr. Aikman, starts laughing at the proposal. My Honourable friend, Sir Ziauddin, calculated the loss to be incurred by adopting the amendments approved by the Select Committee, and if he were here I would have asked him to estimate the loss to be incurred by giving this concession. I am sure the loss will be very small and that might induce the Honourable the Finance Member to accept this proposal. After all banks will not pay this tax because they will make no profits. I know with empty Benches on that side it is no use forcing this amendment to a division. There is only one method left and that is to appeal to the Honourable the Finance Member to accept this suggestion. Sir, I support the amendment.

Mr. A. Aikman: Sir, I had no intention of intervening in this discussion, but as I have been accused of laughing at this suggestion, perhaps I might put forward one or two points.

Mr. M. S. Aney: To justify your laughing?

Mr. A. Aikman: Yes. If the banks like life insurance companies do not make any excess profits they will not be taxed. But on the other hand if we are going to have that expansion of industry in this country which is quite possible and if we are going to export agricultural products and other indigenous produce we are going to draw bills in respect of these on the firms to whom we export and these will be passed through the banks; and the banks will derive very considerable extra profit.

An Honourable Member: Due to war.

Mr. A. Aikman: Not only that. There is a great deal of mention in this Bill about increase of capital which certain businesses are going to effect, and I can say that that capital is going to be supplied by the banks, and they in their turn will make profits. So there is no reason why they should not pay their share of the Excess Profits Tax which will accrue from any expansion of industry.

Mr. Muhammad Nauman: Sir, I oppose the amendment. As Mr. Aikman said, if the banks do not make any profit, no exemption is necessary and there should have been no anxiety about it. My Honourable friend, the Deputy President, quoted the analogy of insurance companies, but I do not think the analogy applies. Insurance companies may advance money like banks but the insurance companies stand to lose more than to gain on account of the war where the risks of lives covered by policies have increased. They run greater risks and the exemption should apply to them only during war.

Mr. Aikman, the Leader of the Europeans, has also pointed out that banks will get profits out of bills of exchange and on account of fluctuating rates of currencies and their outstanding holdings to cover the amounts drawn here and there on them through bills of exchange, which they buy and sell. But probably my friend, Sir Abdul Halim Ghuznavi, had in mind the ordinary Indian banks which are not exchange banks and which only advance money to individuals and to industries here. I fully sympathise with them; but they have no fixed rates of interest and I know in Calcutta and other places their rates differ with the integrity of their clients: to some they advance money at 12 per cent. and to others at 18 per cent.; and if they make profits because of a speedy and big turn over there is no reason why they should claim exemption. The Indian banks in which my friend, Mr. Akhil Chandra Datta, has in his mind, speculate in the cotton, jute and other share markets and there is no reason why they should claim relief if they make excess profits through such speculations in the market. This amendment, therefore, is futile. As a matter of fact there may not be many banks at all which will make excess profits. I think, therefore, this amendment is absolutely out of place and I oppose it.

The Honourable Sir Jeremy Raisman: Sir, excellent reasons have been adduced by the last two speakers why this amendment should not be accepted, and I agree with them. In fact, I have never been able to understand—and I have seen this claim brought forward from the time the Bill was first published—what vestige of a case there is for the exemption of banks. It seems to me that the attempt to draw an analogy with life insurance business is due to a misconception of the reasons why life insurance has been exempted from the scope of the tax. The primary reason was that it was impossible to determine the profits of a life insurance business for a single year. Those profits can usually only be determined by a quinquennial or at least a triennial valuation; and once you realise that position, it is obvious that you cannot apply the provisions of this Act. If we had attempted to bring the life insurance business within the scope of this Act we should have given both the life insurance companies and ourselves an infinite amount of trouble. Well, then, we said to ourselves "Is there any likelihood that if we do not give ourselves this trouble, we shall lose any appreciable amount of revenue?" Obviously there is not. That is where the argument comes in that life insurance business will not make

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profits during the war. It only comes in in order to reassure ourselves that we are not discriminating in favour of a particular business merely on the ground of the extreme difficulty of assessing it. The extreme difficulty is undoubted; but we are confirmed in our decision to exclude it by a strong presumption that life insurance would not make special profits during the war. In the case of banks where the profits can be ascertained from year to year the answer is obvious that if they make no special profits during the war they will pay no tax: and if they do make special profits, excess profits, during the war, then as I have already said I entirely fail to understand why they should be treated differently from other businesses. Sir, I oppose the amendment.

Mr. Akhil Chandra Datta: May I ask the Honourable the Finance Member one thing? The reason now given by him is absolutely different from the reason given in the Select Committee Report as to why insurance companies have been exempted. The report says:

"There is a reasonable presumption that life insurance will not make additional profits in conditions arising out of the war."

That was the only reason given.

The Honourable Sir Jeremy Raisman: The Honourable Member has not read the whole of the sentence. He has merely mentioned the observation which the Committee made and which confirmed it in its desire to exempt life insurance companies, but the main reason is given first— "These (i.e., the profits) are usually the subject of triennial or quinquennial valuation and cannot be determined annually". That is the basis.

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

"That in the proviso to clause 4 of the Bill, after the word 'insurance' the words 'or banks' be inserted."

The motion was negatived.

Mr. Akhil Chandra Datta: Sir, I move:

"That to clause 4 of the Bill the following further proviso be added:

'Provided further that all normal profits not influenced by war conditions shall be totally exempt from excess profits tax under this Act'."

Mr. F. E. James (Madras: European): On a point of order, Sir, surely this is barred. We have already discussed it on amendment No. 14 in supplementary list No. 1. It raises precisely the same issue.

Mr. President (The Honourable Sir Abdur Rahim): That was negatived?

Mr. F. E. James: Yes.

Mr. Akhil Chandra Datta: That was an amendment in the body of the clause itself: this is to add a proviso.

Mr. President (The Honourable Sir Abdur Rahim): That does not matter. The proposition proposed has been negatived by the House. Therefore it is barred.

Pandit Krishna Kant Malaviya: Sir, I move:

"That to clause 4 of the Bill the following further proviso be added:

'Provided further that in the case of profits accruing or arising without British India the excess profits tax shall be equal to twenty-five per cent. of that excess'."

We have been pressing for the acceptance of this principle and pleaded for the exemption and we have seen that we have not succeeded so far. It was moved while we were discussing clause 4, but in view of the speech recently made by my Honourable friend, Mr. Chambers, that only a few merchants will be affected, I think only a few merchants will be able to pay taxes to the tune of 50 per cent. if the Bill is allowed to stand as it is. Whereas if this amendment is carried, the difference will be that instead of getting 50 per cent. from a few merchants, my friend will get only 25 per cent. from them. The case of our traders trading outside India, the difficulties under which they labour, the hardships they undergo and the risks they face are all known to us. I therefore, Sir, plead that this concession should be allowed to them that instead of their being taxed at 50 per cent., they should be taxed at a reduced rate of 25 per cent. After all, the loss to the revenues will be only a small one, but it will afford considerable relief to those traders who trade abroad and who undergo such hardships.

Mr. S. P. Chambers: Sir, almost exactly the same arguments apply to this amendment as to the other amendment which was moved a short time ago and was rejected, but unfortunately one of those arguments appears to have been completely misunderstood by the Honourable Member. I explained, I think, that this amendment was put on behalf of only a few persons, but as worded, it affected not only those persons, but a large number of persons, and also the effect was to exempt from the excess profits tax the foreign income of all corporations, however large or however small; so that the suggestion that if we accepted this amendment, it would mean only a small cost because a few merchants will pay at 25 per cent. instead of at 50 per cent. is completely wrong.

As to the rest, I am afraid I cannot see that there is any justification for applying a lower rate to these persons who, as I explained before, are resident and ordinarily resident in British India and carry on business either here or abroad or abroad only, and I cannot see why they should be specially treated. To the extent to which they are entitled to special consideration owing to their special difficulties, I have already stated the Government is prepared to meet their case. Sir, I oppose the amendment.

Pandit Krishna Kant Malaviya: May I explain

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already had his say. If he wishes to withdraw the amendment he can do so.

Pandit Krishna Kant Malaviya: Yes, Sir, I will withdraw it.

The President (The Honourable Sir Abdur Rahim): Has the Honourable Member the leave of the House to withdraw his amendment?

Several Honourable Members: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

Mr. Lalchand Navalrai: Sir, I move:

That to clause 4 of the Bill the following further proviso be added:

'Provided further that in the case of profits accruing or arising out of British India so much of the excess of profits as does not exceed rupees ten thousand shall be exempt from excess profits under this Act.'

Sir, I am thankful to Mr. Chambers for giving us some hope, though the Honourable Member restricted his sympathies by saying that some of the amendments that will come hereafter will be accepted. Sir, this amendment is on the lines of the Income-tax Act. Under the provisions of the Income-tax Act, all foreign incomes which are not remitted to British India are exempted from income-tax to the extent of Rs. 4,500, and by this amendment I want that foreign incomes which are not remitted to British India should also be exempted from payment of income-tax to the extent of Rs. 10,000 instead of Rs. 4,500. The reasons for this demand are practically the same as those which were advanced in regard to exempting Rs. 4,500 from the income-tax, and that demand was accepted. Therefore, there is no reason why, when the procedure and policy of that Act are being applied to this measure also, my request should not be considered favourably. The Excess Profits Tax is a larger tax, and, therefore, the income-tax exemption should be also double. I do not think I need say much on this point. The other points have already been put to the House, and by this amendment I want that some facilities should be given to traders trading in foreign countries and their hardships also should be rempved. Under the Income-tax Act the justification for the exemption of Rs. 4,500 has been accepted, and so there is every justification in this case also for giving them the concession I ask for by my amendment. I hope, Sir, the House will accept my amendment.

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

'That to clause 4 of the Bill the following further proviso be added:

'Provided further that in the case of profits accruing or arising out of British India so much of the excess of profits as does not exceed rupees ten thousand shall be exempt from excess profits under this Act.'

Mr. S. P. Chambers: Sir, I am sorry to have to again oppose one of the amendments of my friends, though perhaps we may at a later stage look with a more kindly eye on some of their later amendments.

Mr. Lalchand Navalrai: Your kindness should begin here.

Mr. S. P. Chambers: I am afraid, Sir, my Honourable friend's arguments are not very sound, nor is his logic. First of all, he says that there is a deduction of Rs. 4,500 from income-tax, and that as the excess profits tax is at a higher rate, therefore, we should exempt a larger slab of income from excess profits tax. To my mind, Sir, that is round backwards. If the rate of tax is higher, then we ought to allow a smaller slab to get at a similar amount of relief. That is on the question of quantity.

Then, again, as to the reason for giving a deduction of Rs. 4,500 in respect of foreign income coming to British India, Honourable Members will recollect that in the discussion on the Income-tax Bill it was pointed out that there were a large number of persons, many thousands of persons, with small incomes arising abroad, and that it was deemed desirable to exempt them from the scope of the Income-tax Act altogether. The difficulty of determining their exact profits had to be considered, and there was also the difficulty of remitting their income to British India to be taken into account and the House came to the conclusion as part of the general settlement, that these small cases should be exempted entirely and a deduction of Rs. 4,500 was, therefore, made from all foreign income before assessing it to income-tax. The position here is entirely different. Here we have an exemption limit for excess profits tax of Rs. 30,000, and the position, therefore, of the excess profits tax is by no means comparable. We are concerned with cases, therefore, of persons making incomes in excess of Rs. 30,000, and, after them, we are only concerned with the cases of those who make excess profits. The Honourable Member suggests that from the excess profits there should be a deduction of Rs. 10,000. To my mind, there is no justification whatever for it. I must again remind the Honourable Member that we are dealing with cases of comparatively large merchants who are resident and ordinarily resident in this country and who derive income from abroad. They are not suffering from the personal difficulties of those resident abroad. They are not small traders, and I can see no reason why they should be specially treated.

Mr. Huseinbhai Abdullahai Laljee: I had really expected some sympathy to be shown. However, let us consider the arguments that have been put forward by my Honourable friend, Mr. Chambers. He says, "We are not going to look into the cases of those Indian people who are making large sums of money". In other words, he said that thousands of people were trading outside India whose income was small and, therefore, they made that allowance of Rs. 4,500. But may I ask him that those people who are trading both in India and outside India—are they trading in the same position as my Honourable European friends here who are trading outside and in India? Have our Government been able to make any kind of provision for those Indians who are trading outside India in order that their interests may be protected, that their business may be protected, and in order that they may be encouraged, as is done in the case of my Honourable friends, the Europeans here who have in this very House nearly thirteen Members representing the business and trade of Great Britain? Nothing of the kind. Why should my Honourable friend say that the Indian larger business people, the larger concerns who are trading outside India do not require any sympathy? I should be satisfied if my business outside was protected, as the business of my Honourable friends the Europeans here is being protected in India. Having not been able to do anything for Indians those who do larger business outside India without any protection and undertaking a lot of risk,—and in these times their difficulty is much more—if we do not help them, at least sympathise with them and give them some more consideration. You are giving an exemption of Rs. 30,000 to all the great men in India including the Britishers with all that protection. Why do you want to tax those Indians who are doing business outside India without any protection, without any Government, without any Treasury Bench to support them or to help them or to put us down. (Interruption by Dr. P. N. Banerjee): This is not a fair comparison at all. You give us

[Mr. Husenbhai Abdullahbhai Laljee.]

the same facilities and we won't ask you. In fact, I say we do not want to pay anything because you do not give us anything. Give us all the protection that you can give and we are prepared to pay the taxes. It is not all for our country but also for services which you do not render. The pain is all the greater when you talk of the big Indian interests. The big interests do take a lot of risk. The big interests in England have got even the military, the army and the navy to protect them. This is the duty which is being performed for the big interests in England, but nothing of the sort is being done here. I submit that all the arguments which we put forward on the occasion of the Income-tax Act stand good today. In fact, in the present state of affairs, when there is war going on and when there is no protection whatever given to big business or small business outside, you should show some regard and respect. If the Honourable the Commerce Member were here I should have asked him to come forward and tell us how he is going to encourage us. Are big Indian interests going to be treated outside India exactly as the Europeans sitting in our House and having their chambers here with representatives here? When Rs. 4,500 was allowed that was the real consideration, not that the Indians outside did not deserve it. I do not wish to repeat all those arguments, but I do feel that business which is done outside India without any protection, without any help requires consideration. With these words I support the amendment.

Dr. Sir Ziauddin Ahmad: May I draw the attention of the Honourable the Mover of the amendment and his supporter to sub-clause (4) of clause 6 of the Bill? There provision is made for an exemption of Rs. 30,000 for all,—not only for profits accruing outside India but for all kinds of profit,—and there is no proposal or amendment to reduce this limit. In fact, there are certain amendments to increase this particular limit, and I do not understand exactly the force of the present amendment to exempt foreign profits to the extent of Rs. 10,000. Does my Honourable friend want to have Rs. 30,000 for the profits accruing in British India and Rs. 10,000 more for the profits that accrue outside British India?

Mr. Husenbhai Abdullahbhai Laljee: That is so,—that portion which accrues outside India.

Dr. Sir Ziauddin Ahmad: Instead of coming by the backdoor, I should have liked my Honourable friend to come by the front door and move an amendment to sub-clause (4) of clause 6 of the Bill in order to have the limit extended from Rs. 30,000 to Rs. 40,000 and give benefit to everybody. That would have been a better course, but this asking for relief by the backdoor is not justified.

An Honourable Member: Conditions are different.

Dr. Sir Ziauddin Ahmad: My Honourable friend says conditions are different. May I remind him of what I said last time, that he is now making a window through which very few foreign business men will pass but through which a large number of those persons whom he would not like to pass would pass. That is my difficulty. I think the amendment

proposed really takes away the force of what is provided already in sub-clause (4) of clause 6 of the Bill, and the object which my Honourable friend has in mind will not be achieved by the amendment which he has tabled. I oppose the amendment.

Mr. M. S. Aney: My Honourable friend, Dr. Sir Ziauddin Ahmad, did not attempt to meet the arguments which were advanced by my Honourable friend, Mr. Husenbhai Laljee. The main consideration in the case of those firms which are carrying on business outside British India and in foreign lands is this. The grounds on which a State is entitled to tax anybody do not hold good in the case of these persons. It has been frequently asserted on the floor of this House that, so far as our businessmen in foreign lands are concerned, particularly those who are engaged in small business, get practically no protection whatsoever at the hands of the Government of India. Now, that is a fact which is not seriously contradicted, and which I am sure they are not in a position to contradict also, in view of our knowledge of their conditions in those countries. The Government have really no moral claim to get anything by way of taxation from them. That was the ground on which we tried to fight this issue when the Income-tax Bill was under consideration on the floor of this House. Anyhow, a compromise was arrived at then, that over and above the basis of taxation for other firms in this country, something was to be left out as a margin in the case of persons carrying on business in foreign lands and the income above that margin should be taxed. That was the compromise then arrived at. I believe that the present amendment which my Honourable friend, Mr. Lalchand Navalrai, has moved is also based on a similar principle. He does not want complete exemption from taxation in this amendment. He says that in the case of persons making profits outside British India the basis of taxation of those profits should be different from that which is in vogue in the case of those persons who carry on business in this country. The principle which has been recognised in the case of the Income-tax Act should be extended now in case of the excess profits tax also.

I have listened to the speech of my friend, Mr. Chambers. If there was some good reason for the recognition of that principle in the Income-tax Act, I do not see that there is any valid reason for him not to extend that principle here. If he thinks that 10,000 is too much, he may suggest some smaller limit. Anyhow there should be some recognition of the principle but he wants to reject the whole suggestion. I, therefore, think he is not doing justice and not carrying out the principles which he thought he deserved consideration at the time when the Income-tax Bill was under consideration and when the principles, which he was the first man to enunciate and initiate in legislation on the floor of this House, were being discussed by this House. I, therefore, support this amendment.

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

"That to clause 4 of the Bill the following further proviso be added:

"Provided further that in the case of profits accruing or arising out of British India so much of the excess of profits as does not exceed rupees ten thousand shall be exempt from excess profits under this Act."

The motion was negatived.

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

"That clause 5 stand part of the Bill."

Mr. S. P. Chambers: Sir, I move:

"That in the second proviso to clause 5 of the Bill, after the word 'where' the words 'the profits of' be inserted and the words 'of the profits', occurring after the word 'only', be omitted, and for the words 'accrues or arises in British India or is deemed' the words 'accrue or arise in British India or are deemed' be substituted."

This is really a verbal amendment which makes it clearer that we are referring to the profits of a part of a business and not to a part of the profits of a business. This is merely a matter of clarification and I think there will be no objection to it. I move.

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

"That in the second proviso to clause 5 of the Bill, after the word 'where' the words 'the profits of' be inserted and the words 'of the profits', occurring after the word 'only', be omitted, and for the words 'accrues or arises in British India or is deemed' the words 'accrue or arise in British India or are deemed' be substituted."

The motion was adopted.

Dr. P. N. Banerjee: Sir, I move:

"That to clause 5 of the Bill the following further proviso be added:

'Provided further that this Act shall not apply to a business the profits of which accrue or arise without British India in a country the laws of which prohibit or restrict the remittance of money to British India.'

Sir, this amendment does not ask for any general exemption of profits arising outside British India. It demands only exemption in those cases where by reason of the laws which exist in certain countries the profits cannot be brought to this country. Is it right or equitable, I ask to tax profits which cannot be brought to this country? It may be said that in the Income-tax Act a provision is made by which the profits may be carried over if the profits cannot be brought into this country. We also remember that Sir James Grigg gave an assurance when the Income-tax Bill was being considered that losses would also be allowed to be carried over. Now, we should understand the distinction between the Income-tax Act and the Excess Profits Tax. The former is a permanent Act, and if certain incomes under this Act cannot be brought into this country now, they can be brought after four or five or ten years. Therefore, the assessee would not suffer any loss. But the Excess Profits Tax is a temporary tax. Its operation is for the present only up to the 31st March, 1941. It may be extended, but it is sure to end as soon as the War ends. Therefore, the relief which is available in the case of income-tax is not available in the case of the Excess Profits Tax. That is why I urge that an exemption be made in favour of those profits which accrue in countries where the laws prohibit or restrict the remittance of money. Several Honourable Members have already spoken about currency fluctuations and exchange restrictions. Even if it is possible to carry over the losses to future years and

the profits also to future years, many difficulties may arise in this connection. This Act being a temporary Act, the tax will be paid now and the relief will never come. This is an undesirable and unjust state of affairs and I hope the Government will see their way to accept this amendment.

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

"That to clause 5 of the Bill the following further proviso be added:

'Provided further that this Act shall not apply to a business the profits of which accrue or arise without British India in a country the laws of which prohibit or restrict the remittance of money to British India.'

Mr. S. P. Chambers: May I first say that I am surprised that this amendment comes from my Honourable friend, Dr. Banerjee. I should have expected it to come from my Honourable friend, Mr. Aikman, or a Member of the European Group.

Dr. P. N. Banerjee: That does not matter. I am very friendly with the European Group.

Mr. S. P. Chambers: I wish merely to point out that the principal country, at least as far as I am concerned, the laws of which prohibit or restrict the remittance of money is the United Kingdom and it seems to me that the effect of this proviso would be to exempt profits arising in the United Kingdom. However, Dr. Banerjee may be doing his Honourable friends a good turn. It is immaterial which Honourable Member moves the amendment, although I do suspect that that was not what this Honourable Member intended. However, in so far as he aims at giving relief, I have already explained that the amendment which we are prepared to accept gives that relief and that the intention is that it should give relief in the right year, that is to say, in the year in which the profits arise. Perhaps I had better explain in somewhat greater detail how that relief would be given.

If the profits are made during the year 1941-42 and they are made in a country where there are these restrictions, so that the profits may not be remitted to British India, then as the provisions of section 45 of the Income tax Act are applied to this Act, the excess profits tax in respect of those profits will not be collected until the profits are brought into British India. Then, we have gone further by this amendment—or rather the Honourable Member who has tabled the amendment has gone further,—and has provided that there should be a special relief by way of a deduction from the profits to be assessed. If these profits could not be brought until 1950, then, when they are brought in, if a loss is incurred, the profits of 1941 will be correspondingly reduced before the tax is collected in 1950. I suggest that that amendment does all that the Honourable Member already intends but this amendment goes very much further and exempts all kinds of profits where there may be restrictions which do not affect the particular assessee concerned or where the assessee himself may not wish to bring the profits into the country or where he may find that by the time he brings the profits into the country the exchange may have so turned that he makes a still greater profit. Obviously, there is no case whatsoever for the exemption of all these profits. This relief is provided elsewhere and it is quite unnecessary here. Sir, I oppose the amendment.

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

"That to clause 5 of the Bill the following further proviso be added:

'Provided further that this Act shall not apply to a business the profits of which accrue or arise without British India in a country the laws of which prohibit or restrict the remittance of money to British India'."

The motion was negatived.

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 6 stand part of the Bill."

Mr. Akhil Chandra Datta: Sir, I move:

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, the words 'in the case of a business which was not in existence before the 31st day of March, 1936' be omitted."

Sir, the second proviso to clause 6 (1) gives the option between "the standard profits" or the statutory percentage. That option is given to new businesses which were not in existence before the 31st March, 1936. I want that those qualifying words be omitted. In other words, the result will be that the option will be given, not merely to new business, but also to old business. Now, Sir, this is a novel proposition; this was not in the corresponding Act of 1919. That was the option given there. That option is now sought to be taken away by this Bill. Therefore, Sir, I move that that option should be extended to all businesses. Sir, I move.

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

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, the words 'in the case of a business which was not in existence before the 31st day of March, 1936' be omitted."

Babu Baijnath Bajoria: Sir, I rise to support this amendment. After all, what this amendment wants is that all businesses, new or old, should be given the benefit of the two options either of taking any of the standard periods or of the statutory percentage as provided in another clause. This statutory percentage allows only eight per cent. in the case of companies and ten per cent. in the case of any other business. Sir, as was pointed out yesterday by my friend, Mr. Deputy President, even if any business makes a profit of say four per cent. on its capital of ten lakhs of rupees and he makes Rs. 40,000, then if this option is not allowed to that business, then only Rs. 80,000 will be deducted and out of the excess profits of Rs. 10,000, five thousand will be taken. Sir, this is not fair. After all, an eight per cent. profit is not such as can be called an excess profit and I hope the Honourable the Finance Member will concede this point. Of course, I know he has got a resolute pair of backs behind him, Mr. Chambers and Mr. Sheehy, and it is very difficult to score goals against him but I hope that in this case he will agree and accept the amendment.

Dr. Sir Ziauddin Ahmad: Sir, this amendment aims at one important point that is, they should be given the option of choosing either one of these four alternatives given in the succeeding sub-clause or the statutory percentage. You cannot have all the sweet mangoes for yourself and throw out all the sour mangoes to the small taxpayers. Now I have tabled an amendment which will come later on, viz., No. 32.

An Honourable Member: Is that a sweet mango?

Dr. Sir Ziauddin Ahmad: I will find out during discussion. But there I have put a restriction, that either you take the average of the profits of the last four years, or the statutory profit whichever is higher, but not this thing that you have profits for each year separately and in addition to that the statutory profit as well. So I think if my friends will agree that they would like to have the average of the last four years or the statutory profit whichever is greater. I would welcome that, but at the same time, having all these four alternatives here and in addition to that, having the eight and ten per cent. statutory percentage,—that I think is not desirable. If you want to bring it in, bring it in under sub-clause (3) and then we will be able to judge for ourselves as to which is really the best thing. To have one kind of concession in one particular manner and a different concession in a different manner is not very desirable. Therefore, if you want a statutory percentage, then bring it in please in the next clause as suggested and this is not the place to put it in. With these words, I oppose the motion.

The Honourable Sir Jeremy Ralsman: Sir, I regret that this apparently simple amendment must be opposed. It is a point on which there was considerable discussion in the Select Committee and the position is this. The companies which have the option of a standard period and which can choose a favourable period will naturally choose that. Then you will have a certain number of companies of this kind,—companies which started probably a long time ago with a large capital and which have never been able to earn, or have not for many years been able to earn, a reasonable percentage on that capital. I regard those companies as companies which have lost a good deal of their capital before the standard periods begin. Now those companies may still have a large subscribed capital on their books, say Rs. 50 lakhs, and having lost 30 lakhs or 40 lakhs of this money years ago, they would now come forward to take this option and claim that before they should be considered to have made any excess profits out of the war, they should earn a percentage of eight per cent. on the whole of the capital still standing on the books. That, Sir, it seems to me, is not a fair proposition. For a company which has lost a large amount of its capital and which has not been able to earn eight per cent. during any of the optional periods which are provided by the Act, for such a company to claim that its normal standard of income is eight per cent. and that it should not be deemed to have made any excess profits until it makes over eight per cent. during the war period is, in my opinion, unsustainable. There is also the objection that in following out the financial history of these older companies we should experience considerable administrative difficulty. It would be precisely in cases of the kind I have mentioned that the option of the standard profits would be chosen and we should have to determine precisely what the capital employed

[Sir Jeremy Raisman.]

in the business was. It is true that in the proviso to this clause we have embodied the criterion of the statutory percentage of capital employed in the business, but in that proviso it only comes in as an incidental and limiting consideration and we feel that it will not be necessary actually to make that calculation in any appreciable number of cases. But if the option of standard profits were given to all businesses, then this calculation would have to be made in a larger number of cases and would occasion considerably administrative difficulty. The option of adopting a standard percentage had to be extended to new companies for the simple reason that there is not sufficient actual experience of their normal income on which to go; but when you have companies which have been in existence for a long time, then it is perfectly easy to determine from their actual trading record what their normal income should be taken to be. And having given them a considerable number of options, it is fair to say that anything earned in excess of the most favourable of these periods constitutes excess profits. Sir, I oppose the amendment.

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

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, the words 'in the case of a business which was not in existence before the 31st day of March, 1936' be omitted."

The motion was negatived.

Babu Baijnath Bajoria: Sir, I move:

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, for the figures '1936' the figures '1934' be substituted."

This is a very modest amendment. The proviso as it stands at present gives the benefit of the option of the standard period or of the statutory percentage in the case of new companies, and the definition of new companies is that they must come into existence after the 31st March, 1936. That is to say, those companies which have come into existence after March, 1936, are considered new companies for purposes of this Act and they have been given the option of standard period or of the statutory percentage.

Mr. M. S. Aney: They are sucking babies.

Babu Baijnath Bajoria: Yes, they are sucking babies of three years. What I want is that they should be given this option for their infant stage up to five years. In other words, those companies which have been started after March, 1934, should be given this option and I will give my reasons for that. When an industry is started, first of all it takes about two years or so to settle the preliminaries. When a company is registered, it comes into existence from that date, but two years have to elapse before it is able to put itself in a working condition. If a company is registered in 1936, it begins to work only in 1938. Of course, I am referring to industrial concerns. You cannot expect that in the very first year or the second year of its running, it will make sufficient profit. In fact, in the case of many industries, they make a loss in the first or second year of their existence. Now, if these companies make a profit after March, 1939, the

Finance Member will say under this Bill: "Oh, you have now made a profit of five per cent, which you could not make in the first or second year of your working and, therefore, I will not give you the advantage of the statutory percentage". I think that is very unfair. What I maintain is that if an industrial undertaking comes into existence in 1934, it begins working only in 1936. It will get a chance of completing three standard periods and it can choose the option of those standard periods or of the statutory percentage, otherwise it cannot avail itself of the option which is being intended for it. I hope, Sir, I have made my point clear.

Mr. M. S. Aney: No, we have not yet been able to follow your amendment. Kindly explain it further.

Babu Baijnath Bajoria: If my Leader has not properly understood it, I will try to explain it further. The new companies must take a sufficiently long time to secure their customers and to capture markets for their goods. After they have sufficiently established themselves, then and then alone they can be expected to make a reasonable profit on their investment, which they cannot do unless at least two or three years of working is allowed to them. With these few words, I commend my amendment to the House.

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

"That in the second proviso to sub-clause (1) of clause 6 of the Bill, for the figures '1936' the figures '1934' be substituted."

Mr. S. P. Chambers: Sir, I am sorry to have to oppose this amendment. The date '1936' was put in, not as a guess or as a random date, but it was put in in relation to the options which are given in sub-clause (2). I feel that my Honourable friend has taken this attitude. He looks at these various clauses and if we put in one date, he says 'let us try for one better.' That is what it comes to. We put in the date '31st March 1936' because all other businesses have the benefit of choosing any one of the options in sub-clause (2). There seems to be to my mind no reason why a business started earlier should be given that benefit. The Honourable Member said that perhaps with a business started just in 1935 or some date something like that, no profits may be made in 1936 or 1937. Therefore, the option given in sub-clause (2), he says, is not sufficient. I think perhaps he has overlooked sub-clause (3). These businesses under sub-clause (3) may make an application and come before the Board of Referees.

Babu Baijnath Bajoria: That is special relief.

Mr. S. P. Chambers: I will read out the relevant words:

"The excess profits tax officer shall refer the application to the Board of Referees, and if the Board is satisfied that during the standard period the profits of the business were less than might at the beginning of that period have been reasonably expected, it may direct that the standard profits shall be computed as if the profits during the standard period were such greater amount as it thinks just."

Then, there is a proviso relating to the statutory percentage. This means that in cases where there are special circumstances to show that during the standard period the profits made were not reasonable, it is

[Mr. S. P. Chambers.]

provided that, having regard to the nature of the business, the company or firm can come before the Board of Referees, but that is not all. If having gone to the Board of Referees, this company or firm is not satisfied that the Board of Referees has adequately considered their case or if perhaps it has given no relief at all, they can go to the Central Board of Revenue under clause 26 and here again this relief that may be given by the Central Board of Revenue may go down to the statutory percentage. It seems, Sir, that in clause 6 we have provided for adequate relief in the case of new businesses and that in the case of other business, the provisions of sub-clause (3) of clause 6 and of clause 26 are sufficient. Sir, I oppose.

Babu Baijnath Bajoria: What I want is that they should get a statutory right and they should not go begging from Board of Referees, then to Central Board of Revenue, and so on.

Dr. Sir Ziauddin Ahmad: Sir, although I do not agree with my Honourable friend, Babu Baijnath Bajoria, yet I have great sympathy with him, more sympathy than has been shown by the Treasury Benches on account of my own personal experience of such companies. There was a company in which myself and another was intimately associated. It took two or three years before the company could be actually got into existence and before the machinery could be purchased. The company in the meanwhile went into liquidation. Therefore, in such a case the question of extra profits does not arise. Therefore, the excess profits in the case of companies of the type which my Honourable friend, Babu Baijnath Bajoria, has in view will hardly arise. I would just point out that the case of this standard profit is an important one and I am very much in favour of it, but I would like to raise it in another clause of the Bill. With these words I oppose the motion.

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

"That in the second proviso to sub-clause (2) of clause 6 of the Bill, for the figures '1934' the figures '1935' be substituted."

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Monday, the 18th March, 1940.

LEGISLATIVE ASSEMBLY

Monday, 18th March, 1940.

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. Jatindra Nath Talukdar, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

APPOINTMENT OF AN ECONOMIC CORRESPONDENT TO THE ECONOMIC ADVISER IN INDIA.

407. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Commerce Member please state if it is a fact that the Government of India have appointed an Economic Correspondent in England to the Economic Adviser in India?

- (b) What is his salary and allowance?
- (c) Was permission obtained from the Finance Department?
- (d) What are the duties and functions of the Economic Correspondent?
- (e) Was the post advertised?
- (f) Do Government propose to publish the despatches which the Economic Correspondent may be writing?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) £350—50—500 per annum. There is no allowance attached to the post.

(c) Yes.

(d) The principal duties of the Economic Correspondent are to keep the Economic Adviser to the Government of India posted with up-to-date developments in general economic and financial matters.

(e) No.

(f) The reports submitted by the Economic Correspondent are confidential and Government do not propose to publish them.

Mr. Lalchand Navalrai: May I know if he is an Indian or an European?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: She is an European.

Mr. Lalchand Navalrai: Could not an Indian be made available?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: For the type of work that she has to do, I feel myself that an Englishman or Englishwoman is the best qualified in the United Kingdom.

Mr. Lalchand Navalrai: Can't Indians be found in England who can do the same type of work?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I have answered the question.

Dr. Sir Ziauddin Ahmad: Does she get information of a confidential nature which cannot be published in the papers?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Exactly, Sir, that is the point.

Dr. Sir Ziauddin Ahmad: Does she really get information from the British Government of a confidential nature?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Not from the British Government necessarily, but from various banks, financial operators and financial people, and so on.

CRITICISM OF THE CONSERVATION WORK DONE BY THE DIRECTOR GENERAL OF ARCHAEOLOGY.

†408. *Khan Bahadur Nawab Siddique Ali Khan: (a) Will the Education Secretary kindly state if it is a fact that Sir Leonard Woolley has praised the work of archaeological conservation of old monuments? Is it a fact that the officer in charge of Agra circle is in charge of the biggest, or one of the biggest, circles from the point of view of conservation work?

(b) Is it a fact that the conservation work which was being done under the direct charge of the Director General at certain places like Taxila, Mohenjodaro, Sirkap, etc., has been adversely criticised by Sir Leonard?

(c) Is it a fact that one of the reasons which influenced the appointment of the present Director General as such was his specialised knowledge and experience of excavations? Is it a fact that he was once Deputy Director for Exploration? Has the exploration or excavation work conducted by or under him been approved or condemned by Sir Leonard?

Sir Girja Shankar Bajpai: (a) In regard to the first part of the question attention is invited to the reply given to part (e) of question No. 800 on the 8th March, 1940. In regard to the second part the Agra Circle is one of the most important circles.

(b) Sir Leonard Woolley has not criticised the execution of the work of conservation but the policy of conservation of excavated remains hitherto followed by the Department.

(c) The present Director General was selected as being the most suitable officer available. It is a fact that he was at one time Deputy Director General for Exploration. The criticism made by Sir Leonard

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

Woolley relates as already stated to the conservation of excavated remains and is not directed against any particular officer but against the Department as a whole.

MAINTENANCE OF A BRANCH OFFICE OF THE LEAGUE OF NATIONS IN INDIA.

409. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Honourable the Leader of the House be pleased to state:

- whether the League of Nations maintains a Branch office in India;
- the considerations as a result of which the office was moved to Delhi;
- whether Government think that transfer of this office to Delhi has helped the League to promote closer touch with representatives of all parts of India?
- whether it is one of the functions of this office to inform public opinion in this country regarding the work of the League;
- in view of the widespread ignorance in this country about the League's work, whether he is prepared to draw the League of Nation's attention to the desirability of appointing a qualified Indian with journalistic experience to direct the activities of the Branch Office;
- whether it is a fact that since 1937 the League has given repeated assurances to India's representatives to the League Assembly that the Branch Office would be strengthened and re-organised; and
- if so, whether Government are prepared to stress upon the League that the present moment calls for an immediate implementing of those assurances?

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

(b) The Honourable Member is referred to paragraphs 72 and 76 of the Report of the Delegates of India to the 1936 Session of the Assembly of the League.

(c) and (d). Yes.

(e) The head of the Branch Office is a competent Indian and the Government of India see no reason to suggest a change in the incumbency of the office.

(f) No. If the Honourable Member will refer to paragraphs 44 and 45 of the Report of the Delegates of India to the 1938 Session of the League he will find that this question was not raised by the representatives of India but that in reply to points which were raised the Treasurer of the League remarked that the Office in Delhi had already been enlarged. I am aware of no assurances which have not been implemented.

(g) Does not arise.

Mr. Lalchand Navalrai: With regard to clause (a), may I know, Sir, what is the cost of this Branch in India, and who pays for it?

The Honourable Sir Muhammad Zafrullah Khan: The League of Nations pays it, but I do not know what the cost is.

HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND COMPANY.

410. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: (a) Will the Education Secretary please state if it is a fact that Messrs. Turner Morrison and Company, had informed the Bombay and Karachi Port Haj Committees that, if pilgrims would be available, they would berth their S.S. "Jehangir" after the S.S. "Rizwani" which sailed from Bombay on 2nd January and from Karachi on 5th January?

(b) If so, why did Government allow the Company to carry about ten per cent. more pilgrims in the "Rizwani", and why did Government not ask the Company to berth the "Jehangir" as promised?

Sir Girja Shankar Bajpai: (a) and (b). Government are aware that the Shipping Company had announced that the "Jehangir" would be berthed after the "Rizwani" if sufficient pilgrims were available. All pilgrims who had arrived at Bombay, however, were accommodated in the "Rizwani" which sailed on the 2nd January and it was believed that there would be sufficient accommodation for all the pilgrims likely to come forward at Karachi. Government, therefore, agreed that an additional ship need not be berthed. When the number of pilgrims at Karachi became known, it was too late to arrange for the sailing of the "Jehangir".

NUMBER OF PILGRIMS REQUIRED TO MAKE "JEHANGIR" A PILGRIM SHIP.

411. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Education Secretary please state if it is a fact that a ship carrying pilgrims becomes a pilgrim ship if there is one pilgrim per every 100 gross tons of the ship? If so, how many pilgrims would be required to make the "Jehangir" a pilgrim ship?

Sir Girja Shankar Bajpai: As regards the first part, I would invite the attention of the Honourable Member to sub-section (4) of section 149 of the Indian Merchant Shipping Act, 1923. As regards the second part, if the S.S. "Jehangir" were to convey or be about to convey 86 or more pilgrims from or to any port in British India to or from any port in the Red Sea other than Suez, she would be considered a pilgrim ship for the purposes of the Act.

Dr. Sir Ziauddin Ahmad: May I know, Sir, whether the transfer of a ship into a pilgrim ship requires reshuffling of tonnage and passengers?

Sir Girja Shankar Bajpai: No, Sir; the fact is that these pilgrim ships of Turner Morrisons are normally used as freighters, but they are also, during the pilgrim season, used for the carriage of pilgrims, and then there is a definite regulation, more or less to the effect, that if the ship carries one passenger for every 100 tons of the tonnage of the ship at least, then it becomes a pilgrim ship.

Dr. Sir Ziauddin Ahmad: In the same manner as the railways use goods wagons for passenger traffic?

Sir Girja Shankar Bajpai: No, Sir, I do not think my friend is quite justified in making that assumption, because, if he were to inspect one of these ships, he would find that there is regular accommodation for deck passengers as on other passenger ships carrying deck passengers, besides cabin accommodation for first and second class passengers.

Dr. Sir Ziauddin Ahmad: What is the distinction between ships used for carrying goods and those intended to carry passengers?

Sir Girja Shankar Bajpai: The ordinary freighter carries just freight and is never used, as far as I know, except in an emergency, for the carriage of passengers.

APPOINTMENT AFTER RETIREMENT OF THE ASSISTANT SECRETARY, DEFENCE DEPARTMENT, IN THE DEFENCE CO-ORDINATION DEPARTMENT.

†412. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Leader of the House be pleased to state whether it is a fact that the Assistant Secretary, Defence Department, after retirement from the Defence Department, was re-appointed as Assistant in the Defence Co-ordination Department?

(b) Is re-appointment of all the persons already retired but in another substantial post under the Government of India permissible under the rules?

The Honourable Sir Muhammad Zafrullah Khan: (a) A retired Assistant Secretary of the Defence Department was re-employed as Assistant Secretary, not as an assistant, in the Defence Co-ordination Department.

(b) The re-employment of pensioners is permissible under the Civil Service Regulations.

PURCHASES THROUGH CONTRACTS MADE BY THE SUPPLY DEPARTMENT.

413. *Mr. Muhammad Nauman: (a) Will the Honourable the Leader of the House be pleased to state the total value of purchases through contracts given by the Supply Department between 1st October, 1939, and 31st December, 1939?

(b) What were the commodities for which orders were placed by the Supply Department? What was the quantity and value of each, separately?

(c) What are the names of the organisations, corporate bodies, associations, firms and individuals, with whom these contracts were entered into and orders given for supply?

(d) What are the conditions generally governing the orders, that is, whether any advance is taken, or a verbal guarantee of fulfilment is accepted?

(e) Were those contracts advertised, and, if so, where? Were the lowest tenders accepted in each case, or at least in a majority of cases and, if not, why not?

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

The Honourable Sir Muhammad Zafrullah Khan: (a) The approximate value of the orders given by the Supply Department during these three months was Rs. 9 crores 32 lakhs.

(b) and (c). The commodities were so numerous and the number of firms, etc., so large that the compilation of this information would in Government's opinion take more time than is warranted.

(d) Security deposits are demanded from contractors in exceptional cases only. Firms whose previous dealings have been satisfactory are not, as a general rule, called upon to furnish security deposits. The question of a verbal guarantee does not arise.

(e) Not in all cases. Sometimes for reasons of special secrecy or urgency, it was not considered advisable to invite tenders by advertisement. Normally, when the value of a contract exceeds Rs. 5,000, tenders are invited by advertisement in the *Indian Trade Journal*. As a general rule, the lowest suitable tenders are accepted and where the lowest tender is not accepted, the reasons therefor are invariably recorded and are subject to scrutiny by the audit officers. I may, however, assure the Honourable Member that in the majority of cases the lowest tenders were accepted.

Mr. Muhammad Nauman: With reference to the replies to parts (c) and (d), that it is not possible to lay on the table of the House a list of the commodities, may I know whether the Honourable Member will be good enough to place it on the table of the House later on?

The Honourable Sir Muhammad Zafrullah Khan: No, Sir.

Dr. Sir Ziauddin Ahmad: In view of the misgivings about the Supply Department and the amount of money involved, may I request the Honourable Member to reconsider the position and place this list on the table of the House?

The Honourable Sir Muhammad Zafrullah Khan: If the Honourable Member will tell me what the misgiving is, I will be prepared to look into the matter on the basis of that information.

Dr. Sir Ziauddin Ahmad: My Honourable friend probably knows what the misgiving is and would not expect me to state it on the floor of the House; but if he will insist on it, I am prepared to state it here.

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member wants a list of the commodities and quantities for which orders were placed. I don't see how that list will help to remove the misgiving, but if he will communicate the misgiving to me, I will look into the matter.

Mr. Muhammad Nauman: I have also asked for a list of contractors who were given contracts; probably that will help us.

The Honourable Sir Muhammad Zafrullah Khan: I am afraid that is an argument.

Mr. Muhammad Nauman: With regard to part (c), the total amount is nine crores and odd; was it for the use of U. K. or for other Governments as well?

The Honourable Sir Muhammad Zafrullah Khan: I imagine part of it was for other Governments too.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to lay on the table of the House a list of the major articles given on contract?

The Honourable Sir Muhammad Zafrullah Khan: I could mention some of them now if the Honourable Member is interested in them. Jute bags, jute cloth, cotton cloth, khaki drill, fabricated steel huts, steel plates, galvanised steel, steel joints, steel water taps, cast iron piping, pig iron, saddlery, cement, paints, asbestos sheets, electric cables, electric fittings, water supply stores, building materials, etc.

METHOD ADOPTED FOR FINDING THE BEST SUPPLIER OF A COMMODITY.

414. *Mr. Muhammad Nauman: (a) Will the Honourable the Leader of the House be pleased to state what is the method adopted for finding the best supplier of a certain commodity?

(b) Is the advice of the Liaison Officer or Controller appointed, taken in matters of accepting the tenders?

(c) Is the recommendation of the Liaison Officers and Controllers accepted for particular individuals, firms or Joint Stock Companies in deciding to offer the contracts?

The Honourable Sir Muhammad Zafrullah Khan: (a) Before a firm is placed on the list of registered contractors for the supply of a particular commodity, a thorough inspection is made of its workshops and stores. Once the firm is on the list, its general suitability is judged by the manner in which it fulfils its contracts.

(b) Yes.

(c) Not necessarily, but it is taken into consideration.

Mr. Muhammad Nauman: With reference to the answer to part (b) of the question, the opinion of the liaison officer is not necessarily accepted. Am I to understand that it is accepted in the majority of cases?

The Honourable Sir Muhammad Zafrullah Khan: I am unable to say, but the answer is, it is not necessarily accepted. No doubt, it is taken into consideration.

Dr. Sir Ziauddin Ahmad: With reference to the answer to part (b) of the question, may I know why the Supply Department does not make use of the Indian Stores Department and has set up its own officers?

The Honourable Sir Muhammad Zafrullah Khan: The Supply Department is using the two normal channels which were already in use, for that purpose,—the Military Directorate and the Indian Stores Department.

Dr. Sir Ziauddin Ahmad: May I know if the Indian Stores Department is insufficient to supply all the needs of the Supply Department? Why do you have another Department?

The Honourable Sir Muhammad Zafrullah Khan: No fresh Department has been created. The Military Directorate continues to do what it used to do before the war, and the Indian Stores Department continues to do what it used to do before the war. These two agencies, both of which were in operation before the war, continue to exist and are being used by the Supply Department.

APPOINTMENT OF LIAISON OFFICERS AND CONTROLLERS FOR INDUSTRIES.

415. *Mr. Muhammad Nauman: (a) Will the Honourable the Leader of the House be pleased to state whether applications were invited for the honorary post of Liaison Officers and Controllers?

(b) If the reply to part (a) be in the negative, what was the method by which the industries concerned were asked to submit names? If so, will Government lay on the table the correspondence which passed between the different industries and the Supply Department in this connection?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). I am afraid the Honourable Member has not grasped the position or the functions of the Liaison Officers. Let me make it clear that except for the Controller of Jute Purchases, Government have not appointed any other Controller. In other cases, Government, as I have repeatedly explained before, invited the industries concerned to nominate the person whom they considered as most suitable to act as an honorary adviser to Government in regard to that particular industry. The question of inviting applications, therefore, does not arise. Government regret that they are not prepared to place the correspondence on the table of the House.

HAJ PILGRIMS CARRIED IN CERTAIN SHIPS.

416. *Sir Abdul Halim Ghuznavi: With reference to his answer given on the 28th February, 1940, to the supplementaries put by Mr. Muhammad Nauman to questions Nos. 236 and 237, in which he said "the first four pilgrim ships left the ports without full complement", will the Secretary for the Department of Education, Health and Lands be pleased to state:

- the names of those four ships and their respective carrying capacity;
- the number of pilgrims carried in each of the above ships; and
- whether it is a fact that the S.S. "Khosrou" which sailed on the 18th December and S.S. "Islami" which sailed on the 28th December, not only carried the full complement but left behind some 800 pilgrims in Bombay for want of accommodation to await the sailing of the next ship?

Sir Girda Shankar Bajpai: (a) and (b). A statement is laid on the table.

(c) Neither of the ships carried the full complement of cabin or deck passengers when it left Bombay; part of the accommodation was reserved for pilgrims expected to embark at Karachi. Enquiries made have shown that when the S.S. "Khosrou" sailed from Bombay on the 18th December, 1939, there remained 320 would-be pilgrims in Bombay and when the S.S. "Islami" sailed on the 28th December, 1939, there remained 330 pilgrims. All of these pilgrims who had sufficient means found accommodation in the ship that sailed subsequently.

Statement.

Name of pilgrim ship.	Certified carrying capacity.	Number of pilgrims carried.	Date of sailing from Karachi.
"Islami"	1,614	1,273	7th December, 1939
"Rizwani"	1,446	843	12th December, 1939
"Khosrou"	1,393	1,386	21st December, 1939
"Islami"	1,614	1,555	31st December, 1939

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

417. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Leader of the House be pleased to state the number of Indians and non-Indians who were appointed Advisers, Controllers and Liaison Officers?

(b) Were they all appointed on the advice of the industries concerned?

(c) If the answer to part (b) be in the negative, will the Honourable Member be pleased to state on what other principles was the selection made?

The Honourable Sir Muhammad Zafrullah Khan: (a), (b) and (c). The Honourable Member is referred to the replies I gave to Mr. Muhammad Nauman and Sardar Sant Singh's questions on the same subject on the 28th February, 1940, and the supplementary questions and answers arising therefrom.

Dr. Sir Ziauddin Ahmad: With reference to the answer to part (b) of the question, may I just ask whether the Honourable Member will show to at least one or two Members for their satisfaction, if he cannot place them on the table of the House, the resolutions of the various industries nominating the liaison officers and advisers? He said they are all appointed on the advice of the industries concerned. May I just have a look at the resolutions of the Chambers or the special nominations of these people by the industries concerned, because I have got

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is making a speech.

Dr. Sir Ziauddin Ahmad: I just want to know whether he can show me the papers by which I can be satisfied that these persons were nominated by the industries concerned.

The Honourable Sir Muhammad Zafrullah Khan: I suppose the issue is that the Honourable Member does not believe my assurance that that was so.

Dr. Sir Ziauddin Ahmad: May I ask whether the Honourable Member has personally examined them?

The Honourable Sir Muhammad Zafrullah Khan: I assure the Honourable Member that the answer is perfectly true that the only controller appointed by the Government was the Jute Controller, and, in every other case, the appointment was made on the nomination, which was unanimous, of the industries consulted.

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

418. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Leader of the House be pleased to state whether the Controllers, Liaison Officers and Advisers were appointed under the authority of the Honourable Member in charge of the Supply Department? If not, why not?

(b) Did the Honourable Member in charge of the Supply Department make any personal enquiry whether the Liaison Officers, in giving advice about quality and price, don't charge lawful or unlawful fees from suppliers? If not, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Honourable Member is referred to the replies I gave to his supplementary questions arising out of Mr. Muhammad Nauman's starred question No. 222 on the 28th February, 1940.

(b) There is no basis for the insinuation against which I must strongly protest.

Dr. Sir Ziauddin Ahmad: What is the reply to the last part and in part (b), "If not, why not?" The reasons have not been given.

The Honourable Sir Muhammad Zafrullah Khan: I have tried to explain before that it is not possible to inform Honourable Members which particular officer in any department personally performed any particular function. The Member in charge is responsible for what happened, and with regard to what he says in the House in answer to questions, and I submit that that ought to be sufficient for Honourable Members. If something has happened which is open to objection, I take the responsibility for it.

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

419. *Dr. Sir Ziauddin Ahmad: Was the Honourable the Leader of the House, in charge of the Supply Department, satisfied that Liaison Officer for Hide and Skin was the most suitable person for this work?

The Honourable Sir Muhammad Zafrullah Khan: No Liaison Officer has been appointed for Hides and Skins.

APPOINTMENT OF ADVISERS, CONTROLLERS AND LIAISON OFFICERS FOR INDUSTRIES.

420. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Leader of the House please state whether the Commerce Department was consulted in the appointment of Liaison Officers, Controllers and Advisers?

(b) If not, will the Honourable Member give reasons why he did not use the information in the Commerce Department while making the selections?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). The appointments were made in the Supply Department and the Honourable Member may take it that they were made in accordance with the ordinary rules for the conduct of Government business.

Dr. Sir Ziauddin Ahmad: I have not got a reply whether the Commerce Department was or was not consulted.

The Honourable Sir Muhammad Zafrullah Khan: That question is in the same category. Everybody who should have been consulted, in accordance with the usual course of Government business, was consulted.

FACILITIES FOR BUILDING SHIPS IN INDIA.

421. *Sir Abdul Halim Ghuznavi: (a) Will the Honourable the Commerce Member please state whether there are any facilities in India for building ships similar to the ships that have been requisitioned by them for the defence of the coast or for their other requirements?

(b) If the answer to part (a) be in the negative, will Government be pleased to state whether they have got any scheme before them which offers such facilities and which the country may avail of?

(c) If the answer to part (b) be in the affirmative, will Government be pleased to state if they are willing to help that scheme in every possible way to enable India to build her own ships?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) The Government of India understand that facilities exist in India for building ships similar to the smaller class of vessel which has been requisitioned.

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

Mr. Lalchand Navalrai: May I know from the Honourable Member whether there are any facilities for big ships being made here?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The inference from my answer is that there are none.

Mr. Lalchand Navalrai: May I know if Government are making a move in that direction to see that, instead of sending for those ships from outside, they are made here?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: They are not sending for any ships from outside.

Mr. Lalchand Navalrai: Is any arrangement going to be made for big ships being made here?

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

Mr. M. S. Aney: Are Government thinking of any steps to develop the shipbuilding industry in India?

The Honourable Sir Muhammad Zafrullah Khan: Certain plans have been put before Government, and Government are considering them.

HELP TO AN INDIAN SHIPPING COMPANY IN SECURING SITE FOR A SHIP-BUILDING YARD IN CALCUTTA.

422. *Sir Abdul Halim Ghuznavi: Will the Honourable the Commerce Member be pleased to state:

- (a) whether Government are aware of the opinion of the Indian Mercantile Marine Committee that Calcutta was the best place for starting a shipbuilding yard;
- (b) whether an Indian shipping company has requested Government to help them in securing the site for a shipbuilding yard at Calcutta; and
- (c) if the answer to part (b) be in the affirmative, whether they have been able to help that company in securing the site and, if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) and (b). Yes.

(c) The matter is receiving consideration.

GRANT OF BOUNTIES FOR BUILDING OF SHIPS IN INDIA.

423. *Sir Abdul Halim Ghuznavi: Will the Honourable the Commerce Member be pleased to state:

- (a) whether the Indian Mercantile Marine Committee recommended that construction bounties should be given for the purpose of encouraging the Shipbuilding Industry in India and that Government should also advance to the shipbuilding company a cheap loan to the extent of one-third of the paid-up capital of that company and should also guarantee the giving of all Government and Port Trust work to the Indian Shipbuilding Yard at a reasonable price;
- (b) whether the Australian Government have decided to give a bounty for the construction of ships in Australia varying from £10 per ton to £12-10 shillings per ton; and
- (c) if the answer to parts (a) and (b) be in the affirmative, whether Government propose to give suitable bounties for the building of ships in this country; if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

- (b) Government have seen Press reports to this effect.
- (c) No occasion has yet arisen for consideration of such a proposal.

SHIPS REQUISITIONED BY GOVERNMENT FOR DEFENCE PURPOSE.

424. *Sir Abdul Halim Ghuznavi: Will the Honourable the Commerce Member be pleased to state:

- (a) whether all but one ship of the Bombay Steam Navigation Company, Limited, and of the Indian Co-operative Navigation and Trading Company, Limited, and all the ships of the Ratnagar Steam Navigation Company, Limited, have been requisitioned by Government for the purpose of defence;
- (b) whether such requisitioning has dislocated the large passenger traffic on the Konkan Coast; and
- (c) if the answer to part (b) be in the affirmative, what steps Government propose to take to maintain even skeleton services for the carriage of the traffic on that coast?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) and (b). Yes.

(c) I understand that the position has improved to some extent recently.

PROFITS FROM THE WORKING OF THE ENEMY SHIPS SPENT ON THE DEVELOPMENT OF INDIAN MERCANTILE MARINE.

425. *Sir Abdul Halim Ghuznavi: (a) Will the Honourable the Commerce Member be pleased to state whether, in accordance with the Report of Mr. Sturdy, the Auditor of the Indian Home Accounts, on the accounts of the High Commissioner for India for the year ended the 31st March, 1922, the profits from the working of the enemy ships under the control of the High Commissioner up to the 31st March, 1922, amounted to £27,90,192-19-8, and that there was in addition to that amount a Reserve Fund of £1,24,358-13-3?

(b) Will Government be pleased to state whether representations were made to the Government in 1924 that the profits referred to in part (a) should be utilised for the development of the Indian Mercantile Marine?

(c) Will Government be pleased to state whether in the reply, dated the 8th February, 1924, to the Indian Merchants Chamber, Government stated that:

“the question of providing money for such a purpose must be considered along with other demands for Government expenditure”?

(d) Will Government be pleased to state how the above profits were spent and whether any amount out of it was spent for the development of the Indian Mercantile Marine; and if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a), (b) and (c). Yes.

+Answer to this question laid on the table, the questioner having exhausted his quota.

(d) The profits actually realised, having been taken to revenue, were merged in the general revenues of the Government of India. There was thus no question of appropriating any part of the profits to expenditure connected with any particular object such as a scheme for the development of the Indian Mercantile Marine.

WITHDRAWAL OF THE SCINDIA COMPANY FROM THE HAJ SERVICE.

†426. *Sir Abdul Halim Ghuznavi: (a) Will the Education Secretary be pleased to state if Government are aware that the withdrawal of the Scindia Company from the Haj service during the last Haj season, consequent on the allotment of only 25 per cent. of the quota of the traffic to that Company, has caused widespread dis-satisfaction amongst the pilgrims and the Muslim community?

(b) Are Government aware that all the three Port Haj Committees of the three Haj Ports, Bombay, Calcutta and Karachi, had welcomed the entry of the Scindia Company into the Haj Line and that they appreciated that the advent of the Scindia Company in that service had raised the standard of comforts and facilities for the pilgrims visiting the holy places of Hedjaz?

(c) Are Government aware that after the withdrawal of the Scindia Company from the Haj service during the last Haj season, resolutions have been passed by the Haj Committee to the effect that it was in the interest of the pilgrims that the Scindia Company should remain in the Haj service?

(d) Are Government aware that the deputation of leading Muslims which waited upon the Honourable Member for Education, Health and Lands, after the withdrawal of the Scindia Company from the Haj service remarked that:

"the entry of the Scindia Steam Navigation Company, Limited, into this Line had resulted in the raising of the standard of comforts and amenities and improvement of the conditions on the ships and therefore the Muslims now fear that withdrawal of this Company from this line may again result, in the unsatisfactory conditions that prevailed during the monopoly period being reverted?"

(e) Do Government propose to take into consideration what the Scindia Company had done to better the conditions of the Haj service and also the views expressed by the Muslim leaders and the Haj Committees, and state whether they are prepared to revise the quota of the traffic allotted in the Haj service to this national shipping company, and see that it may not go permanently out of that field?

Sir Gita Shankar Bajpai: (a) Government are aware that there have been protests against their decision.

(b) Yes.

(c) The Bombay Port Haj Committee passed a resolution recommending that Government should take such reasonable steps as might be possible to see that more than one company took part in the pilgrim trade. Government have not received resolutions from the other Port Haj Committees.

(d) Yes.

†Answer to this question laid on the table, the questioner having exhausted his quota.

(e) If it is found necessary to regulate the pilgrim traffic during the next season, Government will take all the relevant circumstances and the views expressed into consideration.

PROMOTIONS TO ASSISTANT'S GRADE IN THE POLITICAL DEPARTMENT.

427. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Leader of the House please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940 in the Political Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts which were created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Political Department only came into existence on the 1st April, 1937. The strength of Assistants and clerks on the 1st March, 1940, was as follows:

Assistants.	Second Division clerks.	Third Division clerks.
27	31	10
(b) Vacancies occurred in the assistant's grade since 1st April, 1937		11
New posts created in the assistant's grade since 1st April, 1937		None
(c) Vacancies filled by Departmental promotion since 1st April, 1937		4
Vacancies filled by Home Department nominees since 1st April, 1937		5

(d) None. Two men were confirmed under Rule 21(b)(i) of the Ministerial Establishment (Recruitment, Promotion and Seniority) Rules from the subordinate offices with the concurrence of the Home Department.

PROMOTIONS TO ASSISTANT'S GRADE IN THE LABOUR DEPARTMENT.

428. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Labour Member please state what was the total strength of First, Second and Third Division clerks on the 1st May, 1929 and the 1st March, 1940 in the Labour Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) The Department of Labour came into existence as a separate Department on the 8th November, 1937. The total strength of the staff on that date and the 1st March, 1940, was as follows:

On the 8th November, 1937.	On the 1st March, 1940.
First Division 24	First Division 24
Second Division 19	Second Division 17
Third Division 21	Third Division 23
Total 64	Total 64

(b) Three since 8th November, 1937. No new posts have been created since that date.

(c) (i). One.

(ii) Two.

(d) No. The latter part of the question does not arise.

Mr. Lalchand Navalrai: May I know if there was a rule that there will be 50-50 as is shown in part (d)?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There is now a rule.

PROMOTIONS TO ASSISTANT'S GRADE IN THE COMMERCE DEPARTMENT.

429. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Commerce Member please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940 in the Commerce Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks; and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Total strength as on 1st May, 1929:

Assistants	19
Clerks, Second Division	22
Clerks, Third Division	4

Total strength as on 1st March, 1940:

Assistants	30
Clerks, Second Division	28
Clerks, Third Division	34

(b) First part, 17.

Second part, 11.

(c) (i) 17.

(ii) 11.

(d) Appointments to the new posts and permanent vacancies referred to in part (b) of the question were made in conformity with the rules for the time being in force in regard to recruitment for the First Division.

PROMOTIONS TO ASSISTANT'S GRADE IN THE LEGISLATIVE DEPARTMENT.

430. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Honourable the Law Member please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940, in the Legislative Department?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

The Honourable Sir Muhammad Zafarullah Khan: (a) Assistants—15 and 14 respectively. Clerks—22 and 17 respectively. Second Division Clerks—22 and 17 respectively. Third Division Clerks—1 and 7 respectively.

(b) Vacancies—11, of which two have been left temporarily unfilled in pursuance of the economy orders.

New posts—Three.

(c) (i). Nine.

(ii). Three.

(d) The 50/50 rule did not come into operation until the 1st April, 1930. Since that date eight vacancies have been filled—five by direct promotion and three by the appointment of outsiders—and no new posts have been created. The two appointments which were made otherwise than in accordance with the 50/50 rule were made in pursuance of special temporary provision for the absorption in the First Division of members of the Second Division who were qualified for the First Division.

PROMOTIONS TO ASSISTANT'S GRADE IN THE DEPARTMENT OF EDUCATION,
HEALTH AND LANDS.

431. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Education Secretary please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940, in the Department of Education, Health and Lands?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

Sir Girja Shankar Bajpai: (a) I place a statement on the table of the House.

(b) Twenty and six, respectively.

(c) Sixteen by departmental promotion and ten by external candidates.

(d) Rules laid down by the Government of India were followed.

Statement.

Grades.	1st May, 1929.	1st March, 1940.
Assistants	31	33
Clerks, Second Division	35	31
Clerks, Third Division	10	19

HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND COMPANY.

432. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: (a) Will the Education Secretary please state if it is a fact that Messrs. Turner Morrison and Company carried in their pilgrim ship "Rizwani" on the 5th January last from Karachi pilgrims over and above the ten per cent. excess allowed by Government?

(b) If so, what steps have Government taken, or propose to take, against the Company?

Sir Girja Shankar Bajpai: (a) No.

(b) The question does not arise.

PENALTY FOR CARRYING MORE PILGRIMS IN A SHIP.

433. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Education Secretary please state what penalty has been laid down under the law for a ship carrying more pilgrims than the certified number?

Sir Girja Shankar Bajpai: The attention of the Honourable Member is invited to the provisions of section 187 of the Indian Merchant Shipping Act, 1928.

VACANCIES OF CLERKS FILLED IN THE GOVERNMENT OF INDIA PRESS,
NEW DELHI.

434. *Sardar Sant Singh: Will the Honourable the Labour Member be pleased to state:

(a) the number of vacancies;

(i) permanent and (ii) temporary that were filled by direct recruitment in the clerical establishment of the Government of India Press, New Delhi, during each of the last four years;

(b) the number of Sikhs, Muslims, Hindus and others recruited;

(c) whether it is a fact that one post of other minority community has recently been given to a Hindu; and

(d) whether any Sikh was entertained in any of the vacancies since 1936; if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) and (b). A statement is laid on the table.

(c) A Hindu has been working in certain purely temporary vacancies of less than three months' duration. Such vacancies are not covered by the orders regarding communal representation.

(d) No. The community is already adequately represented.

Statement showing permanent and temporary vacancies in the clerical establishment of the Government of India Press, New Delhi, filled by direct recruitment during the years 1936, 1937, 1938 and 1939.

	Hindus.	Muslims.	Sikhs.	Others.	Total.
1936 { Permanent	1	1	..	..	2
Temporary	..	..	..	1	9
1937 { Permanent	6*	2	..	1	13
Temporary	9	3	..	..	6
1938 { Permanent	4	2	..	..	3
Temporary	2	1	..	..	8
1939 { Permanent	5	2	..	..	..
Temporary	..	..	..	..	..

*Including one member of depressed class.

PROMOTIONS TO ASSISTANT'S GRADE IN THE DEPARTMENT OF EDUCATION,
HEALTH AND LANDS.

431. *Haji Chaudhury Muhammad Ismail Khan: (a) Will the Education Secretary please state what was the total strength of Assistants and clerks (Second and Third Division, separately) on the 1st May, 1929 and 1st March, 1940, in the Department of Education, Health and Lands?

(b) How many vacancies occurred in the Assistant's grade since 1st May, 1929, and how many new posts in that grade were created since that date?

(c) How many of the vacancies and posts created—referred to in part (b) above—were filled by (i) departmental promotion of clerks, and (ii) appointing outsiders through the Home Department or the Public Service Commission?

(d) Was there any departure from the fifty-fifty per cent. rule in filling up these vacancies? If so, in how many cases, and what were the reasons therefor?

Sir Girdja Shankar Bajpai: (a) I place a statement on the table of the House.

(b) Twenty and six, respectively.

(c) Sixteen by departmental promotion and ten by external candidates.

(d) Rules laid down by the Government of India were followed.

Statement.		
Grades.	1st May, 1929.	1st March, 1940.
Assistants	31	33
Clerks, Second Division	35	31
Clerks, Third Division	10	19

HAJ PILGRIMS CARRIED IN "RIZWANI" OF THE TURNER MORRISON AND COMPANY.

432. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: (a) Will the Education Secretary please state if it is a fact that Messrs. Turner Morrison and Company carried in their pilgrim ship "Rizwani" on the 5th January last from Karachi pilgrims over and above the ten per cent. excess allowed by Government?

(b) If so, what steps have Government taken, or propose to take, against the Company?

Sir Girdja Shankar Bajpai: (a) No.

(b) The question does not arise.

PENALTY FOR CARRYING MORE PILGRIMS IN A SHIP.

433. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Education Secretary please state what penalty has been laid down under the law for a ship carrying more pilgrims than the certified number?

Sir Girdja Shankar Bajpai: The attention of the Honourable Member is invited to the provisions of section 167 of the Indian Merchant Shipping Act, 1923.

VACANCIES OF CLERKS FILLED IN THE GOVERNMENT OF INDIA PRESS,
NEW DELHI.

434. *Bardar Sant Singh: Will the Honourable the Labour Member be pleased to state:

(a) the number of vacancies;

(i) permanent and (ii) temporary that were filled by direct recruitment in the clerical establishment of the Government of India Press, New Delhi, during each of the last four years;

(b) the number of Sikhs, Muslims, Hindus and others recruited;

(c) whether it is a fact that one post of other minority community has recently been given to a Hindu; and

(d) whether any Sikh was entertained in any of the vacancies since 1936; if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) and (b). A statement is laid on the table.

(c) A Hindu has been working in certain purely temporary vacancies of less than three months' duration. Such vacancies are not covered by the orders regarding communal representation.

(d) No. The community is already adequately represented.

Statement showing permanent and temporary vacancies in the clerical establishment of the Government of India Press, New Delhi, filled by direct recruitment during the years 1936, 1937, 1938 and 1939.

	Hindus.	Muslims.	Sikhs.	Others.	Total.
1936 { Permanent	..	..	..	..	..
Temporary	1	1	..	..	2
1937 { Permanent	6*	2	..	1	9
Temporary	9	3	..	1	13
1938 { Permanent	4	2	..	..	6
Temporary	2	1	..	..	3
1939 { Permanent	5	2	..	1	8
Temporary	..	..	..	..	..

*Including one member of depressed class.

VACANCIES FILLED IN THE COMPOSING AND BINDERY ESTABLISHMENTS OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

435. *Sardar Sant Singh: Will the Honourable the Labour Member be pleased to state:

- the number of vacancies (i) permanent and (ii) temporary for a period of above three months that were filled by direct recruitment in the Composing and Bindery Establishments of the Government of India Press, New Delhi, during each of the last four years;
- the number of Sikhs, Muslims, Hindus and others recruited;
- the total number of men of each community in the existing permanent establishment;
- whether it is a fact that there is not a single Sikh in the Bindery Department of the Press; and
- whether it is a fact that no Sikh has, since 1936, been appointed in the above establishments against a number of members of other communities; if so, why and what Government propose to do to appoint Sikhs in future vacancies of compositors and warehousemen (book binders)?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a), (b) and (c). Statements are laid on the table.

(d) Yes.

(e) A Sikh was recruited as a binder in 1937 against an unreserved vacancy, but he subsequently resigned. No Sikh was appointed against posts reserved for "Other minority communities" during the years 1936-39. The claims of Sikhs will be given due consideration if suitable candidates are available.

Statement showing the number of men of each community in the permanent establishments of the Composing and Bindery Branches of the Government of India Press, New Delhi, on the 1st January, 1940.

	Hindus other than Depressed classes.	Depressed classes.	Muslims.	Domiciled Europeans and Anglo-Indians.	Indian Christians.	Sikhs.	Total.
<i>Composing Establishment.</i>							
Compositors	65	4	63	1	4	2	139
Operators	19		6	1	1		27
Total	84	4	69	2	5	2	166

	Hindus other than Depressed classes.	Depressed classes.	Muslims.	Domiciled Europeans and Anglo-Indians.	Indian Christians.	Sikhs.	Totals.
<i>Bindery Establishment.</i>							
Binders	5		24				29
Warehousemen	24	3	21		4		52
Total	29	3	45		4		81

Statement showing the permanent and temporary vacancies for a period of more than three months in the Composing and Bindery establishments of the Government of India Press, New Delhi, filled by direct recruitment, during the years 1936, 1937, 1938 and 1939.

	Permanent.					Temporary.				
	Hindus.	Muslims.	Sikhs.	Others.	Total.	Hindus.	Muslims.	Sikhs.	Others.	Total.
<i>1936</i>										
Compositors	10	4			14	5	2			7
Operators						1				1
Total	10	4			14	6	2			8
<i>1937</i>										
Compositors	1	1		1	3	2	2		1	5
Operators	1				1					1
Total	2	1		1	4	2	2		2	6
<i>1938</i>										
Compositors	1	1			2		1			1
Operators				1	1		1			1
Total	1	1		1	3		2			2
<i>1939</i>										
Compositors	6	4			10	2	2			4
Operators	1	1			2					2
Total	7	5			12	2	2			4

*Including a member of depressed class.

Bindery Establishment.

	Permanent.					Temporary.				
	Hindus.	Muslims.	Sikhs.	Others.	Total.	Hindus.	Muslims.	Sikhs.	Others.	Total.
1936										
Binders	10	9	..	1	20	3	3	..	..	6
Warehousemen	..	1	..	1	2	1	..	..	..	1
Total	10	10	..	2	22	4	3	..	..	7
1937										
Binders	..	..	1	..	1	2	1	..	..	3
Warehousemen	9	6	..	1	16	4	2	..	..	6
Total	9	6	1	1	17	6	3	..	..	9
1938										
Binders	..	1	..	..	1	..	..	..	..	..
Warehousemen	2	2	..	..	4	1	..	..	1	2
Total	2	3	..	..	5	1	..	..	1	2
1939										
Binders	..	..	..	..	..	..	..	Nil	..	..
Warehousemen	2	1	..	1	4	..	..	..	..	..
Total	2	1	..	1	4	..	..	Nil	..	..

APPOINTMENT OF SIKHS IN THE OFFICES OF THE SUPERINTENDENT OF EDUCATION AND THE SECRETARY, BOARD OF SECONDARY EDUCATION, DELHI.

434. *Sardar Sant Singh: (a) Will the Education Secretary please state why no Sikh has so far been appointed on the staff of the Superintendent of Education, Delhi and the Secretary, Board of Secondary Education, Delhi, ever since its creation, or at least from the time of the orders of the Home Department for affording representation in the services to all communities?

(b) Is he prepared to order the recruitment of a sufficient number of Sikh clerks in those offices? If not, why not?

Sir Girja Shankar Bajpai: (a) It is not correct to say that no Sikh has been appointed in the office of the Superintendent of Education, Delhi. A Sikh clerk was once appointed but resigned on securing a better appointment elsewhere.

(b) No. In view of the small clerical strength of the offices of the Superintendent of Education and the Board of Secondary Education it is not possible to reserve appointments for members of every minority community; but the claims of Sikhs to future vacancies will be considered in accordance with the declared policy of Government regarding the representation of minorities in appointments under their control.

DEFECTS IN COMBINED "C" TYPE ORTHODOX QUARTERS IN NEW DELHI.

437. *Seth Haji Sir Abdoola Haroon: (a) Will the Honourable Member for Labour be pleased to state the number of combined type of C class orthodox quarters on Ibbetson and Maude Roads in New Delhi?

(b) Will he be pleased to state the year when those quarters were built and the total amount of money spent per quarter excluding the cost of land, and also the cost of a D type orthodox quarter built at that time excluding the cost of land?

(c) What will be the approximate total cost of a C class orthodox quarter, excluding the cost of land, if it is built now?

(d) Will he be pleased to place on the table of the House a comparative statement showing the total area occupied by each of the various types of orthodox C class quarters in New Delhi?

(e) Will he be pleased to place on the table of the House a comparative statement showing the rents fixed for the various types of C class orthodox quarters in New Delhi with reasons for and dates from which the relative rents were increased or decreased?

(f) Will he be pleased to state whether it is a fact that the Imperial Secretariat Association, the Civil Accounts Association (A. G., C. R.), and the Tenants' Association, New Delhi, represented to Government for carrying out certain additions and alterations in the combined 'C' type quarters?

(g) Will he be pleased to state whether it is a fact that in the middle of 1938, most of the occupants of the quarters in question individually represented to the Central Public Works Department, New Delhi, suggesting certain additions and alterations therein?

(h) If the answers to parts (f) and (g) above be in the affirmative, will he be pleased to state what practical steps were taken by the Central Public Works Department in meeting the demands of the associations or individuals who protested in the matter referred to above?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) to (d). A statement is laid on the table.

(e) The rents of all types of 'C' class orthodox clerks' quarters in New Delhi are pooled. A statement showing the pooled rents in force since 1924 and the reasons for increase or decrease is laid on the table.

(f) Representations were received from certain Associations.

(g) Yes.

(h) No action was taken as the expenditure involved did not warrant the modifications suggested.

Statement showing the pooled rents of orthodox clerks quarters class C in New Delhi from 1924 to date.

Name of the year.	Rent.	Reasons for decrease or increase.
	Rs. p. a. p.	
1st April, 1924 to 31st March, 1925	21 0 0	
1st April, 1925 to 31st March, 1929	22 0 0	Increase is due to additions and alterations.
1st April, 1929 to 15th October, 1939.	21 8 0	Decrease in rent is due to the transfer of sub-mains (electric) and meters (water) to the New Delhi Municipal Committee and consequent decrease in the capital cost.
16th October, 1939 onwards	24 7 0	Increase due to additions and alterations.

Statement showing the No. and the cost of C combined and D orthodox clerks quarters and the year in which constructed.

No. of C combined orthodox clerks quarters on Ibbetson and Maude Roads.	Year in which constructed.	Cost of each of		
		C. Combined clerk quarters.	D orthodox clerks quarters.	Cost of C orthodox clerk quarters if built now, including all latest improvements.
		Rs.	Rs.	Rs.
38	1915-16	4,998	3,797	7,450

Statement showing the total area occupied by each of the various types of orthodox clerks quarters class 'C' in New Delhi.

Serial No.	Number of quarters.	Locality.	Plinth area.
1	40	Ranjit Place, Ibbetson and Maude Roads.	S. ft. 1,298
2	20	Market Square	1,549
3	90	Minto Road	1,570
4	158	Havelock Square, Irwin Road, Baird Road, Baird Square and Market Road.	1,496

DEFECTS IN COMBINED "C" TYPE ORTHODOX QUARTERS IN NEW DELHI.

438. *Seth Haji Sir Abdoola Haroon: Will the Honourable Member for Labour be pleased to state whether Government are aware:

- that there are no proper arrangements for ventilation in any of the three rooms as compared with the latest design of ventilators in the independent type of orthodox C class quarters;
- that the two side-rooms therein do not get sufficient light even with their doors open;
- that holes have been made in the roofs of the rooms for light and air which are covered with pieces of stone and small glass measuring about six inch square, and that these holes do not supply the full amount of light and air which are the first essentials of human life;
- that, in strong winds and during the rains, those holes become a source of nuisance to the tenants when dust and rain water get into the rooms through them;
- that the two side-rooms have no independent entrances from the courtyard, and that one has to enter the side-rooms either through the kitchen, the bathroom or the middle room;
- that the room adjoining the kitchen is uninhabitable, and that instead of the morning and even fresh air, clouds of smoke with carbon-dioxide and other poisonous gases accumulate into it and take a very long time to clear;
- that the verandah inside a combined type quarter has only one door which is too small to be availed of at night during rainy season, etc., as against the two commodious verandahs inside the independent type of C class orthodox quarter;
- that the godown therein has no regular window and is small as compared with that in the independent type of orthodox C class quarters;
- that there is no room for servants as is provided for in the independent type of orthodox C class quarters;

- (j) that there is only one bath-room without a regular window as against two bath-rooms in a C class quarter of the independent type;
- (k) that the tile roofing of the inner verandah not only gives trouble during rainy season, but is also a breeding place for sparrows and various kinds of small insects;
- (l) that the width of the various doors of the rooms in these quarters is so small that in cases of death the dead body of a Hindu or a Muslim resident of those quarters can only be taken out on hands instead of on a *arthi* or cot as required according to their religious tenets; and
- (m) that there are no wall shelves and pegs in those quarters?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) The combined 'C' type of quarter is not as well ventilated as the independent 'C' type.

- (b) Yes.
- (c) The ventilator holes are defective in some respects.
- (d) Yes, in heavy storms.
- (e) Yes.
- (f) No. Fumes enter the room if the adjoining door is left open.
- (g) Yes.
- (h), (i) and (j). Yes, in some cases.
- (k) No.
- (l) Yes.
- (m) Pegs are not provided in any quarters.

Dr. Sir Ziauddin Ahmad: May I know whether there is any house committee with the Central P. W. D. or the Secretariat which looks into these recommendations of a minor nature?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There is a Secretariat Association which brings to the notice of the Government from time to time defects such as these. I may say that some of these quarters were built 25 years ago and I have personally decided to inspect some of these quarters as soon as I am a little less engaged than I am at present.

Mr. M. S. Anay: With reference to (l), do Government realise the immediate urgency of some improvements in those quarters with a view to enabling dead bodies to be taken out in the manner prescribed by the religious practice of the community to which the person belongs?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I hope there will be no casualties at all, but in spite of that I will look into that.

Dr. Sir Ziauddin Ahmad: May I know whether the Honourable Member will consider the appointment of a house committee connected with the Central P. W. D. to which the recommendations made by various individuals or suggestions may be referred and they would be able to decide what action should be taken?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I cannot see how a house committee or an advisory committee can decide these matters which range over various types of quarters and concern various grades of clerks. There is, as I said, an Imperial Secretariat Association on which are represented all the different grades of clerks, Assistants, Superintendents, and so on, and they have in the past brought to the notice of Government from time to time certain defects in accommodation, and Government have, in the past and quite recently within the last three months, given their best consideration to some of these representations.

DEFECTS IN COMBINED "C" TYPE ORTHODOX QUARTERS IN NEW DELHI.

439. *Seth Haji Sir Abdoola Haroon: (a) Will the Honourable Member for Labour be pleased to state whether it is a fact that certain additions and alterations in the combined type of orthodox C class quarters were under the contemplation of Government for a long time, and that the plans and estimates for them had also been prepared?

(b) If the answer to part (a) above be in the affirmative, will he kindly state why the proposed additions and alterations have not been carried out so far when Government had been spending lakhs of rupees in building new houses and providing luxuries in the various types of existing bungalows and quarters in New Delhi?

(c) Is he prepared to consider the desirability of having the defects detailed in the preceding question removed immediately, or, in the alternative, state the reasons for not doing so?

(d) In case he is prepared to have the defects detailed in the preceding question removed immediately by carrying out necessary additions and alterations in the quarters, is he prepared to consider that the courtyard thereof may also be extended by a few feet towards the service roads where spare land is lying and that the space utilized for additions and alterations from the existing courtyards may be adjusted to some extent by the proposed extension?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) The Honourable Member is referred to the reply to part (h) of starred question No. 437.

(c) No. I have already indicated the reasons.

(d) Does not arise.

LOCATION OF A TUBERCULOSIS CLINIC IN KAROL BAGH, DELHI.

441. *Bhai Parma Nand: (a) Has the attention of the Education Secretary been drawn to the following articles:

'Tuberculosis Hospital' in the *Tribune*, dated the 28th January, 1940; and

'T. B. Hospital' and 'T. B. Clinic in Karol Bagh' in the *Hindustan Times* of the 15th and 16th November and 21st December, 1939?

(b) Will he please state the policy of Government in the Health Department in regard to the selection of sites for the building or location of such clinics and hospitals in the populated areas in the Centrally Administered Areas?

(c) On what basis are such sites selected, and are public objections and opinions given any consideration or weight in regard to such selections of the sites amidst populated areas?

(d) What principles and rules have been framed by Government in regard to the location of such clinics, and how much minimum total area should each clinic have?

(e) How far should a clinic be from a populated building or a house? If no limit of distance has been laid down, why?

(f) Is the selection of a site for clinic wholly and solely dependent on the free choice of one individual, e.g., the Health Officer of a locality or district, or is it dependent on certain conditions laid down by a board of experts on the subject?

(g) Is he prepared to have the whole question examined thoroughly by a board of experts consisting of Indian doctors who are fully conversant with Indian conditions and habit regarding spitting, etc., and who will lay down conditions which must be fulfilled before the location of a clinic in a populated area of a city and meanwhile have such allotments of sites reserved for such kind of clinics and particularly in Karol Bagh cancelled? If not, why not?

Sir Gita Shankar Bajpai: (a) Yes.

(b), (d) and (e). No conditions to be satisfied in the selection of sites for tuberculosis hospitals and clinics have been laid down by Government.

(c) and (f). Sites are selected by the provincial administration in the case of Government hospitals and clinics and by the bodies concerned with the approval of the Health Officer in the case of institutions established by non-Government bodies.

(g) The question is under the consideration of Government.

HOLDING OF THE AUTUMN SESSION OF THE LEGISLATIVE ASSEMBLY.

442. *Bhai Parma Nand: (a) Will the Honourable the Leader of the House please state the grounds on which the month of September was selected as one of the best suited and most convenient months for holding the autumn Session of the Legislative Assembly (Central) each year, and how is it that it has always been held in that month?

(b) Do Government propose to select the whole month of September for the transaction of legislative business and start the next Session of the

Central Assembly from the 1st of September, if not earlier, which will afford the benefit of the holidays in that month to the Members of the legislature? If not, what would be the difficulties?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Honourable Member is mistaken in supposing that the autumn Session has always been held in September. The main reason for which September is normally found to be the most suitable month for the autumn Session is that a Session in September leaves the longest possible interval available for preparation of the legislative programme between the autumn Session and the preceding and succeeding spring Sessions.

(b) The general intention for the future was stated in my reply to starred question No. 259 on the 20th September, 1939. Arrangements for the autumn Session of the current year have not been specifically considered.

Mr. Lalchand Navalrai: May I know what would be the normal season suitable for holding the autumn Session in Delhi?

The Honourable Sir Muhammad Zafrullah Khan: How can I say what would be the normal season.

Sir Muhammad Yamin Khan: Does the Honourable Member know that September is the worst month as regards the health in Delhi and it will not at all be desirable to hold the autumn Session in Delhi in September?

The Honourable Sir Muhammad Zafrullah Khan: The Honourable Member says so. The Honourable Member who put the original question says that September is the most suitable season for the autumn Session, whereas the Honourable Member who puts the supplementary question says that Delhi is too bad a place to hold the Session in September. I note both views.

Sir Muhammad Yamin Khan: Has the Honourable Member made any enquiry from the people who have lived in September in Delhi?

The Honourable Sir Muhammad Zafrullah Khan: I have myself lived in Delhi in September.

Sir Muhammad Yamin Khan: What is the Honourable Member's experience?

The Honourable Sir Muhammad Zafrullah Khan: It is not too bad.

INSTALLATION OF SANITARY FITTINGS, ETC., IN KAROL BAGH, DELHI.

443. *Mr. Muhammad Azhar Ali: With reference to the statement laid on the table of the House in reply to starred question No. 254, asked on the 20th September, 1939, regarding installation of sanitary fittings, etc., in Karol Bagh, Delhi, will the Education Secretary please state what

Answer to this question laid on the table, the question being asked to

further action has so far been taken by the Delhi Improvement Trust to see sanitary fittings and sewer connections put up in the existing houses and when they hope to have this work finished?

Sir Girdja Shankar Bajpai: Notices under section 136 of the Punjab Municipal Act, 1911, requiring sullage connections to be made are being served systematically on house owners in Karol Bagh. 131 houses have already been connected with the sewers, and 97 more connections are actually being made. At least a year will be required to complete the work.

NON-INVITATION OF REPRESENTATIVES OF HAJ COMMITTEES TO CONFERENCES HELD BETWEEN THE GOVERNMENT OF INDIA AND SHIPPING COMPANIES ENGAGED IN PILGRIM TRAFFIC.

444. *Mr. H. M. Abdullah: (a) Will the Education Secretary please state if any representatives of the Central Standing Haj Committee or the Port Haj Committees were invited at the Conferences held between the Government of India and the Shipping Companies engaged in the pilgrim traffic during 1938 and 1939 for discussing and deciding matters relating to pilgrim traffic, particularly, when the question of rate war and the allocation of traffic was being considered?

(b) Have Government received any resolutions of protests from the Bombay and Karachi Port Haj Committees against the policy of the Government of ignoring the Port Haj Committees—Committees which have been established by an Act of the Central Legislature to look after the interest of the pilgrims—when discussing and deciding such important matter?

(c) If so, do Government propose to change this policy in future?

Sir Girdja Shankar Bajpai: (a) No.

(b) Yes, from the Port Haj Committee, Bombay.

(c) Government will consult the Committees whenever they consider such consultation desirable.

ALLOCATION OF QUOTA OF PILGRIM TRAFFIC TO SHIPPING COMPANIES.

445. *Maulana Zafar Ali Khan: (a) Will the Education Secretary be pleased to state the basis on which the allocation of the quota of the pilgrim traffic was made between the Mogul Line and the Scindia Company during the last Haj season?

(b) Is it a fact that while the carrying capacity of the seven ships of the Mogul Line was taken into consideration in fixing their quota, only three ships were employed by that line for carrying pilgrims from India to Jeddah during the last Haj season?

(c) If the allotment of quota was based on the carrying capacity of the seven ships of the Mogul Line, how do Government think that the Mogul Line was entitled to the quota of 75 per cent. of the trade, even if they employed only three ships for the carriage of pilgrims from India to Jeddah?

Sir Girdja Shankar Bajpai: (a) On the carrying capacity of the pilgrim ships of the two Companies.

(b) Yes. ~~Actually there were five sailings with three ships.~~

(c) The allocation was made on the basis of the carrying capacity of all the pilgrim ships of both the Companies. The actual number of ships used must naturally depend on the number of passengers to be carried.

COMPENSATORY ALLOWANCES AND AMENITIES TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.

446. *Bhai Parma Nand: (a) Will the Honourable the Labour Member kindly state if any memorials have been received on behalf of the ministerial establishment of the Imperial Secretariat asking for certain concessions, compensatory allowances and amenities in connection with the stoppage of exodus to Simla?

(b) If so, will he state what requests have been made, and which of them have been acceded to, and which have not been accepted and the reasons therefor?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) Many of the requests made concern Departments other than the Labour Department, and some of them are still under consideration. Details of the requests will be made known when final decisions have been reached on all points. In the meantime, the attention of the Honourable Member is drawn to the statement laid on the table in connection with my reply to starred question No. 68, which contains particulars of certain amenities which have already been sanctioned for the ministerial staff.

Pandit Lakshmi Kanta Maitra: Will the final decision be arrived at before the end of this month?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I cannot say that it will be arrived at before the end of this month seeing how busy some of us have been, but the decision will be arrived at very soon.

COMPENSATION TO STAFF DUE TO THE STOPPAGE OF THE SIMLA EXODUS.

447. *Mr. Balchand Navalsai: (a) Is the Honourable the Labour Member aware:

(i) that the employees of the Government of India Secretariat are entitled to (1) compensatory allowance and (2) house allowance, during the summer season at Simla; and

(ii) that, as a result of the partial stoppage of the exodus to Simla, those employees who will stay in Delhi permanently will be deprived of the concessions mentioned in part (a) above, in addition to the loss of amenities enjoyed by them for a considerable number of years at Simla as a part of their condition of service?

(b) If the replies to parts (a) (i) and (ii) be in the affirmative, do Government contemplate giving the employees mentioned in part (a) (ii), any relief in view of the additional financial burden thrown on them by way of rent for their quarters during the summer season, by either reducing the maximum rent payable by them from 10 per cent. to 5 per cent. of their salary, as was done in the case of the employees of the Government of India Press, transferred from Calcutta to Delhi, or by the grant of some compensatory allowance, or both? If not, for what reasons?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) A representation on the subject is under consideration.

Mr. Lalchand Navalrai: May I know if it is a fact that these persons have been enjoying these privileges for about 20 or 25 years past?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I will take it from the Honourable Member that it is so.

Mr. Lalchand Navalrai: Will the Honourable Member also take it from me that it is more or less an implied condition of their service?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I am unable to take it from the Honourable Member.

Mr. Lalchand Navalrai: Will the Honourable Member give consideration to that fact also and find out whether there is implied or expressed condition of their service?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I said the whole matter is under consideration.

UNSTARRED QUESTIONS AND ANSWERS

ENQUIRY ABOUT THE SALE OF HOUSES BUILT WITH LOANS FROM GOVERNMENT BY THE GOVERNMENT OF INDIA STAFF

84. Mr. Muhammad Azhar Ali: (a) Will the Honourable the Labour Member please state whether it comes within the functions and powers of the Estate Officer, Central Public Works Department, to enquire from such of the staff of the Government of India and other offices who are applicants for a Government quarter in New Delhi, and who, while building their own houses, took advances or loans for that purpose, into the circumstances leading to the sale of the house and the selling price thereof?

(b) In how many cases were such enquiries made from the staff of the Government of India, the Central Public Works Department and other offices, separately, during the last ten years and on what grounds were these made?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) The information is not readily available and its collection would not justify the labour involved.

CENTRAL PUBLIC WORKS DEPARTMENT STAFF OWNING HOUSES IN DELHI OR NEW DELHI AND RESIDING IN GOVERNMENT QUARTERS.

85. Mr. Muhammad Azhar Ali: Will the Honourable the Labour Member please state the number of such of the Central Public Works Department staff who own houses in Delhi or New Delhi and are residing in Government quarters and the type of quarters each one is eligible for?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Twenty members of the staff of the Central Public Works Department living in Government quarters in New Delhi possess their own houses. Eight of them are eligible for 'C', 11 for 'D' and one for 'E' class quarters.

ALLOTMENT OF QUARTERS IN NEW DELHI.

86. Mr. Muhammad Azhar Ali: Will the Honourable the Labour Member please state the total number of applicants for the winter season of 1939 for each type of clerks' quarters at New Delhi from each of the offices who are entitled to get Government accommodation and how many quarters of each type were allotted to each of the offices and what was the percentage of such allotments to each office?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The information is not readily available and its collection would not justify the labour involved.

STAFF ATTACHED TO THE ESTATE OFFICE, CENTRAL PUBLIC WORKS DEPARTMENT.

87. Mr. Muhammad Azhar Ali: (a) Will the Honourable the Labour Member please state the number of the staff attached to the Estate Office, Central Public Works Department?

(b) Is the staff of this section transferable to other sections, or branches of the Department, or are they only meant for this section?

(c) Has there ever been a Sikh in this office? If so, when and for how long and if not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Eighteen.

(b) Members of the staff of the Estate Section are not ordinarily transferred to other Sections or Branches of the Department, as their work is of a special nature and requires a thorough knowledge of the allotment rules.

(c) No. The staff of this Section is not recruited separately. It is part of the Chief Engineer's office, and the absence of Sikh representation is purely fortuitous.

CERTAIN TYPES OF QUARTERS OCCUPIED BY THE CENTRAL PUBLIC WORKS DEPARTMENT STAFF.

88. Mr. Muhammad Azhar Ali: (a) Will the Honourable the Labour Member please state separately the number of the Central Public Works Department staff living in 'C' and 'D' type of orthodox quarters, and the total number of staff eligible for each type of quarters?

(b) How many of such member of the staff are allowed by the Estate Office and the Health Office to keep buffaloes or cows in their own quarters?

(c) What is the total number of 'C' and 'D' unorthodox quarters and how many of these are in possession of the Central Public Works Department staff?

(d) How many of the staff are keeping buffaloes and cows in their own quarters?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Seven 'C' and 186 'D' class orthodox quarters are occupied by the staff of the Central Public Works Department. The number of applicants for each class is eight and 203 respectively.

(b) None by the Estate Officer. I have no information as regards the Health Office.

(c) The total number of unorthodox clerks' quarters of 'C' and 'D' classes is 97 and 158 respectively. Out of these 14 'C' and 17 'D' are occupied by the staff of the Central Public Works Department.

(d) Government have no information on the point.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to unstarred question No. 12 asked by Mr. Muhammad Ashar Ali on 6th February 1940.

SENIORITY OF TRAIN EXAMINERS ON THE EAST INDIAN RAILWAY.

(a) Yes, but I would point out that the General Manager, East Indian Railway's Circular No. 464, dated the 26th January, 1927, states that the placing of old East Indian and old Oudh and Rohilkund Railway subordinates in a common seniority list had reference only to senior subordinates.

(b) This arrangement was made by the Agent.

(c) The Honourable Member's attention is invited to the reply given to his unstarred question No. 15 on the 9th February, 1940.

(d) There is no such notification.

(e) No. The General Manager revised the original determination of the corresponding grades in order to remove what he was satisfied was a justified grievance, and I see no reason to interfere.

Information promised in reply to starred question No. 104 asked by Dr. Sir Ziauddin Ahmad on the 15th February, 1940

INSPECTORS OF WORKS ON THE EAST INDIAN RAILWAY.

(a) 63, of whom two are Muslims.

(b) and (c) These are selection posts, and the conditions of appointment and the method of election are as laid down in the rules for the recruitment and training of non-gazetted staff (except apprentices, mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways, a copy of which is in the Library of the House.

Information promised in reply to parts (c), (d) and (e) of starred question No. 211 asked by Mr. Muhammad Nauman on the 27th February, 1940.

RECRUITMENTS TO THE OFFICE OF THE TRANSPORT ADVISORY OFFICER.

(c), (d) & (e) The following statement gives the information required.

Designation.	Temporary post sanctioned under Transport Advisory Officer.	Substantive grade on East Indian Railway.	Number of Hindus and Muslims.
One Inspector	Rs. 500	Rs. 280—20—500	Hindu.
One Inspector	Pay not yet fixed	Rs. 110—10—210 + fixed allowance of Rs. 180.	Do.
One General Clerk	Rs. 150 including Calcutta allowance.	Rs. 116—5—131	Do.
One Stenographer	Rs. 120 plus Rs. 12 Calcutta allowance.	Rs. 100—5—120	Do.
One Statistical Clerk	Rs. 120 including Calcutta allowance.	Rs. 60—5—90 (officialing on the Railway the next grade of Rs. 100—5—120.)	Hindu.
One Typist (sanctioned but not yet appointed).	Rs. 45—5—60		
One Orderly Peon	Rs. 18—1—23 plus Rs. 3 Calcutta allowance.	Recruited direct	Muslim.
Four Peons and one Farash.	Rs. 12—1—17 plus Rs. 3 Calcutta allowance.	Ditto	2 Hindus & 3 Muslims.

Information promised in reply to starred question No. 221 asked by Mr. H. M. Abdullah on the 27th February, 1940.

COOLIES PROMOTED TO THE POSTS OF JOURNEYMEN ON THE NORTH WESTERN RAILWAY.

1937-38—One Anglo-Indian.

1938-39—Nil.

Information promised in reply to unstarred question No. 57 asked by Mr. Surya Kumar Som on the 27th February, 1940.

COURT INSPECTORS ON THE NORTH WESTERN RAILWAY.

(a) Four, attached to the Headquarters Office.

(b) Rs. 200—10—270 (Old Scale).

(c) Partly by direct recruitment and partly by selection from suitable employees already in service.

(d) A Degree in Law from a recognised University.

Information promised in reply to starred questions Nos. 293 and 294 asked by Mr. Muhammad Azhar Ali on the 6th March, 1940.

RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

Starred question No. 293.—(a) Certain Muslims were recruited as class I grade I guards, the equivalent of grade II guards on the old scales, in December, 1935, and were posted to Divisions after training in 1936.

(b) No. Recommendations were called for from Divisions against future vacancies, but as these vacancies did not materialise no selection board was held.

(c), (e) and (f). Do not arise in view of the reply to part (b).

(d) No.

RECRUITMENT OF GUARDS ON THE NORTH WESTERN RAILWAY.

Starred question No. 294.—(a) The Honourable Member is referred to the reply to part (b) of his starred question No. 293. No list of selected candidates were prepared.

(b) None.

(c) Guards class I grade I are eligible for training in Course T-5 only after they have completed five years permanent service as guards.

(d) 23 Muslims and 4-2 Hindus.

ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Friday, the 15th March, 1940, the time fixed for receiving nominations for the Standing Committee for the Department of Communications four nominations were received. As the number of candidates is equal to the number of vacancies I declare the following four non-official Members to be duly elected to serve on the Committee, namely:

- (1) Bhai Parma Nand;
- (2) Pandit Krishna Kant Malaviya;
- (3) Mr. Umar Aly Shah; and
- (4) Mr. C. C. Miller.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

The Honourable Sir Andrew Olow (Member for Railways and Communications): Sir, I beg to move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940."

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

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940."

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I want to draw the attention of the House to a few important points in connection with this Committee. I do not wish that the Honourable Member should commit himself here and now, and definitely say yes or no. I am drawing his attention so that he may seriously consider the matter and form his own opinion later on. First, I submit that it is fundamentally wrong that the person who prepares the budget should preside over the Finance Committee. This is not done anywhere. The budget of the railway is prepared by the Financial Commissioner, and, properly speaking, he should be the Secretary of the Railway Standing Finance Committee. It is very desirable that the meeting ought to be presided over by some other officer. I believe that probably the best person is the Communications Member himself, but in case he thinks that he cannot have the time to consider the question, he can find some other person to preside over the meetings of the Standing Finance Committee for Railways. I think it is rather desirable, to my mind, that he should preside and he should be in touch with what is going on. The responsibility will not be his, the responsibility will always rest with the Financial Commissioner, because he has gone through all these matters himself. It is, however, desirable that the Communications Member should know exactly how the finances of the railways for which he is responsible actually stand. This is my first point, to which I desire to draw the attention of the Honourable Member. The question whether the Standing Finance Committee for Railways should be presided over by a person other than the Financial Commissioner should be seriously considered. If you examine the constitution of similar committees elsewhere, you will find that the Treasurer who is responsible for the drafting of the budget does not preside over this Committee. It is always presided over by somebody else. I do not want the Honourable Member to commit himself on the spur of the moment, but he should think during the course of the year and decide whether a change of this kind is not desirable.

The second point to which I desire to draw the attention of the Honourable Member is this. I referred to this last year as well. We were given to understand last year that the Standing Finance Committee for Railways should meet as far as possible in Delhi just before, during and after the Assembly Session. The present practice of giving trips all the year round to different places is not desirable. We should all sit down just before and after the Assembly Session and consider this entire question seriously. I hope the Government will consider this point whether the Railway Standing Finance Committee should not confine its sittings to Delhi about the same time as the Assembly Session.

The third point to which I wish to draw the attention of the Honourable Member is whether it is desirable to change the personnel of the Standing Finance Committee for Railways every year. After all, there are certain things which require continuity. Certain things might be done in a particular year and the experience gained by Members could be utilised by the Committee in later years when analogous questions come up for decision. I wish the Government to consider whether it is not desirable to have no change in the personnel for the Railway Standing Finance Committee as you have for the Public Accounts Committee, that is, to get the Committee elected for three years so that some people may be

[Dr. Sir Ziauddin Ahmad.]

responsible for the budget. At present, the responsibility, as far as the members are concerned, cannot be located, because everybody says "We were only members for one committee for one year: we do not know what happened later on". New men go in every year. Therefore, it is desirable that, like the members of the Public Accounts Committee, the members of this Committee also should serve for three years.

These are the three points to which I should like to draw the attention of the Honourable Member. Of course, he cannot change it at the present moment: for the present he will have to follow the old practice, but it does require consideration. As regards the venue of meetings, he can do it straightway himself; as also the point about convening the meetings just about the time of the Session.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): May I ask, Sir, what the Honourable Member meant when he talked about giving tips to Members?

Dr. Sir Ziauddin Ahmad: I said "trips", not "tips".

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, as regards the first point raised by my Honourable friend, **Dr. Sir Ziauddin Ahmad**, that the Financial Commissioner should not preside because he is responsible for the budget which he presents for consideration, I may say that the various railways prepare their own budgets. I may be wrong, but this has been my experience for the last fifteen years. The railways submit their individual budgets for the consideration of the Railway Board. The Financial Commissioner in consultation with his colleagues scrutinises those budgets and he then sends the budgets back to the railways for further consideration and, thereafter, they are presented to the Standing Finance Committee. So he has practically nothing to do with the original framing of the budgets.

Dr. Sir Ziauddin Ahmad: Who prepares the consolidated budget for all the railways?

Sir Abdul Halim Ghuznavi: The consolidated budget is presented before this House. The Railway Board does it after they get our sanction. I, therefore, personally, see no reason why the Financial Commissioner should not preside. His presiding has one advantage, because he studies these budgets when they are sent from the different railways and then he helps the Members to understand when objection is raised in regard to any items in the budget.

Dr. Sir Ziauddin Ahmad: May I ask.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has had his say.

Sir Abdul Halim Ghuznavi: It is not possible to have the Communications Member to preside over the Committee.

An Honourable Member: Why not?

Sir Abdul Halim Ghuznavi: My friend easily says "Why Not?" The Communications Member has a lot of things to do, and if he is to preside over these meetings which are held once in Bombay and once in Calcutta and so on—which my Honourable friend, **Sir Ziauddin Ahmad**, objects to—he cannot find time to preside over these meetings. The reason why meetings are held in different places is this: members want to know first-hand how a particular railway is working: it is not a mere trip to Bombay or Karachi. Every facility is given to Members to understand the position by examining things directly and seeing how the affairs of a particular railway are carried on.

Babu Baljnath Bajoria (Marwari Association: Indian Commerce): That knowledge is gained in two hours?

Sir Abdul Halim Ghuznavi: Yes, after you arrive in Bombay, that knowledge is gained in two hours. It is not a mere trip to Bombay: my Honourable friend has never been in the Standing Finance Committee. When we go to a province, the whole day is occupied in visiting various workshops, and so on and so forth. It is hard work. This is what I wanted to say in this connection.

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, with regard to the suggestions put forth for the consideration of the Honourable Member for Railways and Communications, I have to make one or two observations. As to the desirability of keeping the Financial Commissioner as chairman of the Committee, my friend, **Sir Abdul Halim Ghuznavi**, has shown that the Financial Commissioner is no doubt technically responsible for presenting the budget in the form in which it is to this House, but that the preparation of the budget goes on for months together beforehand and the procedure is as he has stated it, that the different proposals from the railways are first brought together and they are scanned for each railway separately by the Standing Finance Committee for Railways and they are sent back to the railways and come back again in an improved form, which is ultimately sanctioned by the Standing Finance Committee and then the budget is presented to this House. He has that technical responsibility that he is in charge of framing the budget, but those who have worked on that committee have not found that that technical responsibility of his has come in the way seriously of the members effectively discharging their duties or caused any interference on his part. That is my experience. However, it matters little to me whether he presides or some other member presides: it is no concern of mine, but I have not found any serious difficulty in the work now entrusted to members of the committee on account of the Financial Commissioner being the chairman.

On the second point, I would gladly agree with my friend that the meetings should be held at Delhi, but I cannot agree with him that the meeting could be held a few days before the Session meets or a few days after the Session terminates. The procedure we adopt in the preparation of the Railway Budget is like this: there is first the consideration of the proposals of the various railways: it takes some days to do this. Therefore, before the final budget is prepared there must be some date on which the railway committee must meet—I do not mind whether you meet at Delhi or some other place. The choice of the place is sometimes made by the Financial Commissioner himself and sometimes on the suggestion of certain members also. If it meets at Delhi, it is all right, but the present

[Mr. M. S. Aney.]

practice of having one meeting at least for some days before the Session meets is of great help because that gives the committee an opportunity of considering proposals in their crude form. If that is not done then we shall have a budget which will have to be modified considerably on the floor of the House, and that will be difficult: the discussions of minute details which we carry on in the committee to understand the proposals and explanations from the various railways on various items will be impossible if the meeting is going to be held only once, a few days before the Session begins. In fact, a proper examination of the Railway Budget would not be possible at all. I do not mind the choice of the place being left to the members, though I do not like that idea personally.

Anyhow we shall have to meet at least a month or two before the Session first and then again two or three days before the Session starts, so that by the time the Railway Budget is introduced a final shape is given to it. So one meeting at least outside the period of the Session is, in my opinion, essentially necessary if proper justice is to be done to it. The place of meeting is of course a matter for the administration to decide and they do it. I know this opportunity which the members of the Railway Finance Committee get of meeting once outside the period of the Session is in itself considered a kind of privilege and that creates some kind of discontent among many members, but that is a different matter which has nothing to do with the efficiency of the work on which alone we must concentrate our attention in discussing this point. As regards the third point I have nothing to say.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa: Muhammadan): Sir, as regards the question of Chairman I have nothing to add to what Sir Ziauddin said. But as regards the venue I certainly prefer Delhi and Simla rather than outside as we would then be able to get the papers from the Railway Board. I, of course, visited Bombay and other places and we were shown the workshops but two or three hours or even a day can hardly suffice to give us any idea of the working of that particular railways or their workshops.

Another thing is that we get the agenda at the last moment which is very unfair. We should get them much earlier so as to be able to contribute to the discussion. Sometimes a telegram is sent that we will get them in Delhi and we get them when we have come here. This should be stopped. Again, I have found that meetings are held for one or two days only. There should be an accumulation of subjects and meetings should be held for three or four days or even longer, for having a full discussion.

Sir Abdul Halim Ghaznavi: Who prevents you from discussing for a longer period? There is no time-limit.

Mr. Muhammad Nauman: Of course not; but, as I said, the agenda are given late enough and we have no time to study them. I request the Honourable Member to consider this matter.

Maulvi Syed Murtuza Sahib Bahadur (South Madras: Muhammadan): Sir, during the 17 years I have served the Assembly, I have been a member of the Railway Standing Finance Committee for 15 years and it

is only last year that I could not be nominated in time and failed to get in. So I can speak with some authority on the subject when I say that the present system is working quite satisfactorily. The Financial Commissioner is the Chairman, and the Director of Finance is the Secretary, and when it has worked satisfactorily for so many years past, I do not see why the procedure should be changed. Moreover, we know that the Communications Member has multifarious duties to attend to and cannot be expected to preside at the meetings. As to the agenda, I agree with Mr. Nauman that some delay is caused in sending them, specially in the case of members like myself who come from Madras and take three or four days to arrive here, and we get the papers only after we come here. This, however, is not usually the case although it happened on some occasions, and this may be set right by the Chairman.

As regards convening the meetings in Delhi, I agree with Mr. Aney that we should necessarily have the meetings some time before the Assembly, so that we may be ready with the budget, etc. As regards the preparation of the budget, the present procedure is this. First of all, the Agents submit their reports which, after being examined in the Railway Board, are presented to the Standing Finance Committee for approval. So it has worked satisfactorily, and, from my long experience, I can say that there is no reason to change the present procedure in favour of the one suggested by Sir Ziauddin Ahmad.

As regards annual elections, I agree that

Mr. President (The Honourable Sir Abdur Rahim): That does not arise here.

The Honourable Sir Andrew Clow: Sir, various suggestions for adding to the utility of this committee have been made. As regards the question of chairmanship, I am of course flattered by Sir Ziauddin's suggestion, but I have already given reasons in this House for thinking that on the whole the balance of advantage rests with the present system.

As regards the venue of meetings I shall see that the remarks made in this House are conveyed to the Chairman of the Committee; but I do not think there is really much ground for complaint on the score of meeting away from Delhi. This committee had to have six separate sessions totalling twelve days during the last year, and all but one of these sessions was held in Delhi or Simla. It cannot always meet during the session because matters like budget proposals have to be considered a reasonable time in advance of the session.

The third point made was that it was desirable to have continuity in the personnel. No amendment has been moved to my motion, which is for one year; and I gather from Maulvi Syed Murtuza's speech that there is continuity to a large extent in the personnel. Quite obviously, if any Party in this House considers that its representatives should have continuous experience, it is open to that Party to re-nominate them and to secure their election.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, eleven members to serve on the Standing Finance Committee for Railways for the year commencing 1st April, 1940."

The motion was adopted.

ELECTION OF THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

The Honourable Sir Andrew Glow (Member for Railways and Communications): Sir, I move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

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

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official members to serve on the Central Advisory Council for Railways for the year commencing 1st April, 1940."

The motion was adopted.

ELECTION OF THE STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

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, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

The motion was adopted.

ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa; Muhammadan): Referring to this particular Committee again, Sir, I would like to ask the Honourable Member in charge whether the Committee did meet last year and, if so, how many times? We did not receive the proceedings of the deliberation of this Committee. A complaint was made even year before last that the members elected on this

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particular Committee were not given as much information as should have been given to them. I do not know what has been the improvement after that complaint was made from this House and I would like to know from the Honourable Member in charge what has been the result in the year 1939-40?

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, I would like to know from the Honourable the Commerce Member whether the budget of his Department is placed before this Committee or not. If not, may I ask what is the harm in placing it before this Committee so that they may have an opportunity of advising the Department?

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I also want to ask a question about this Committee. The Honourable Member says in his motion that the Committee will advise on subjects in the Department of Commerce. May I know what are those subjects in the Department of Commerce on which the advice of this Committee will be sought? Does he intend to include the Public Works Department in these subjects or whether it will come under the Labour Department?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Yes, it will come under the Labour Department.

Dr. Sir Ziauddin Ahmad: Then, may I ask whether the reports of the various Trade Commissioners will be considered by this particular Committee and also whether this Committee will consider the directions that have been given to various industries from time to time? What would be functions of this Committee and what are the subjects which come within the purview of this Committee?

Sir Abdul Halim Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, the objection of the Honourable Members has for many years, in this House, been that no meeting is called and that it is useless to form a Committee because you do not consult the Members and no meetings are held at all. That is the reason why my Honourable friend, Mr. Muhammad Nauman, has just asked how many meetings were held in the year 1939-40.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I wish that some Member who was a Member of the Advisory Committee had got up earlier than myself to reply to these points. There was one meeting convened of the Standing Committee with reference to the subjects in the Commerce Department

Mr. Muhammad Nauman: In the whole year.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Yes, for the whole year. There could be only two meetings, one in the September Session and the other during the present Session, or more meetings in either of these Sessions. It all depends upon the subjects that

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

are ready for consideration and that are put before the Advisory Committee. There was no subject which was ready for this Advisory Committee in September last, but I took the earliest opportunity this Session to convene a meeting of the Advisory Committee to place before it such subjects as may be discussed, such as, problems relating to price control, which was discussed at a recent meeting of the Advisory Committee.

Mr. Muhammad Nauman: What are those subjects on which you require the advice of this Committee?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That depends upon the nature of the subjects and the circumstances from time to time. I cannot anticipate what subjects may be brought for discussion before the Advisory Committee.

As regards the question of my Honourable friend, Dr. Sir Ziauddin Ahmad, the subjects in the charge of the Commerce Department may come up at any time before this Advisory Committee. They are certainly subjects relating to tariff and protection, mercantile marine, commerce and industrial policy, and so on. The subject of the Public Works Department itself is under the charge of the Labour section, and it would come before the Advisory Committee on Labour. I hope that the Honourable Members are satisfied that, so far as I am concerned, I have done my best to bring these subjects before the respective Advisory Committees.

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, three non-official members to serve on the Standing Committee to advise on subjects in the Department of Commerce."

The motion was adopted.

ELECTION OF THE STANDING COMMITTEE ON EMIGRATION.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, eight non-official members to serve on the Standing Committee on Emigration."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, eight non-official members to serve on the Standing Committee on Emigration."

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Sir, the Standing Committee on Emigration is a very important Committee. Unfortunately, not many meetings of this Committee were held last year. To the best of my recollection, only two meetings were held in the year commencing on the 1st of April, 1939. One was held in May, and the other was held in September. Very short notice of both meetings was given. In fact, the notice of the first meeting was so short

that I found it extremely difficult to reach Simla in time. All the same, it was a well-attended meeting. I would suggest, while we are discussing this subject, that more meetings of this Committee should be held and the advice of Members should be sought on important subjects from time to time. The question of emigration is a very delicate one, and I am afraid, as time goes on, the position of our countrymen overseas within the British Commonwealth of Nations will be, it seems, more difficult. We have not been able to get any substantial relief for them in the year which will close on the 31st of this month, and, therefore, it is very necessary that the Emigration Department should take non-official Members into its confidence. At the first meeting of this Committee, I cannot say that any important information was withheld, but it is unfortunate that not more meetings were held.

Now, the Honourable Member who will be in charge of this Department from the 1st of April will be one who knows very thoroughly the position of our countrymen overseas, and I do hope that he will consider the advisability of holding meetings more often than was the case in the past year.

Mr. F. E. James (Madras: European): No more meetings: we have had enough.

Sir Syed Raza Ali: All I can say is that if the Honourable Member finds it difficult, on account of the idiosyncrasies of the Grand Trunk Express, to take a trip from Madras to Delhi, I regretfully would suggest his keeping back. Surely, one Honourable Member's convenience or inconvenience is no ground for cutting down the number of sittings of this important Committee. As a matter of fact, the position is very difficult. I do not want to go into the question in detail at this stage, but the position of Indians overseas is very very difficult indeed, and, therefore, I would strongly suggest that more meetings should be held. As a matter of fact, I would expect that something like six meetings in a year should be held. No meeting was held in Delhi though we have been in Session now for more than six weeks. I expect a meeting to take place, but none has taken place so far. There is yet time, and I for one cannot agree with my friend, Mr. James, and I do certainly think that at least five or six meetings of this important Committee should be held every year.

Sir Girja Shankar Bajpai: Sir, I am very grateful to my friend, Sir Syed Raza Ali, for bringing out the importance of this Committee, and also for conceding that when meetings had been held, no important information had been held back from the Committee. As a matter of fact, so far as the Standing Emigration Committee is concerned, the policy of the Government has invariably been to place before it all matters of importance on which non-official opinion is likely to be a safe and sure guide with regard to the determination of questions that Government have to settle.

Now, Sir, as regards what my friend has to say about the shortness of the notice for the meeting last May, I hope he will realise that that meeting was held in very special circumstances. We held it because of a certain critical situation in South Africa, and it was only when the critical situation was reached that the meeting could be convened; in other words, it was not our fault, but the fault of the fates above us which unfortunately are not subject to our control.

[Sir Girja Shankar Bajpai.]

Then, as regards the number of meetings to be held, I do not think, Sir, that in the very nature of things, it is possible to prescribe an arbitrary number—3, 4, 5, 6, 10 or 12, whatever it might be. Meetings must be convened whenever an important question demanding the attention of the Committee arises. In the course of last year, the calendar year I am talking of now, and not the financial year, questions relating to Ceylon, to Malaya and to South Africa arose. Each one of these three questions was referred to a meeting of the Standing Emigration Committee. Similarly, Sir, I can assure my friend that we shall not hold two or three to be the limit of meetings that may be held in any particular year. If situations arise calling for more frequent meetings, then more frequent meetings will be held, but as I said before, it is not possible to assign an arbitrary number of meetings to be held every year.

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, eight non-official members to serve on the Standing Committee on Emigration."

The motion was adopted.

ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That this Assembly do proceed to the election, for the financial year 1940-41, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee."

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

"That this Assembly do proceed to the election, for the financial year 1940-41, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee."

Mr. F. E. James (Madras: European): Sir, I am very glad indeed that the Honourable the Finance Member has so quickly implemented his promise to give the House an opportunity of having either a Finance Committee or an Estimates Committee. We have preferred the Estimates Committee, and I want to put before the House our reasons for preferring this type of Committee. I understand that the Honourable the Finance Member has no particular choice in the matter if the House would prefer an Estimates Committee to the one he has now proposed. The matter was discussed on the 8th April, 1938, and on that occasion the then Finance Member, Sir James Grigg, pointed out the disadvantages of the Finance Committee. The disadvantages are really three-fold. First of all, the Finance Committee only considers expenditure regarding the new services, and such proposals as are regarded as new services are placed before the Committee shortly before the Finance Member's Budget is introduced in the House. I have been on that Committee for some years, and so has my friend, Mr. Ramsay Scott. Therefore, I can speak

from experience. We found, either that the time was not adequate to give full consideration to all the administrative aspects of the new proposals, or that those proposals were considered solely from a political aspect. When, shortly before the Committee was finally not re-elected, most of the proposals which came before the Committee were regarded purely from a political point of view. Thirdly, Sir, once the Committee had already dealt with certain of these proposals, there was no means whereby, save on the initiative of the Government itself, these matters could be re-opened.

Now, what is an Estimates Committee? I take it that the Estimates Committee which the Honourable Member may agree to, if the House chose that form, would be on the lines suggested by Sir James Grigg. That Committee consists of 15 members with a non-official Chairman, with the Deputy Secretary of the Finance Department dealing with budgetary matters as Secretary. The terms of reference of the Committee would be, first to recommend changes in the form of the presentation of the estimates; and, secondly, to report what, in its view, could be achieved in the way of economies. Before that the Estimates Committee would be placed in possession of bloc estimates relating to various departments after they had passed the vote of the House, and the scrutiny of the departments would be detailed and continuous. Either Committee, whether it is the Finance Committee or the Estimates Committee, is of course an Advisory Committee, because neither Committee should be in a position to share or diminish in any way the final responsibility of the executive for ministerial policy. Therefore, from the point of view of policy, there is nothing to choose between them.

Let me remind the House that during the budget discussion this year, my friend, the Leader of the European Group, and others from these Benches, stressed the importance of a very careful and rigid scrutiny of the departmental expenditure of the Government of India. If that is what the House wants, then it cannot achieve that by the appointment of a Finance Committee, which merely deals with expenditure on new services. The Estimates Committee, on the other hand, will enable the House to achieve a continuous and detailed scrutiny of departmental expenditure. It will go on from year to year and the recommendations of that Committee will be recommendations made not on political grounds, not on grounds whether a new service should be admitted or not, but they will be based upon such economies as the Committee feels are possible in the departments of the civil administration of the country. I feel very strongly that the House will only achieve what it expressed as its desire during the budget discussions through an Estimates Committee. The Honourable the Finance Member is prepared to give the one or the other. He has offered to us on the one hand an Estimates Committee and on the other a Standing Finance Committee. He was offering in one hand something which is very useful and in the other hand a lemon. If the House really want something useful, I would recommend to them the Estimates Committee. If the House want a lemon and the Members want to go back to their constituencies and say, "I have got something" which is of no real value, let them choose the Finance Committee. For our purpose we would much prefer the Estimates Committee and I hope the House will take the same view.

Dr. P. N. Sanyal (Calcutta Suburbs: Non-Muhammadan Urban): A discussion has arisen over the two Committees, but it is well to point out

[Dr. P. N. Banerjee:]

that the Estimates Committee is no substitute for a Finance Committee. Sir Hilton Young in his book on "National Finance" describes the functions of the Estimates Committee in these words:

"It has no responsibility for the estimates which it examines. It cannot reject or approve any estimate, nor can the minister in charge of any estimate be condemned by its adverse decision or relieved of his own responsibility. Its functions are those of a critic and scrutineer of details. In practice it takes a single estimate or group of estimates."

Thus it appears that it can only examine a very small part of the estimates in a year. He concludes by saying:

"There is a consensus that as an instrument of economy the Committee has not justified all of the high hopes that were held for it at its first appointment."

So far as regards the proposed Indian Estimates Committee is concerned, those hopes are not likely to be realised. The Finance Committee, as has been rightly pointed out by my Honourable friend, Mr. James, has also certain disadvantages. The Finance Committee in this country is really a substitute for the Committee of Supply of the whole House of Commons in Britain. The Committee of Supply goes through the entire body of estimates. It is not an advisory body but a body which can give effect to its decisions.

The Honourable Sir Jeremy Raisman: As I understand the position in England, the Committee of Supply is the whole House and corresponds to this House when it is dealing with the demands for grants.

Dr. P. N. Banerjee: The Committee of Supply is a Committee of the whole House, but it sits informally and its decisions are placed in the form of recommendations which are ratified by the whole House later on.

The Honourable Sir Jeremy Raisman: The reason why it is a Committee is in order to speed up the procedure of the House.

Dr. P. N. Banerjee: The business is less formal. In India the Finance Committee examines only the expenditure on new services, and to that extent the functions of the Committee are extremely limited. Still it would be an advantage to the elected representatives of the House to know what new expenditure is incurred and to record their opinion on it. Therefore, I do not think that there is any necessity for drawing any comparison between these two Committees. Both the Committees may be appointed, but if only one Committee is to be appointed, let us have the Finance Committee. For the last three or four years the Finance Committee has not been appointed. The reason was that in the year 1937 Mr. Satyamurti moved an amendment to a motion similar to the motion which has been moved by my Honourable friend, Sir Jeremy Raisman, today. His amendment was to the effect that the Chairman of this Committee should be a non-official; he also suggested that the functions of the Finance Committee should be enlarged. These suggestions were not acceptable to the then Finance Member, Sir James Grigg, and he refused to move his motion. I hope and trust that we shall for the present elect the Finance Committee, and if possible, later on we may have the Estimates Committee as well, because the functions of the two Committees are entirely different.

Mr. M. S. Aney (Berar: Non-Muhammadan): My Honourable friend, Mr. James, has very pertinently brought for the consideration of this House the proposal which the late Finance Member, Sir James Grigg, had made regarding the appointment of an Estimates Committee as a substitute for the general Standing Finance Committee which was till then functioning. My Honourable friend, Dr. Banerjee, has shown how the Estimates Committee itself has failed to fulfil the expectations formed of it even in England. The main point which this House has to bear in mind in connection with the Estimates Committee is this. No proposals are placed for consideration before the Estimates Committee before the estimates are passed. The estimate or budget is prepared and passed in the House, and after that budget is so passed, it is in connection with the expenditure to be incurred in pursuance of the recommendations of that budget that the Estimates Committee has got to do the work of scrutinising. It sits to consider the detailed points of expenditure out of the estimates that have already been sanctioned by this House. That is the position. In a way, it does the work which the Public Accounts Committee does as regards the year for which accounts are complete. This Committee is expected to do that work while the expenditure is being incurred and spent but after it is sanctioned. In the case of the Public Accounts Committee we do that kind of work after the year is complete and the accounts for the year are ready.

An Honourable Member: Post-mortem examination.

Mr. M. S. Aney: The difference is this. Those who are conversant with the correspondence which took place in regard to this matter know that Sir James Grigg was not much pleased with the work of the Public Accounts Committee itself

The Honourable Sir Jeremy Raisman: The Standing Finance Committee, not the Public Accounts Committee.

Mr. M. S. Aney: As regards the work of the Public Accounts Committee also there are one or two adverse remarks made by him which I do not want to read out. I mean to say that he thought that the Committee was going into unnecessary criticism and unnecessary details, and all that. That was his view. So, he wanted to find out some kind of compromise between the Public Accounts Committee and the general Standing Finance Committee and he tried to take his model from the Estimates Committee that was then in existence in England. My difficulty in accepting that suggestion is this. I certainly like that there should be a committee of this House which should be in a position to scrutinise the expenditure of the Government which has been sanctioned by this House during the year itself. So an Estimates Committee would no doubt be of advantage but at the same time I am not prepared to lose that little control which this House has got in the form of a general Standing Finance Committee, because the general Standing Finance Committee is empowered at least according to the practice that was in existence till then to go into all new expenditure, particularly that of appointments of new services which were to be made during the course of the year. It gave the House at least some idea as to what were the new services which are going to be introduced in the course of the coming year and what is the new expenditure which this House has got to incur on that account. The scope of the work of this committee was not sufficiently wide, that was the reason why my

[Mr. M. S. Aney.]

Honourable friend, Mr. Satyamurti, wanted to enlarge the scope of the work of that committee and also to enable the committee to work with greater latitude and liberty by having a non-official Chairman.

Mr. F. E. James: May I just interrupt my Honourable friend. Mr. Satyamurti is not here but may I remind my Honourable friend that he was in favour of an Estimates Committee rather than of a Finance Committee.

Mr. M. S. Aney: I do not deny that. Nothing that I have said was intended to convey that he was opposed to having an Estimates Committee. The suggestion that he actually made on the floor of the House was this. The result was that we had then neither the Estimates Committee nor the general Standing Finance Committee. That was the position in which we found ourselves for a period of three years. Now, I would like to have both and I would appeal to the Honourable the Finance Member that he need not hold out two things in his hands and say to us like little boys 'you must take this or the other'. We are entitled to say that you hold two precious things. Both have defects and advantages. We are prepared to have both with their defects and advantages. I suggest that the proposal as has been put forward now should be accepted and even if the Honourable Member may not initiate any proposition like that on his own responsibility we should try to place before the House proposals for an Estimates Committee at some later stage. We should accept the proposal as it is in the present form and make an attempt for the Estimates Committee at some other stage and in that I believe my Honourable friends of the European Group will support us because they want an Estimates Committee even if there is a general Standing Finance Committee or not.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): I take this opportunity to express my thanks to the Finance Member for bringing this Committee into existence after the lapse of three years. I think Mr. James will agree with me in this at least, that one of these two Committees, either the general Standing Finance Committee or the Estimates Committee is better than no committee at all, and the only question that is left is whether we should have an Estimates Committee or the Finance Committee. Now, the objects of both these Committees have already been explained in full by my Honourable friends, Dr. Banerjee and Mr. Aney, and, therefore, I need not repeat them. In fact, the thing which is exceedingly important and in which I lay very great stress is that in case of new appointments, especially under the present conditions when these appointments have to be made in larger number, it is necessary that all these new appointments should be scrutinised by a Committee of the House. Now, of course, its importance cannot be minimised, but on the present occasion its importance is much greater than its importance in normal time. Now, if we are given the choice of one of these two Committees, each time I will vote for the Finance Committee, because, on account of the special conditions which have arisen, scrutiny of expenditure by a Committee of the House is absolutely necessary.

As regards the other Committee, the Estimates Committee, my friend, Mr. Banerjee, has already dealt with it and I think Mr. James will probably do well as he reads about the working of the Estimates Committee

in books in the Library of the House. This Committee is not so useful as the Finance Committee. Of course, I would like to have both, because I would like to have the scrutiny of new appointments and also the scrutiny of the budget as a whole which the present Finance Committee does not do. The work of the Estimates Committee is done partially by the Public Accounts Committee by way of a post-mortem examination, but it does it too late. We should like to have both these Committees, because their functions are entirely different, but if one is appointed each time I will say we will have the general Standing Finance Committee. Therefore, I support the motion as it is now moved by the Finance Member. I hope he will reconsider the question of appointing an Estimates Committee, not in lieu of the Finance Committee, but in addition to it, at some later date.

The Honourable Sir Jeremy Raisman: Sir, my friend, Mr. James, has very correctly pointed out the exact scope and functions of the two types of committee. I myself am of opinion that the Estimates Committee is really a more educative type of institution because although it is true, as my friend, Mr. Aney, has remarked, that they deal with blocks of the estimates which have already been voted, it must be remembered that a large proportion of the standing charges come before the House again, year after year, and if an Estimates Committee works steadily through those blocks of estimates they are in a position to make recommendations which the Finance Department can take into account in framing later budgets. However, I indicated that I was quite prepared to leave this matter to the free choice of the House and my position is still that. In regard to the suggestion that the House should be given a third option now of having both committees, I must point out that we already have a Public Accounts Committee which sits for nearly three weeks in Simla and during that period the whole of my time and that of a considerable part of my department and important officers is entirely taken up with working through the accounts of the year which are being examined. Now, we have the Standing Finance Committee which will meet from time to time during the year, and it will be necessary for myself and certain of my officers and officers of other departments to be in attendance on that committee. If to this were to be added at the same time a third committee, namely, the Estimates Committee, for which material would have to be prepared, the officers not only of my own department but of all other departments would have to be in attendance to answer enquiries and give evidence. The degrees of interference with and interruption of the ordinary work of the Secretariat would really become very serious indeed. Therefore, I regret that I must maintain the attitude of my predecessor in this respect which I think is summed up in the words of a famous song. "How happy could I be with either, Were t'other clear charmer away".

I think that was Sir James Grigg's attitude, and for three years neither Committee was in existence.

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

"That this Assembly do proceed to the election, for the financial year 1940-41, in such manner as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of members for the Standing Finance Committee for Railways, Central Advisory Council for Railways, Standing Committee for the Labour Department, Standing Committee for the Department of Commerce, Standing Committee on Emigration and the Standing Finance Committee, the following dates have been fixed for receiving nominations and for holding elections, if necessary, namely:

	Nomination.	Election.
1. Standing Finance Committee for Railways	20th March.	28th March, 1940.
2. Central Advisory Council for Railways	29th March.	1st April, 1940.
3. Standing Committee for the Labour Department	20th March.	28th March, 1940.
4. Standing Committee for the Department of Commerce	19th March.	27th March, 1940.
5. Standing Committee on Emigration	19th March.	27th March, 1940.
6. Standing Finance Committee	20th March.	29th March, 1940.

The nominations for all the Committees and the Council will be received in the Notice Office upto 12 Noon on the dates mentioned above for the purpose. The elections which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will 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 MINES (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Mines Act, 1923.

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

"That leave be granted to introduce a Bill further to amend the Indian Mines Act, 1923."

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I introduce the Bill.

THE EXCESS PROFITS TAX BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Excess Profits Tax Bill, clause by clause. The question is:

"That clause 6 stand part of the Bill."

Mr. Muhammad Nauman (Patna and Chota Nagpur Division, Orissa: Muhammadan): Sir, I move:

"That to sub-clause (1) of clause 6 of the Bill the following further proviso be added:

"Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period."

Sir, the purpose of this amendment is very simple. It has been provided in the Bill that ten per cent. profit on the capital invested in the business will be taken as a statutory percentage for the purpose of calculating excess profits for such concerns which have come into existence after March, 1936. This equitable principle having been accepted in one case, the amendment seeks only to give the same facilities to those merchants who are trading in foreign countries and have got their offices in foreign countries. Remittance having been the basis before 1936, these people did not feel the necessity for bringing their books from foreign countries. I need not explain in this connection the difficulties that will be experienced in bringing the books, as that point also was fully debated upon at the time when the Income-tax Bill was under discussion. I understand from merchants that they do not even prepare their books of accounts on strict lines of the system of book-keeping and accountancy. The bringing of books, prior to the year 1936, was not at all necessary as the Income-tax Department did not require those books at all and the income-tax was charged on the remittances that were received here. I hope the Honourable Member will appreciate the point and would be better advised if he gave this particular facility to the merchants who are trading in foreign countries. I think it will also make the work of the officer easier because it is easier to calculate the statutory percentage of profit on the capital involved in the business rather than examine the entire set of books. That being the case, I hope the Government will accept this amendment as there is no chance of any loss of revenue in the total collection on the basis of calculation for taxes. Normally, the profits of the business of these people, particularly those who are trading in foreign countries, are not expected to be anything above ten per cent. on the average. That is why I do not seek anything which may amount to any substantial loss in revenue or which may amount to something which may reduce the tax substantially and may change the entire financial position as estimated. By moving this amendment I only propose that the Government should give a little facility in the matter of calculation to their own officers and to those merchants who are having their offices in foreign countries. To ask these merchants to bring their books from 1936 onwards is rather putting them to such difficulties which amounts to harassment for no purpose. That is the simple provision I want to be made in the Bill. This being the purpose of my amendment, I hope the Government will accept it without any difficulty in the matter.

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

"That to sub-clause (1) of clause 6 of the Bill the following further proviso be added:

"Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period."

Mr. Lalchand Navarai (Sind : Non-Muhammedan Rural): Sir, I rise to support the amendment. It is quite plain that this amendment again has relation only to those Indian merchants who trade abroad.

An Honourable Member: It relates to Sindhi merchants.

Mr. Lalchand Navarai: I said Indian merchants. I would be glad if it is even restricted to my Sind merchants. All the same, it applies to others also. We cannot hide that fact. My Honourable friend, Mr. Chambers, said that such people are very few in Sind and, therefore, it is no use giving them these facilities which could have been given only if there were many such merchants.

If you can help those who go abroad and bring money here and make use of that money here, it will be very good. Their money is useful here. I, personally, know of Sindhi merchants in Hyderabad, Sind, who actually bring money from outside and make use of it in many ways in helping the public. What they are asking is only a facility. Now, by this amendment what they are asking is that the determination of the standard profits should be made in a particular manner. It should not be in the way of creating any difficulties for them and also difficulties for the Government. They want that the standard profits should be determined by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period. Now, Sir, this way of determining the standard period has been acceded to by the Government, but is being restricted to certain classes of profits. When the conditions and the position of these merchants abroad are also different from those who have been trading in India, then why not extend that facility to them also. The reasons they have given are very clear. The House knows that before 1938, the procedure by which income-tax was levied was on the basis of actual remittance to this country. That is to say whenever money is brought here from foreign countries, they were charged income-tax. In those days there were no difficulties in bringing money here and, therefore, they were charged on a remittance basis. There was then no question of keeping any accounts. The Government also were not put to the trouble of going through their accounts and finding out how much they were liable to assessment. But, by the present method of Government, which is based on the accrual system, they are assessed income-tax. By that accrual system it is very necessary that their accounts should be examined to find out what that accrual basis is. It was made clear during the debate on the Income-tax Act and also it has been made clear now, that those account books are such that they cannot easily be brought over here. Of course, they have also got very many difficulties in bringing them over here. It might be said that they can bring over these accounts in a statement audited by some auditor. But then that would not apply in this case. When there was no accrual basis, they actually kept no proper accounts and so they cannot be properly audited now and a declaration made that these are the proper accounts. That will be a difficulty not only to the businessmen but also to the Government. I submit this should also be taken as an exception to determine the standard period by certain number of years. Since you have given the concession to those traders who have come into existence after 31st December, 1936, you must apply the same principle to these men also. This amendment claims that and requests the Government to consider that.

There is also another difficulty as regards the accounts of these Sindhi merchants. Owing to the inherent difficulty of Sindhi merchants, most of the firms do not close their books every year. Here also they find the accounts written not in English character, but in some different character, i.e., Hindu-Sindhi, which, of course, very few can decipher (Interruption). It will also be difficult for my Honourable friend, Sir Abdoola Haroon, to read out what his writer writes. I do not suppose you want to follow this method of keeping accounts. You are more shrewd. I submit, therefore, that in the case of these men also, give them the concession and apply the general principles which applies to businesses started after 1936. As regards the books the business is managed there by working partners who remain at the place of business for three or four years and when their term expires they are relieved by other working partners from India. The accounts are adjusted only once on the expiry of the term of the working partner in charge of the business

The Honourable Sir Jeremy Raisman (Finance Member): The Honourable Member's point is not relevant to this amendment.

Mr. Lalchand Navarai: I am only giving the reasons.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the amendment.

Mr. Lalchand Navarai: The point is this. I started by saying that the main reasons for giving them this concession which I am asking is because they do not keep proper books and the Government also will be handicapped in fixing the proper assessment. I hope I have shown fully that the case of foreign merchants is different from Indian merchants. These persons who trade outside India have got their own difficulties so they must be given this concession that is being asked for by this amendment. Sir, I support the amendment.

Mr. Husenbhai Abdullahai Laljee (Bombay Central Division: Muhammedan Rural): Sir, I rise to support the amendment that has been moved. I do not think many words are required from me after what my Honourable friends, Mr. Nauman and Mr. Lalchand Navarai, have said. So far as I am concerned, it is not only the Sindhi merchants alone, but all the other classes of merchants as well who trade in outside places and I regret that it is very difficult to get even statistics of them. I want to make this point clear because during discussion on the last motion Mr. Chambers wanted to draw my attention to the fact that those Indians who are permanently there are not taxed at all. Surely, that cannot be done and they cannot be taxed further because they are never approachable. What I am concerned with I repeat is with regard to interest of the large number of people of this country trading outside whose record, unfortunately, is not found because of the lack of any interest in them by the Government and the public bodies. However since we know very well their difficulties it is no use my stating again in detail all those difficulties and handicaps under which they work. I only hope that taking into consideration all the great and various difficulties that they are in and the circumstances which I have explained exist with regard to their business in my previous motions, I do hope and trust that in all fairness the Government will accept this amendment which is entirely fair and equitable.

Mr. S. P. Chambers (Government of India: Nominated Official): Sir, I oppose this amendment. We are asked to believe that a number of merchants who are ordinarily resident in India have not kept accounts in respect of business carried on, on their behalf, abroad by other persons, where the total income so carried on exceeds Rs. 80,000. And then we are asked to give special consideration to those persons who do not keep books in respect of that business. In the first place, I doubt whether there are many persons who will trust other persons to carry on business abroad and who keep no adequate records of that business. Secondly, the amendment does not merely deal with those who fail to keep proper records; it covers all persons. Here again it covers the large corporations to which I referred some days ago. All these concerns are under this amendment to be entitled to an additional option under the Bill. Let me, however, admit that there may be a few cases in which, owing to the peculiar system of keeping accounts, it is difficult to determine the standard profits accurately for years which have already passed. Even so, for those persons it will be necessary under this amendment to determine the amount of capital employed. Without knowing what the profits are, without keeping proper records, it is almost as difficult to determine what the capital is as it is to determine what the profits are. I suggest, therefore, first of all, that the amendment goes too far; secondly, that for the genuine cases which it is sought to meet it does not go far enough. However, I have admitted that there may be some cases in which there are inadequate records and that it may be difficult to determine the standard profits. The Bill already provides for this method of assessment: under clause 14 of the Bill the Excess Profits Tax Officer merely has to determine to the best of his judgment what the excess profits are on the basis of the evidence before him. He cannot ask for the impossible. If there were no good records it is no good his asking for good records. He must, therefore, determine the standard profits, that is in a case such as this case the profits of the standard period, to the best of his judgment relying upon such evidence as is available. Having done that he then determines the excess profits made in the chargeable accounting period. If he has dealt unfairly or harshly with the assessee the assessee has a right of appeal to the appellate Assistant Commissioner or, after the 1st April, 1941, to the Appellate Tribunal. He can also go to the Board of Referees and he can also go to the Central Board of Revenue under clause 26. I suggest, Sir, that for those cases in which inadequate records have been kept where these traders have been trading abroad and making more than Rs. 80,000 in a standard period and making an excess profit in the chargeable accounting period, the reliefs which are already provided in the Bill are adequate and that this amendment is unnecessary. Sir, I oppose.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, none of the speakers in favour of the amendment contended that these traders trading abroad do not make good profits or that they should not be assessed to this tax. Their contention is that, situated as they are, and considering the way their business is carried on, it is almost impossible for them to keep any regular accounts as is done in other kinds of business. My friend, Mr. Chambers, said that he finds it difficult to believe that any businessman can trust another businessman to carry on business on his own responsibility and without keeping any regular accounts. But this is a fact which cannot be denied. These Sindhi merchants carry on business in partnership. One of the partners

carries on the business outside India for a number of years after which another partner goes out to take charge and he carries it on for another number of years. The principle underlying it is that, if one partner proves to be dishonest, the other partners have the same opportunity of being dishonest when their time comes. But generally they trust each other, and I hope that, if Mr. Chambers is satisfied as to the correctness of these facts, he should give the concession to these foreign traders. They do not want to escape the assessment. They only point out the difficulty in their way and ask that the statutory percentage principle which has been already conceded should be applied to them. I trust my Honourable friend will realise the position and give them the concession they ask for.

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

That to sub-clause (1) of clause 6 of the Bill the following further proviso be added:

Provided further that in the case of business the profits of which accrue or arise without British India, the standard profits shall at the option of the person carrying on such business be an amount calculated by applying the statutory percentage to the average amount of capital employed in the business during such chargeable accounting period."

The motion was negatived.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I beg to move:

"That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be—' the following be substituted:

"(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater."

The object of my amendment is to replace the alternatives given in sub-clause (b).

In the original proposal only three alternatives were given, i.e., the year 1935; 1936 or 1937 combined with 1935; 1937 combined with 1936. Then a fourth one was added by the Select Committee, to add one more year, that is, 1938 combined with 1937.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Already there were four.

Dr. Sir Ziauddin Ahmad: 1935 and 1936 are spoken in a different manner. It depends on how we consider it. The first year is 1936 if you like: then 1936 and 1937 separately, 1938 combined with 1937, or 1938 combined with 1936, and now a new option has been added by the Select Committee of 1939 combined with 1938. We noticed that different industries have been benefited in a different way in a different year. Certain industries, especially those in Bengal, were benefited in 1935 and 1936 but not in 1937 or 1938; while on the other hand cotton mills and iron and steel and coal were benefited particularly in the last two years 1937 and 1938. Therefore in order to be fair to all the industries and evolve a new formula it is very desirable that we should take the average of the four years together, that is 1935, 1936, 1937 and 1938. If we take the industries together and not any particular class of industry, then we find that taking the average of 1928 to be 100, the profit index of all the

[Dr. Sir Ziauddin Ahmad.]

industries was 69 in 1935, 63 in 1936, 61 in 1937 and 71 in 1938: if we take the average for all industries it comes to 66, which is very fair. No particular industry will be losing and we will evolve a uniform formula if we take the average of all the four years. We had enormous difficulty by adding a fourth option in the Select Committee, that is, 1939 and 1938. This particular option will be discussed on my next amendment—I shall not discuss it in detail now—but on a very modest calculation this particular option will cost the exchequer about two crores of rupees, and that is a very big slice to give up.

I would have supported any reduction in the tax provided that the incidence fell entirely on the Finance Member, but if the incidence of reduction falls upon the taxpayers of other classes, then we will have something to say. If the Finance Member must collect so much amount, then it ought to be collected from those who can afford to pay: the burden should not fall upon those who are already feeling a great deal at present on account of the rise in prices owing to war conditions. The question is not whether this particular tax is fair or not, or whether we can show a little more leniency to those whom I may call as those on whom wealth is rolling. Had it been entirely given up, I would certainly say, give them up altogether. Nobody likes taxation. Everybody hates it and I hate it just as much as anybody else: but if the taxes are to be imposed then they ought to be imposed on those who are able to bear it. . . .

An Honourable Member: Like Mr. Bajoria?

Dr. Sir Ziauddin Ahmad: My friend interrupts and rightly that if taxes are to be levied on Members of the Assembly, I would certainly suggest two persons, one to my right and the other to my left. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on with 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.

Dr. Sir Ziauddin Ahmad: Sir, before lunch I was discussing that the four alternatives which we have offered in this Bill are confusing, and to do justice to everybody it would have been better if we had adopted uniformity for all the industries in India, and that uniformity which is just and equitable is that we should take the average of the last four years. I have not worked out the figures in detail, but I see that justice is not done to any industry if we follow this particular practice. There are certain industries which are specially benefited by the addition of sub-clause (d), but they are protected industries and are a class by themselves, and therefore we need not seriously consider them. Now, if we take the average of the last four years, then the index of the profit of all the industries taken together is about 66, taking 100 as the profit in 1928. In

the case of cotton mills, their index will 145, which is a very good average; in the case of Iron and Steel, it works out to 225, which is 2½ times the profit of 1928: and the coal will be 88.5. No doubt they will be well off if we take the last 4 years' average. I have added one other thing, and that is, I have given them the option of having the statutory profit. That puts them in a very favourable and advantageous position. There are some industries in which the profit is not very great although they have large sums of money. To such I am willing to give a benefit of eight and ten in the case of old industries, and ten to twelve in the case of nascent industries, leaving them to decide whether they will have the statutory profit or the flat rate, i.e., average of the last four years. If we follow this practice, it will be equitable to everybody, but the people who will be specially benefited by the mistake which, in my opinion, we made was by adding clause (d) to sub-clause (6), and those people will oppose this suggestion tooth and nail because they will have to pay a large sum of money which will ultimately come from the pockets of the poor consumers and the taxpayers on a small scale. It is pity that on account of my engagement in the House I did not have the opportunity to discuss the details of these options in detail in the Select Committee stage, and therefore I have no other alternative but to discuss it here, and I think everybody will agree—and the Central Board of Revenue can verify it—that by adopting this uniform principle it will do justice to everybody: that is to say, take the average of the last four years, and give them the option to take either this or to take the statutory profit which ever is best suited to them, and not to give option to the Income-tax officers to decide. I cannot think of any arrangement more just and equitable than this, because in that case we eliminate altogether the special circumstances in which a particular industry may have enjoyed the benefit. Though the war did not really commence till the 1st September, 1939, still the conditions produced by the war in some other countries had been created with respect to certain industries in India, and they were benefited, and they made unfair use of high tariff wall. We know very well that the iron and steel industry as well as the textile industry from whom the opposition will come with greater force and vehemence are just the industries which have no business to charge high prices. We have given them protection by assuming and fixing a fair selling price, and when we have given them a profit of eight per cent. over and above other things, they have increased their prices, I think it is very reasonable that we should give them the statutory profit and also the benefit of the profits they have made during the last four years. Therefore the suggestion I make will appeal to every one to be reasonable and just, in fact this suggestion should have come from the Treasury Benches at the very commencement, instead of leaving the options from A to E taking note of the average of the last four years. With these words, I move my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be' the following be substituted:

(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, my friend, Dr. Sir Ziauddin Ahmad, has moved this amendment with the intention that every industry should be treated with equity and justice. If the meaning of equity and justice in his dictionary is that each and every industry should suffer and pay much more than the Bill as it has emerged from the Select Committee provides, he could not have moved a better amendment than this.

Dr. Sir Ziauddin Ahmad: You should contribute uniformly to the exchequer.

Babu Baijnath Bajoria: "Should contribute uniformly to the exchequer" according to this amendment would mean that all industries and business should contribute uniformly a greater amount to the exchequer. I would explain this from the very chart which Dr. Sir Ziauddin Ahmad has given in his Minute of Dissent. Take the case of Cotton mills. At present the cotton mills will naturally choose the option given in part (d) of clause 6(1) which will give them the average of index Nos. 188 and 253. Now, if they have to pay on the average of the last four years, they will have to add to these two figures the index figures of 89 and 99 which are less than the two figures for the years 1937 and 1938, just quoted, and so they will have to pay much more if the averages of the four years have to be taken instead of the average of the years 1937 and 1938. Take the case of Jute mills; at present they will take the option of the year 1935. The index figure for this is only 40. If his suggestion is accepted, the average of the years will be 40 plus 26 plus 11 minus 8, the average will thus come to about 17 instead of 40. Similarly, in the case of iron and steel. In 1937 and 1938 they have got 209 and 311, and I find that the industry will have to pay much more if this amendment is accepted. Same is the case with sugar, paper and all those industries which have been mentioned in his chart. I think my Honourable friend is more eager to get more money from the taxpayer than even the Finance Member. This amendment is even much more exorbitant than the Bill itself. I strongly oppose the amendment.

The Honourable Sir Jeremy Raisman: I believe that if one were certain that the war is going to last four years or longer, there would be a great deal to be said for a tax on the basis which my Honourable friend, Dr. Sir Ziauddin Ahmad, has proposed. But it would, as the last speaker has pointed out, have a much more drastic effect than the Bill which is now before the House. It would particularly operate against industries which have had successful periods during the four years in question but which have also had bad periods. The scheme of the Bill, as it has emerged from the Select Committee, is to allow businesses to choose either a single year at a time which is somewhat remote from the beginning of the war, that is, years 1935 or 1936, and then as you get nearer the period of the war, to allow them to choose the average of two years the best which they can find, including, of course, the last two years 1937 and 1938. That is undoubtedly much more favourable to industries than what my Honourable friend has proposed. But having come before the House in the first instance with a different type of scheme and having, after long discussion and negotiation in the Select Committee with the doughty champions of industry, accepted the basis more favourable to the taxpayer I do not feel that it is open to me to grasp at the tempting bait which my Honourable

friend now puts before me. I regret, therefore, in many senses that I must oppose this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is: "That in sub-clause (2) of clause 6 of the Bill, for all the words occurring after the words 'carrying on the business, be—' the following be substituted:

(a) the average income of four previous years as determined under section 2 of the Indian Income-tax Act, 1922, for the purpose of income-tax assessment for the years ending on 31st day of March, 1937, and three subsequent years, or (b) statutory percentage whichever is greater."

The motion was negatived.

Dr. Sir Ziauddin Ahmad: No. 46 is consequential to No. 45, and so I do not move it. I move No. 48. I move:

"That in part (a) of sub-clause (2).

Sir, this should be part (d) of sub-clause (2) . . ."

Mr. Deputy President (Mr. Akhil Chandra Datta): If this is a mistake, and if it should be "part (d)", it will come later on. We are now dealing with part (a). No. 49, Mr. Bajoria.

Babu Baijnath Bajoria: I move:

"That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words 'the year ending on', where they occur for the first time, the words and figures 'the 31st March, 1936, or the previous year as so determined for the year ending on' be inserted."

The effect of my amendment will be to give an additional option to the assessee to take the profits of the year 1934-35 as the standard period. I will give my reasons for moving this amendment. This is based on equity and justice. I will prove this from the chart which Dr. Sir Ziauddin Ahmad has appended to his Minute of Dissent. This amendment of mine will be of special advantage to the jute mills in Bengal and to the jute trade generally in Bengal. The jute trade has been very unjustly treated under the options of standard profits as stated in the clause as it stands at present. I will explain this. (Interruption.) I won't raise any provincial issues. I am very glad that Bombay cotton mills have got more, iron and steel have got more, and I want that Bengal also should be reasonably treated. Here you will find that the best period which it can choose from the standard periods which have been given in the Bill is the year 1935. The index figure for that period is only 40, as compared with 100 in 1928, whereas the industries, say, the cotton mills will have an average of about 200 if they take the basis of the combined profits of 1937 and 1938. Same will be the case with tea which has 108 in 1937 and the figure for 1938 is not given. The index figure for iron and steel will also be 200. For sugar also it will be about 140 for paper about 185. The best that jute can get is only 40. Is this fair and just I ask the Finance Member? Jute mills can have only 40, as against over 100, 200, etc. in the case of other industries.

The Honourable Sir Jeremy Raisman: If the Honourable Member is asking me whether the jute industry has not been unfairly treated as compared with other industries, my answer is emphatically in the negative.

Babu Baijnath Bajoria: When the Honourable Member replies to me he will explain how I am wrong, and I shall be very pleased if I am wrong. But, as the figures stand, I think that the jute industry has not been properly treated. If this amendment is accepted, as the year 1934 is a little better than 1935 and so the jute industry can have a better option than index No. 40. I would request the Honourable the Finance Member to accept this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words 'the year ending on', where they occur for the first time, the words and figures 'the 31st March, 1936, or the previous year as so determined for the year ending on' be inserted."

Dr. Sir Ziauddin Ahmad: In my previous speech, I gave Mr. Bajoria a very good offer and that offer was that if he is not satisfied with the low profits in the jute industry, they were given the option to choose the standard profit which is eight or ten per cent. but he rejected the offer and also spoke against it. After speaking against such a good offer which I have presented him for the benefit of the jute industry, I do not think it looks nice that he should move another amendment when he explicitly rejected a very good offer which I made just two minutes ago. While going through the figures carefully I had in my mind all the time that there are certain industries which have not been doing well for the last four years and the best thing for them would be to choose the standard profit which is 8 and 10, 10 and 12, which is a very reasonable one in these days when the bank rate of interest is only three per cent., but after rejecting a good offer he comes forward now to open out a new door through which not only the jute mills will pass but many other persons will also pass. If my friend brings forward any proposal by which the jute industries will be benefited, I will support him but when I tried to do justice to him he himself rejected the offer very vigorously.

The Honourable Sir Jeremy Raisman: I must oppose the proposal to extend any further options under the Bill and in reply to my Honourable friend, Mr. Bajoria, who asked whether the jute industry was not particularly harshly treated under the measure I said in an interruption that my answer was an emphatic negative. I cannot at the moment lay my hands on an analysis which I have seen of the effect of the measure as it emerged from the Select Committee on the jute industry but even the original Bill which was regarded as a much more drastic measure evoked the following comments in *Indian Finance* of February the 10th. With your permission I will read two or three sentences:

"A table is published elsewhere in this issue showing the position of the important jute companies in relation to the Excess Profits Tax Bill published recently. It will be seen that most of the important companies are affected by E. P. T. only after a high level of earnings is reached. In the case of Anglo-India, for instance, profits are taxable only after 30.25 per cent. is earned on ordinary capital, in the case of Agartala 52.15 per cent., Fort Gloster 40.59 per cent., Gourapore 40 per cent., Kamarhaty 44.75 per cent., Kanaknagar 37.16 per cent., Northbrook 31.09 per cent., and Reliance 58.85 per cent."

and the article goes on to indicate the effect. I suggest that, viewed in relation to amendments which are attempting to ensure to assesses a standard profit of eight per cent. on their capital, these figures indicate that the jute industry at any rate was not likely to be particularly severely affected by the measure. Sir, I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in part (a) of sub-clause (2) of clause 6 of the Bill, after the words 'the year ending on', where they occur for the first time, the words and figures 'the 31st March, 1936, or the previous year as so determined for the year ending on' be inserted."

The motion was negatived.

Mr. Lalchand Navalrai: Sir, I move:

"That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end:

'or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940'."

The object of this amendment is to allow the year 1938-39 to be adopted as a standard period in respect of foreign incomes. With regard to foreign incomes, I have tried to get some concessions. Two amendments hereafter are being accepted but I want a third and it is with that object that I have moved this amendment to persuade the Honourable the Finance Member to give this concession also to these foreign Indian traders. Now, Sir, in the case of these Indians trading in the foreign countries they used to be charged on the remittance basis but then, until the year 1938-39, they were taxed on the remittance basis and the accrual basis was adopted only in the year 1938. So then as the Excess Profits Tax is to be levied on accrual basis and the income of the standard period is to be determined on accrual basis there is no standard period available except the year 1938-39. It is quite plain on account of the accrual system that they now keep very regular and accurate accounts. Therefore, to find out the standard period, it is quite plain that they can also give the option for 1938-39, so that they will find accurate accounts and the standard period will also be considered to have been reasonable and a right one. Now, of course they were keeping the accounts before but they were not properly kept in such a manner that they can be called accurate accounts. Therefore, you cannot find out the standard period on those accounts. It is no use your wasting time over them. Therefore, give convenience to these people and give option for the year 1938-39 and on that account it will be that these men will also be in a position to show their standard profit on a certain fixed basis. Otherwise, there will be difficulty both to the Government as well as these men. By this amendment a little option is given to them but they are not going to be let off. They are going to pay all the same but when you are so generous to give options, give this option to these men also. I hope that this amendment will be accepted by the Government.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end:

'or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940'."

Mr. Muhammad Nauman: Sir, I rise to support this amendment. I think the amendment has been necessitated because the first amendment that I moved was not accepted by the Government wherein I said that ten per cent. statutory profit should be the basis of calculation. Anyhow, this is more modest and I hope Government will not see any difficulty in

[Mr. Muhammad Nauman.]

accepting this at least. It is more suitable in the sense that actually the method of calculation of all the merchants who have foreign offices is based on accrual basis in 1938 and that is the only year for which Government can have a record. Previous to that, Government have not got records at all and I think it would save the difficulties of the merchants and of the officers of the Government if that particular year is accepted as a standard year. I am not in a position to say or calculate or stipulate or even speculate upon what difference it would make in the amount of the tax estimated but I will take this opportunity of replying to the speech which Mr. Chambers delivered on behalf of the Government when he wanted that my amendment should be negatived. He said that it was very difficult to believe that those merchants in foreign countries were not having regular books of account and were doing all business without any account. My submission on that point is that it was not at all the statement that I made and never have those merchants submitted that they were doing their business without any accounts. What I submitted was that their accounts were not based on a particular book-keeping system such as prevailed in the system of accountancy. They have their own methods of accounting to find out their profits and losses. Everybody, even a "Biriwala" or a "Panwala", has some sort of account but at the same time it cannot be expected that they do have any account which the Government will be prepared to accept. That is the difficulty. So I thought it would be more feasible if the Government had accepted a certain stipulated profit and made a statutory profit on the working capital, but that not having been done, I think this amendment is more modest because it says that 1938-39 should be taken as a standard year for the calculation of the profit.

Now, Sir, for the purpose of the income-tax, these merchants were never required to bring their books of 1936-37 from foreign countries and, naturally, they have not got those books here and enormous difficulties may come in their way in bringing them out here. All this can be avoided without any substantial loss in taxation if the Government would only accept that 1938 should be taken as a standard year for those people who have their business in foreign countries. I do not suppose I need dilate on this subject any more because the matter is so clear and I hope Mr. Chambers is fully alive of the effect it will bring and will accept this amendment without much ado. With these few remarks I support the amendment.

Mr. S. P. Chambers: Sir, I am afraid I must oppose this amendment again. The arguments in favour of it are precisely the arguments in favour of No. 45. It is merely a matter of saying: "Under 45 we asked for one premium for not keeping good books and, as we were refused that premium, gave us this other premium we ask for in No. 50." Under 45 you asked for the statutory percentage and under this you are asking for a different year. That is all it comes to and the arguments are substantially the same. I appreciate what my friend has just said about not keeping books in a form which was suitable for income-tax purposes. I understand that it is a practice or was a practice to keep books and not to close them every three or four years at a time. I fully understand that, and I am

interested to learn that to some extent records are available even though they have not been closed for two or three years.

Mr. Muhammad Nauman: Sometimes they cannot be brought down here. That is the difficulty which has been explained in this House on many occasions.

Mr. S. P. Chambers: On the question of the records themselves, the position is, therefore, somewhat better than what I thought it was when I was speaking on No. 45. In relation to No. 45 I had the impression from Honourable Members' speeches that there were no records. Now, I am told that there are records but the books have not been closed and they are not in a suitable form. The reply is exactly the same, but in so far as there are records available every effort must be made by the Excess Profits Tax Officer to arrive at the standard profit in the standard period from the materials put before him. If he does not do that as well as the assessee wishes, the assessee can appeal.

There is one further point about the production of books from a distance. I cannot quite follow that point because I should have thought that it would have been easier to have produced books in respect of long past years than in respect of a year which has only just been completed. But on the whole subject of the production of books and records from a distance, may I remind the Honourable Member that Sir James Grigg, when he was Finance Member, gave an assurance that instructions will be issued that books should not be called for if audited accounts were available in this country or—he went a step further—if it was at all possible to arrive at the profits without calling for books. That assurance can be repeated for Excess Profits Tax. If it is at all possible to arrive at the profits without calling for the books, then that course will be taken, and instructions will be issued to that effect. But the amendment as it stands cannot be accepted. Sir, I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That to part (a) of sub-clause (2) of clause 6 of the Bill, the following be added at the end:

'or in the case of profits accruing or arising without British India the previous year as so determined for the year ending on the 31st March, 1940'."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): On account of somewhat unfortunate circumstances, the Chair is in the painful necessity of passing over the next amendment (No. 51) and the other amendments to this clause, and the Chair proceeds to clause 7. The Chair will come back to these amendments after the return of the Honourable the President to the Chair.

The question is:

"That clause 7 stand part of the Bill."

Maulvi Muhammad Abdul Ghani (Tirhut Division : Muhammadan) : Sir, I beg to move :

"That to clause 7 of the Bill the following proviso be added :

'Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.'

Sir, there are certain persons who are in the habit of taking shelter in Indian States. You know, Sir, that at the time of the passing of Children's Marriage Restraint Act, innumerable persons took advantage of the words "Indian States" and celebrated such child marriages contrary to the provisions of the Act. Such will be the case here too. They will take shelter in Indian States and try to evade extra profits duty. I hope the Government will accept this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That to clause 7 of the Bill the following proviso be added :

'Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.'

Mr. S. P. Chambers : Sir, I oppose this amendment not because I disagree with the principles advanced by my Honourable friend but because the amendment is entirely unnecessary. Under the Income-tax Act, as amended, a person ordinarily resident in British India is chargeable on his full profits and not on the amounts remitted to British India. That applies to all profits arising abroad whether they arise in Indian States or overseas. Therefore, all the profits in question are already chargeable directly to excess profits tax and, therefore, this amendment is unnecessary.

Dr. Sir Ziauddin Ahmad : Sir, this is no doubt one point of view which Mr. Chambers has just expressed. We have been discussing this morning and even last time to give some kind of benefit to foreign income, and the difficulty which I expressed was that foreign income includes income derived in Indian States and if we accept any of their previous amendments, the result would have been that our industries would have been shifted from British India to Indian States. It is exceedingly difficult really to have a clear line of demarcation for economic purposes between India and the Indian States. I think the whole thing would be simplified if we have one economic law for both India and the Indian States. Customs and all these things ought to have been uniform and that would very much simplify the matter. I have very great sympathy with principles of the amendment which has just been moved by my Honourable friend, Maulvi Abdul Ghani.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That to clause 7 of the Bill the following proviso be added :

'Provided that in spite of anything to the contrary in this or in any other enactment, the profits of a person ordinarily resident in British India derived in any Indian States shall be deemed to have been derived in British India.'

The motion was negatived.

Mr. Muhammad Nauman : Sir, I move :

"That to clause 7 of the Bill the following proviso be added :

'Provided further that if a loss occurs on the profits of any chargeable accounting period by reason of depreciation in exchange at the time of removal of prohibition or restrictions on the remittance of the profits of the chargeable accounting period, the loss shall be deemed to be a deficiency of profits and relief shall be provided as if the said loss were a deficiency of profit, by repayment or readjustment of the excess profits tax notwithstanding the fact that when the said loss occurs the Act may not be in force.'

Mr. S. P. Chambers : Sir, may I just interrupt the Honourable Member, if he will permit me to do so, just to say that no opposition need be expected from Government to amendment No. 117 which covers the same subject matter. I draw the attention of the Honourable Member to this point so that he may not make a long speech.

Mr. Muhammad Nauman : I am glad that my Honourable friend appreciates this fact. I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That clause 8 stand part of the Bill."

Mr. S. P. Chambers : Sir, I beg to move :

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act' except for the purposes of determining the amount of the statutory percentage' be substituted."

Sir, the object of this amendment is to treat as new businesses for the purpose of computing the standard percentage in clause 2 only those businesses which are genuinely new businesses. Where there has been merely a change in partnership or a change in ownership in an old business, there is no occasion to give a higher statutory percentage. Without this amendment, they would be deemed to be new businesses for all purposes of the Act.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act' except for the purposes of determining the amount of the statutory percentage' be substituted."

Babu Baijnath Bajoria : Sir, I should like some points to be clarified as regards this clause about succession and amalgamation. The first point is this. Will not the effect of this amendment be this? Supposing a business has been sold to a different party altogether. The successor has got no concern whatsoever with the predecessor in business. Who is going to pay the tax? Supposing in one chargeable accounting period, party A was the owner of that business for five months and for the next seven months party B, quite different person from A, owns the business.

[Babu Baijnath Bajoria.]

It is not the case of a change in partnership or the death or retirement of a partner. Who is going to pay in that case? Will it mean that the party purchasing the business is going to pay for the whole year, even for that part of the year in which the selling party was the owner and appropriated the profits to himself?

Mr. S. P. Chambers: Sir, may I explain? Under sub-clause (1) of clause 8, a business is deemed for the purposes of this Act to have been discontinued and a new business to have been set up as from the date of sale or change in ownership. When we have, therefore, treated the business as a new business we then turn back to the definitions of accounting period and chargeable accounting period, and that is related to a business. Therefore, when a business is deemed to be a new business a new chargeable accounting period is automatically started and the chargeable accounting period of the old business automatically ceases. And, therefore, the tax is payable by the person carrying on the business up to the date of change in respect of the profits up to the date of change, and thereafter by the person who succeeded him.

Babu Baijnath Bajoria: That is all right, but what about this amendment moved by my Honourable friend that it will not be deemed to be a new business so far as determining the statutory percentage is concerned?

Mr. S. P. Chambers: There the expression is not "statutory profits" but "statutory percentage", and, therefore, the clause applies the new business provision for all the purposes of the Act except merely for the purpose of determining the statutory percentage under sub-clause (22) of clause 2 which reads:

"Provided further that where the business was commenced on or after the 1st day of December, 1938, the foregoing percentages shall be increased by two per cent. in each case."

When that was put in the intention was that in respect of what I might call brand new business there should be higher percentages. By putting in this amendment we say that this shall not apply to a business which is an old business but has been deemed to be a new business because of the change of ownership.

Babu Baijnath Bajoria: That removes my difficulty to a certain extent but I have still some doubts, I want to know whether the purchaser will pay only on the profits earned by him or he will have to pay also the excess profits made by the previous owner.

Mr. S. P. Chambers: No.

Babu Baijnath Bajoria: Does that mean that he will pay on the profit which he earns himself?

Mr. S. P. Chambers: Yes.

Babu Baijnath Bajoria: Then, I have no objection.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (1) of clause 8 of the Bill, for the words 'for the purposes of this Act' the words 'for all the purposes of this Act except for the purposes of determining the amount of the statutory percentage' be substituted."

The motion was adopted.

Mr. A. Aikman (Bengal: European): Sir, I move:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of February, 1940' be substituted."

This amendment is one of a series which proposes to alter the date "1st September, 1939" to "1st February, 1940" where it occurs in this clause in five places. The date in the original Bill was the 1st April, 1939, but when the commencement of the accounting period was moved forward to the 1st September, the date was altered accordingly. But the effect of confining certain rights and privileges to businesses in which a change in the constitution took place prior to the 1st September deprives of certain rights those businesses which have made changes in the constitution of their businesses or partnership after that date. Sir, it is undesirable to allow alterations in the constitution of businesses which will permit of evasions of this measure and that there should be a time limit; and it is difficult to justify why we should bring in legislation which affects adversely genuine changes in the constitution of a business which took place between the 1st September and the date when it became known that an Excess Profits Tax Bill was to be introduced. The date that I propose coincides almost exactly with the date when the Bill was published. If it is suggested that some very knowing individuals did rearrange their affairs to their advantage in anticipation of a measure of this type it means that the clause is drawn with a view to catch the wrong-doer although it may penalise the honest assessee. Sir, I do not think that is good law and that provision should be made for the honest assessee. For these reasons we propose that the date to be inserted should be the 1st February which is almost exactly the date when the Bill was in the hands of the public.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of February, 1940' be substituted."

Dr. Sir Ziauddin Ahmad: Sir, in the original Bill it was provided that the chargeable accounting period will begin from the 1st April, 1939, and perhaps it was argued in the Select Committee that war profits had not begun to accrue till the war was actually announced on the 3rd September, 1939. I refer to the chargeable period as it has some bearing on the motion before us. We ought to begin our Act and the chargeable accounting period from the 1st April, 1939; and anything after that date should not be allowed in this particular case. We should realise the excess profits from that date. We have made concessions already at several places in the Bill and any further concessions will seriously affect the financial position.

Mr. S. P. Chambers: Sir, I am afraid I must oppose this amendment in respect of the date 1st February, 1940. I should like to make one statement and that is that when the Excess Profits Tax Bill was published

[Mr. S. P. Chambers.]

in January (about 27th) I understand there were certain partnership changes made in Calcutta but whether those changes were made deliberately to avoid this tax or not I do not know.

Mr. F. E. James (Madras: European): Were there any changes actually between 27th January and 1st February?

Mr. S. P. Chambers: To the best of my information, the changes were made a day or two after the Bill was published, and I received a letter from officials in Calcutta two or three days after that . . .

Babu Baijnath Bajoria: Then you accept the 27th January.

Mr. S. P. Chambers: For that reason the date 1st February would, in any case, be unacceptable. But apart altogether from that, I cannot see that there is any justification for departing from the date 1st September, 1939, which was the date from which the Excess Profits Tax came into force; that is to say, as from which the profits are chargeable. I can see no reason why if a change took place on the 1st October or 1st November, 1939, whereby, perhaps in jute speculation, a partner was brought in or two or three partners were brought in, if large profits were made, why we should be compelled to relate that profit back to a standard period when those partners were not partners of this business. The amount of work they did in September or October or November of last year might have been altogether disproportionate with the work done by a man or men who were in that business during the chargeable accounting period. It is impossible to say whether such a business is in any way comparable to the business previously carried on; and I suggest that the simplest date and fairest date is the date which is in the Bill, that is, the 1st September, 1939. Any other date would also—and this is a minor point—involve splitting up the chargeable accounting period from 1st September to the 1st October or 1st November and so on and treating them as separate businesses. The natural date, I suggest, is the 1st September, 1939. Businesses which are new businesses after that date have special privileges already. They can have their standard profits determined by way of a percentage which is not an ungenerous percentage—eight per cent. for companies and 10 per cent. for firms: and in this case it will be firms, as the whole of the sub-clause relates to firms and they can have ten per cent. of the capital employed in that business, and I think that is equitable. Sir, I oppose the amendment.

Mr. F. E. James: Sir, I have never heard a more laboured defence of an indefensible position. I will not describe my Honourable friend, as I did on a previous occasion, as obstinate and implacable in these matters in the Select Committee: he is carrying on this hostility to all changes in the House. Now, his first reason was that he had some alleged anonymous information.

Mr. S. P. Chambers: Not anonymous. I said official.

Mr. F. E. James: Perhaps he will give details—it will be interesting—of amalgamations which had been effected between the 27th of January and the 1st of February in order to evade the provisions of this Act. What

kind of amalgamations are they? Surely amalgamations cannot be effected in a day. Due notice has to be given; extraordinary meetings have to be held. How can that be done between the 27th of January and the 1st of February? . . .

Mr. S. P. Chambers: Firms.

Mr. F. E. James: My friend was speaking about firms: but even in regard to firms, surely certain procedure which my Honourable friend knows perfectly well, which is probably difficult, has to be followed. In any case if that is the only objection, then why not put in the date 27th January? Let that particular amendment here be disposed of. The second argument, as I understood it, was that owing to the fact that now in the Select Committee Report we have decided that the new taxation related to war conditions and, therefore, we have altered the date on which excess profits became liable to tax from the 1st April to the 1st September, 1939, and that, therefore, that date must be carried into all the provisions of this Bill in regard to all dealings, more especially successions and amalgamations. But surely so far as clause 8 is concerned Government's main object there is to prevent amalgamations taking place for the purpose of defeating the object of this Bill. If that is the case, surely there is no argument in favour of any date other than a date approximately the same as that on which the Bill was first published. It is no use saying that because the incidence of the tax commences on the 1st September, 1939, therefore, that must be the date against which you must relate this question of amalgamations and successions.

The third argument, as I understood it, was this: that if you had a different date then there would be introduced certain complications with regard to the chargeable accounting period and the accounting period. That might perhaps be a matter of administrative inconvenience; but, surely, the inconvenience from the administrative point of view cannot justify what my Honourable friend, the Leader of our Group, referred to in a previous amendment as bad law. What is Government's intention in regard to amalgamations?

An Honourable Member: Why cannot they accept the 1st January?

Mr. F. E. James: Yes. Any date they like: but 1st September is not a just date in view of the intentions of these particular provisions relating to successions and amalgamations; and I do hope my Honourable friend, the Finance Member, will really listen to this particular argument and agree to a modification of the date, even if there is some inconvenience about it, to, say the 1st January, 1940, after which date there were, it is said, some anonymous amalgamations and such like: those amalgamations would then be covered.

Babu Baijnath Bajoria: Sir, I rise to support this amendment. I cannot understand the argument of my Honourable friend, Mr. Chambers, when he says that this Bill was published on the 27th January and within a couple of days a lot of transfers and amalgamations has been effected. Before the 27th January nobody had read the text of this Bill. Nobody knew what this Bill was or whether this Bill was coming at all; and, surely, it will take some time for anybody to read this Bill; and a business

[Babu Baijnath Bajoria.]

man will have to go to his solicitor and his lawyers to have a draft prepared for making transfers and amalgamations. It is absolutely ridiculous. I think the date mentioned by my Honourable friend, Mr. Aikman,—1st February—is all right. But if Mr. Chambers thinks that those two or three days will make a good deal of difference for him, may I suggest to him, as was done in the case of the Insurance Act, to make it the 27th January? If I remember aright, in the Insurance Bill as introduced companies registered before the 1st October were considered as old companies, but when it was pointed out to the then Law Member that the Bill was introduced in this House and made known to the public only on the 26th of January—I think it was 1937—then he readily agreed to the amendment and the date was fixed as 26th January, 1937 instead of 1st October, 1936. The same procedure can be followed in this instance and this change can be made verbally in the House: no formal notice even is required. He can either accept 27th January, the date on which this Bill was published or the 1st of February—it is immaterial.

He also said that on account of speculation several new partnerships were brought in in the months of October and November. I do not think his information is very correct there. There may be some changes in partnership as are done in the ordinary course of business, but surely in the month of October or November this Bill was not born. I do not know whether it was conceived then or not: but it was not born at that time. Nobody had the least knowledge that such a Bill would come up here. Therefore, I think it is only fair and reasonable that either the 27th January or the 1st February, whichever may please the Finance Member, should be accepted. Sir, I support this.

Mr. M. S. Aney (Berar: Non-Muhammadan): Sir, experts are described by one writer as exceptional men, and I remember to have read another writer who says that experts are eccentric men too. After I heard the speech of my friend, Mr. Chambers, I realise that experts are both exceptional and eccentric. The amendment which my friend, Mr. Aikman, has moved, is so reasonable that I do not think any reasonable man would have taken exception to it. Any transaction that might take place between the 1st September, 1939, and the 1st February, 1940, would be made by that man in complete ignorance of a Bill like this coming up here at all. So if the object of this provision is merely to bring within the operation of this law fraudulent transactions only, then certainly the suggestion of my friend, Mr. Aikman, must be accepted. I cannot understand my friend, Mr. Chambers, saying that he is in possession of certain information. It might be true, but that can be easily got over by inserting in the Bill the date on which it was published. I do not know on what grounds Mr. Chambers is opposing this amendment today. I found him to be a very reasonable man at times, but being an expert it seems to me that he cannot avoid being either an exceptional man or being eccentric one or being both. Sir, I support the amendment.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Sir, Mr. James has, I think, effectively answered the various objections raised by my Honourable friend, Mr. Chambers. If it is the case that some fraudulent or presumably fraudulent transactions have taken place immediately prior to the 1st of February

Maulvi Muhammad Abdul Ghani: On a point of order, Sir. There is another amendment No. 69 which wants that for the word "September" the word "April" should be substituted. I think that amendment should have been taken first, or it should have been considered along with the one which is now before the House, so that the House may have an opportunity.

Mr. Deputy President (Mr. Akhil Chandra Datta): What is that amendment?

Maulvi Muhammad Abdul Ghani: It is No. 69, to substitute "April" for "September".

Mr. Deputy President (Mr. Akhil Chandra Datta): It will perhaps be better to deal with these two amendments separately.

Maulvi Muhammad Abdul Ghani: In case it is carried, my amendment will be debarred.

Sir H. P. Mody: I was saying that if it is really the case that between the 27th January and the 1st of February several enterprising gentlemen entered into fraudulent transactions incidentally—I would like to know their names; I would like to learn at their feet—then that objection can be very easily met by Government agreeing to the change of the date to the 1st of January. Such a change would also meet the objection of illogicality and irregularity with regard to the calculation of the accounting periods, and I strongly urge that this amendment should be accepted by Government. They may take this amendment to mean the 1st of January instead of the 1st of February. If necessary, I will move another amendment myself in order to regularise it. Would you allow me, Sir, to move it, if there is no objection on the part of anybody

Mr. Deputy President (Mr. Akhil Chandra Datta): Yes.

Sir H. P. Mody: I move:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

Mr. Deputy President (Mr. Akhil Chandra Datta): There are two courses open. Amendment No. 68 may first be withdrawn and then only this can be moved, with the consent of the Mover

Mr. A. Aikman: I am prepared to substitute the date if the Honourable the Finance Member will agree to it.

Sir H. P. Mody: Can't the Chair allow me to move another amendment if there is any difficulty in changing Mr. Aikman's amendment?

Mr. Deputy President (Mr. Akhil Chandra Datta): To avoid all difficulties and technicalities, the Chair suggests that the Honourable the Mover should withdraw this amendment and move the amendment which has been moved by Sir Homi Mody.

Mr. A. Aikman: Sir, I beg to move that in sub-clause

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member should first ask for leave of the House to withdraw.

Mr. A. Aikman: Sir, I beg leave of the House to withdraw my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Has the Honourable Member the leave of the House to withdraw his amendment?

Several Honourable Members: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

Mr. Deputy President (Mr. Akhil Chandra Datta): Now, the Honourable Member can move his amendment.

Mr. A. Aikman: I move:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

Dr. Sir Ziauddin Ahmad: Sir, on a point of order. If there was a mistake in printing, I could have understood this procedure; but first my friend definitely moved the amendment on the floor of the House, and he is now moving an entirely different amendment.

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

Sir, my point of order is this. Mr. Aikman moved his amendment No. 68. We had a debate on it; 5 or 6 speakers have already spoken on it, and after that, he asked the leave of the House to withdraw his amendment, and he has withdrawn it. Now he comes forward with another motion

Mr. A. Aikman: At the request of the Deputy President I took this action.

Dr. Sir Ziauddin Ahmad: Sir, there is no motion standing in the name of Mr. Aikman to this effect. When he moved the motion, he could have said that instead of the 1st February he would like to substitute the 1st January, and we would have allowed it. We had a full debate on the original motion. He found that his case was rather weak.

Some Honourable Members: No, no.

Dr. Sir Ziauddin Ahmad: When a man withdraws his motion, it means that the case is weak

Sir H. P. Mody: There is my amendment.

Dr. Sir Ziauddin Ahmad: If there is an amendment standing in the name of Sir Homi Mody, he is perfectly entitled to move it. But certainly a new amendment of which no notice has been given either now or before cannot be moved on the floor of this House and I do object . . .

Mr. President (The Honourable Sir Abdur Rahim): Is there any substantial difference between the two dates, '1st February' and '1st January'?

Dr. Sir Ziauddin Ahmad: Yes. The substantial difference is this, that the date has been changed from 1st February to 1st January, and this will affect in an indirect manner another clause which is in the definition section. Therefore, I submit that he should have given notice beforehand, and I do object to his moving an entirely new amendment.

Mr. F. E. James: May I put you in possession of the full facts, which are not as put by the Sub-Assistant Deputy Leader of the Muslim League Party?

Dr. Sir Ziauddin Ahmad: Secretary

Mr. F. E. James: The real position is this. The Honourable the Leader of the European Group moved his amendment which called for the substitution of the 1st day of September by the 1st day of February. In the course of the debate, it became clear that Government had some objection to the 1st day of February, and, therefore, when Sir Homi Mody spoke he suggested that in order to meet that objection the 1st day of January might be inserted instead of the 1st day of February. Therefore, at the special request of the Deputy President, my Honourable friend, the Leader of the European Group, withdrew his amendment. He asked for leave and was given the leave to withdraw his amendment and he then moved another amendment in precisely the same terms as amendment No. 68, except that for the words '1st day of February' he substituted the words '1st day of January'.

Mr. President (The Honourable Sir Abdur Rahim): The Chair wants to know what difference it will make.

Mr. F. E. James: There is no difference in substance. The only difference is this, that if the prior date is chosen it might prevent a certain amount of anticipatory amalgamations as a result of the publication of the Excess Profits Tax Bill. That is the only point made and I claim that it is not a point of substance.

Maulvi Muhammad Abdul Ghani: Another point of order, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Let the Chair dispose of the first point.

Maulvi Muhammad Abdul Ghani: On this very subject, Sir.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member said, another point of order.

Maulvi Muhammad Abdul Ghani: On this very subject.

Mr. President (The Honourable Sir Abdur Rahim): If it is the same point of order, then the Honourable Member can.

Maulvi Muhammad Abdul Ghani: Not the same, Sir, but in connection with the same.

Mr. President (The Honourable Sir Abdur Rahim): Then the Chair must dispose of this one. From the facts as stated, the Chair does not think if the House generally agrees to considering this change of date that there is really any force in the objection which has been taken by Dr. Sir Ziauddin Ahmad. The only question would be whether the House should be allowed time to consider this change of date. But as the amendment has been discussed and the Chair understands that there is general agreement that this change of date may be allowed to be considered

Dr. Sir Ziauddin Ahmad: There is no general agreement.

Some Honourable Members: Yes, there is.

Mr. President (The Honourable Sir Abdur Rahim): As there is general agreement, the Chair allows this amendment to be moved. It has been moved, is it?

Mr. A. Aikman: Yes.

Mr. President (The Honourable Sir Abdur Rahim): What is the other point of order?

Maulvi Muhammad Abdul Ghani: My amendment is No. 69, in which I ask for substituting the words, 'April, 1939' and, in the absence of any other motion, it should be moved first.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that has been decided by the Deputy President.

Maulvi Muhammad Abdul Ghani: That it will be debarred or that I should get time?

Mr. President (The Honourable Sir Abdur Rahim): There is nothing in the point. That has already been decided. Amendment moved:

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

The Honourable Sir Jeremy Raisman: A good deal of heat and not much light has been imported into the discussion of this matter which, as far as I have been able to judge on a rather rapid attempt to analyse the issues involved, is not really of very great importance. I believe myself that the clause as it stands is logical. The point did at one stage arise in the Select Committee and I then took the view, and I think it was generally accepted, that the main object of this clause of the Bill was to determine the status of businesses in the period after the critical date on which profits became assessable so that they could be compared with their status in another previous stage. I believe that it is logical to take a point of time and to say, all considerations of status in front of this relate to standard periods and standard profits, and all after this relate to chargeable accounting periods and periods in relation to which the tax has to be assessed. However, I do not find at the moment that if we depart from

this in the case of this amendment anything very serious would be involved. I have a feeling of grievance that this matter was not fully debated in the Select Committee, but apart from that, I cannot pretend that anything more than a certain amount of administrative inconvenience in a limited number of cases would be involved, and that being so, I am prepared to accept the amendment now that it relates to the date 1st January, 1940.

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

"That in sub-clause (2) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): No. 69 is barred.

Dr. Sir Ziauddin Ahmad: May I just rise to a point of order? Maulvi Muhammad Abdul Ghani, on behalf of the Party, wanted to move this particular amendment at the same time, so that the discussion

Mr. President (The Honourable Sir Abdur Rahim): That is not a point of order.

The Honourable Sir Jeremy Raisman: There were some amendments relating to clause 6 which the Deputy President postponed and I think it will be more convenient to take them up now.

Mr. President (The Honourable Sir Abdur Rahim): Yes. Amendment No. 51. Mr. Akhil Chandra Datta.

Mr. Akhil Chandra Datta: Sir, I move:

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1940'."

There is a misprint here. The year 1941 ought to be 1940. I informed the Honourable the Finance Member about it yesterday. Now, Sir, this is rather an important question. The question is as to whether option should be given also to the taxpayer for the year 1938-39 or for the calendar year 1938. That is the question. Speaking generally about the option with regard to the standard period, I think it is admitted that almost the whole period is a period of depression. It is admitted and it is not disputed by the Honourable the Finance Member that the whole period of option for the standard period is a period of depression.

The Honourable Sir Jeremy Raisman: Not at all.

Mr. Akhil Chandra Datta: As I am challenged, I should like to remind him of a certain statement he made in the course of his speech. It occurs on page 319 of the Debates of the 12th February. This is what he said: (I am reading the whole paragraph so that it may not be said that I am quoting only an isolated sentence.)

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He said:

"Now, I come to the vexed question of standard profits, and here I have been told that I have based this measure on a comparison between a period of intense depression and the level which war-time activity has reached and will reach."

Then he says:

"It is possible no doubt to refer to the years preceding the war as periods of unrelieved depression."

Not only depression but unrelieved depression.

The Honourable Sir Jeremy Raisman: I said 'It is possible'.

Mr. Akhil Chandra Datta: Don't try to 'explain it away.

The Honourable Sir Jeremy Raisman: I was not adopting that as my view. I was stating the views which my critics were putting forward.

Mr. Akhil Chandra Datta: The question is one of understanding ordinary English in an ordinary manner. He said "It is possible no doubt to refer to the years". The whole argument is based on that. Then he says:

"It is precisely because of those options that the argument that I was taking what was on the whole a period of depression is very greatly nullified."

Earlier, he said:

"When I said at the beginning of my speech that a closer examination of the actual position of industries and concerns had yielded some very striking facts it was precisely because of the options given in the Bill to choose the most favourable of certain alternatives that that effect is produced."

As I understand him, he admits this was a period of depression. Having admitted this, he said that the effect is nullified by the fact that we are giving the assessee a wide option. Now, Sir, I do not want to waste the time of the House. I want to know of the Honourable the Finance Member—is it disputed that these years preceding the war were years of depression in India?

The Honourable Sir Jeremy Raisman: I am quite prepared to admit that certain general indexes relating to that period would give the impression of depression. At the same time I am prepared to cite innumerable facts and figures to show that individual industries and individual businesses during that period of comparative depression enjoyed very high profits indeed.

Mr. Akhil Chandra Datta: We are not concerned with individual isolated cases of industries.

The Honourable Sir Jeremy Raisman: Not isolated.

Mr. Akhil Chandra Datta: In one particular case, they may have made some profit. The question with which the House is concerned is—what was the general condition of trade and industry during that period? Was it a period of depression or was it a period of abnormal activity or prosperity? That is the question. I had always been under the impression that there is no serious contest on that point and as this is disputed, we have to go

into facts and figures. I think the case was ably put by more than one Member in the course of the general discussion, notably by Sir Cowasji Jehangir whose absence we very much deplore at this time. This is what he says in his Minute of Dissent:

"Taking the index figures from 1928, which are based at a hundred, we find that the depression in trade and industry was at its worst in 1931. From this year there was a gradual increase during the next two years, and 1934 saw definite improvement and we only reached 70.6 in 1938, which Government now desire to exclude. The first sign of a crash was in 1929, and the index figure is 78. 1938 is, therefore, even lower than 1929."

Then, he also said this:

"The year 1938-39 or the calendar year 1938 should be taken alone and not in combination with any other year. There may be some justification in England for having excluded the year 1938, but notwithstanding this, the Federation of British Industries have submitted a Memorandum to the Chancellor of the Exchequer urging him to include the year 1938. They state that although re-armament by 1938 may have contributed to the profits of certain industries, who are carrying out armament contracts, there were certain industries, or section of industry, whose trading conditions were in no way affected by re-armament and whose recovery from earlier depression was delayed until 1938.

In India it cannot be argued that the War had any effect on the profits of any company in 1938, with the exception of the order for a few sand bags."

So far as I remember, at any of the several stages at which this Bill has been discussed in this House have I heard any categorical statement from the Honourable the Finance Member on this point excepting a general statement that there were some industries which did very well during this period?

Now, Sir, so far as this point is concerned, although in the United Kingdom, 1938 has been excluded, the conditions in India and in England have been quite different during this period. That is a point on which so far as this House is concerned, excepting the Honourable the Finance Member, all the Leaders of the different Groups in this House have been unanimous, namely, that conditions here were quite different from the conditions prevailing in England during these years. My point is this. There is absolutely no difference of opinion between the different Parties in this House on this matter. Of course, there is a difference of opinion on certain matters but on this particular point there is no difference whatsoever. Here is the statement of the Honourable Mr. Aikman, the Leader of the European Group, at the earliest stage. This is what he said:

"The years chosen appear to us to have been based rather on conditions obtaining in the United Kingdom than to the conditions obtaining in this country. It seems to us important to remember that there were factors at work in the United Kingdom such as the rearmament programme, that had already been undertaken some years before the war—that were in no way operative in India."

Then, Sir, the Leader of the Muslim Group said this:

"Even reading cursorily the report of the Government that was published the other day by Dr. Gregory, we find that the years of 1935, 1936, 1937 and 1938, have not been really years of normal conditions. On the contrary, they were years of depression. So, in the first instance, you start by fixing the standard period when these years were years of depression. You take them as the standard. Now, 1938-39 was also a year of fluctuation. But the war did not begin till September, and I cannot understand why you have taken this period out of standard period. I can understand that the conditions in England are quite different. We all know the conditions in England. After Munich in September, 1938, we all know and it is public property that Great Britain decided to make every possible preparation and from that day the whole machinery of the Government was set in motion. Enormous

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profits were made before the war was declared and, therefore, I can understand the British Statute taking a particular year which is most suited to the special conditions of Great Britain. I want you, therefore, to consider very carefully as to what should be the standard period and also the charging year fixed in the Bill. Should it be retrospective or from 31st March, 1940, as in the Canadian Bill, which was passed recently?....."

The Honourable Sir Jeremy Raisman: Should the Honourable Member repeat the whole of the Honourable Member's speech in the course of his speech?

Mr. Akhil Chandra Datta: I have not read the whole of it and I shall not read it any further, but in a matter like this we expect a little more patience from the Honourable the Finance Member. This is a very important point.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can refer shortly to the speech. After all, these speeches were delivered in the House and they are supposed to be in the recollection of the Honourable Members.

Mr. Akhil Chandra Datta: Sir, I do not want to take up the time of the House unnecessarily. With regard to the Canadian Act, I only want to say this that the years 1936 to 1939 were adopted as the standard period. There is one thing which I do not understand. Of all years why these years of depression were adopted as standard period? May I ask this, was there no standard period available at all? In finding out the standard period, why should that period be selected which was on the whole—even according to the Honourable the Finance Member himself—a period of depression. Can a depressed period be at all regarded as a standard period? Besides we find that he also said that from April to September, 1939, it was a period during which there were no profits made. My question is if 1937 was a period of depression, if 1939 was a period of depression, was the intervening period, namely 1938, a period of remarkable prosperity? Therefore, my submission is that that period is not the proper period to be adopted.

It is admitted even now that there are many industries which did not make any profits in 1938. If that is so, why should you penalise all the industries because some industries made profit? Is there no period which can be found out which can be properly regarded as a standard period? You say the result is nullified because the choice is given, the option to single out any one of these three or four years. But I say this is mere camouflage. What do you mean by option? If the whole option is confined to a period of depression the option does not mean anything. You single out three or four years periods of depression and then say, you are quite at liberty to choose this or that. At all events my submission is there is no reason as to why you should, taking the worst view of the case, not give the benefit of the doubt to all these industries which according to your own statement do not make any profits. Therefore, I say, that the year 1938, as in the Canadian Act, ought to be adopted as one of the years of this standard period. Sir, I move.

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

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

"or the previous year as so determined for the year ending on the 31st day of March, 1940."

The Honourable Sir Jeremy Raisman: Sir, I have said a good deal on the subject of standard periods and I do not think I need add to the speeches I have made on that subject. My Honourable friend wished to press the view that the whole period of 1935-38 was a period of unrelieved depression, by quoting certain sentences which I had uttered in the course of examining certain criticisms which have been made. Whatever the language I employed on that occasion, I have never been of the view and certainly am not now that the whole of the period preceding the war including 1938 could be called a period of unrelieved depression. In fact to treat the whole period as unrelieved depression would be to have laid up in one's mind a conception of normal prosperity which would be something which we have never experienced. I am reminded here of the story of the man who played golf and who had played golf nearly every day for forty years, but he regretted that he had never been on his game, not once in all these forty years had he played his normal game, but he had always been rather off his form and he could not reveal his normal adroitness. Similarly, in the whole period of four years preceding the war, we have the extraordinary fact that industry and commerce was quite unable to reveal its normal earning power.

Well, Sir, to get away from these generalities, the true test I think is to take actual figures of profits and dividends declared by the vast majority of companies whose results are published. This has been done by various financial journals in articles in the course of the last few weeks. The Honourable the Deputy President challenged me to say that the options were other than options in a period of intense depression. My answer is that if he reads informed analysis of the results of business during the course of this period, he will find that the options available enable businesses to choose now a very high level for the standard. I would go further and say that if anything more favourable than this were taken, then the whole conception of Extra Profits Tax would become utterly inapplicable.

It must be remembered as I emphasized once before that this tax is levied on the excess of the average earnings during the period of the war, for this effect is produced by the clause which enables deficiencies in certain years to be set off. Now, if you are going to find a basis for comparison with the average earnings during the war and if you take the highest single year which any business can choose over a period of four years, then you will find that you have adopted so impossibly high a standard that even though the whole community might enjoy a very high level of prosperity, there will emerge no excess profits for taxation. I think there is involved in the amendment of my Honourable friend a mathematical misconception. He is under the impression that if you take groups of a certain average you exclude individuals who are better than that average from enjoying the effect of that advantage. Let me be a little more precise. Supposing the average for the year 1935 was taken to be 70,—that is the average of companies whose profits might have been 150 or 200 and also companies whose profits were as low as 20. Then you take

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another year and again you have an average (say) of 75. That will include also companies whose profits ran up to 200 or above and companies whose profits were as low as 20, and so on. If you take sufficient of these averages but you allow the individual members of these groups to choose their best years you will find that you get a basis which has no relation whatever to the group averages. It is really, I am afraid, a rather technical mathematical point. But if the Honourable Member thinks it out he will realise,—the proof of the pudding is the eating of it,—that if you actually attempt to apply this tax on a basis of giving the separate years 1935, 1936, 1937 or 1938, it is hardly worth while employing a staff to attempt to collect it, because the result of your procedure has been to adopt so high a figure as the normal level of trade that you may be unable to repeat it at all as an average during the whole period of the war. Sir, I will not prolong my explanation. I oppose the amendment.

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

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1940'."

The motion was negatived.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I move:

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1939'."

This amendment seeks to give an additional option to the assessee in respect of the standard period. The question of the standard period is one of the most important questions in this Bill, and it is very desirable that choice should be extended as far as possible. Sir, the original Bill gave a number of periods from which the assessee could make his choice and the Select Committee added one more period to this number. This was done, —to use the words of the Finance Member,—"in the interests of equity and justice". I fully appreciate the action that was taken in the Select Committee, but this did not go far enough. The Bill as it has emerged from the Select Committee gives the option in regard to two single years, namely, 1936-37 and 1937-38, and it also gives three periods of combinations of years. I suggest that in the interest of equity and justice a further option be given. And this will be a logical position to take up,—three single years and three periods of combinations of years.

Sir, the Honourable the Finance Member looks at all questions from the point of revenue, and quite rightly. His motto is, whichever is greater. In this connection I may point out that there will be no great loss to revenue. Very few cases will come under this added provision, but we ought to be fair and just in all cases. Whether the number is large or small it does not matter. I may give one instance. The industry of paints and varnishes will be benefited if we give it this option. At the beginning of the war this industry was rather hard hit, because some of

the ingredients were not available in this country and could be imported mostly from enemy countries. Now, these ingredients are being imported from neutral countries and from the allied countries; and, therefore, their position is now greatly improved; and if the single year 1938-39 is given as an option to them, this industry will derive considerable amount of benefit.

As I have already said, there will be no great loss of revenue, at the same time the Government will be able to do justice to some very deserving industries. Another aspect of the question is that the principle has already been accepted that cases of individual hardship should be considered with attention, as far as possible. Here I point out that there is a case of individual hardship and as the revenue will not be greatly affected, I hope the Honourable Finance Member will accept this modest amendment.

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved;

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1939'."

Mr. M. S. Aney: Sir, in opposing the amendment of my Honourable friend, Mr. Akhil Chandra Datta, the Honourable the Finance Member made certain observations to clarify his conception of excess profits. He has been saying that on other occasions also. What he wants us to understand by excess profits is this: whatever profit is, according to him, in excess of the average profit of any industry, that he considers as a proper profit to be taxed under the Excess Profits Bill. That is his conception of it. Now, we dispute that very idea of excess profits which he wants to propound here. We are not taxing higher profits. We are taxing excess profits. By that what we mean is that we have to find out what is that excess profits which any particular industry has been able to make on account of the war conditions: that is what he has to find out, and in order to find that out, the best test is what would have been the highest capacity of any industry to make profits in the absence of war conditions. That is the test to find out what may be properly and indisputably considered as excess profits due to the war. He takes a wrong date to ascertain excess profits due to war. If excess profits are to be assessed ordinarily and not as due to the war, probably his date would be acceptable. But if we have to find out excess profits due to war, then we must allow the industry to make an option of that year in which it was able to make the highest possible profit in the absence of war conditions. That is the very privilege that my Honourable friend, the Finance Member, wants to take away. The idea of coupling one year with the other, a year in which there was more profit than what the industry could make during the years of depression—he has taken up that year and coupled it with another year and asked us to strike an average and take that profit as the basis for assessing excess profits. The amendments that are being moved are to carry out that idea, and to make it clear you must give a clear option to the industry to choose any single year out of so many years: there is no question of striking out an average here and an average there, because that, alone, in my opinion, is the proper basis, and so far as I know the English Act

The Honourable Sir Jeremy Raisman: No, no.

Mr. M. S. Aney: I accept the correction: my Honourable friend is right—but the Act of 1919 gave a clear option of any single year mentioned there and I believe that was the correct way of doing it. Therefore, the amendments that are being moved are with this purpose; and unless the Honourable the Finance Member is prepared to depart from the conception to which he is clinging there is no hope of the amendment being accepted. But we press it as we think that is the right way of assessing excess profits and therefore we have to move it and ask him to revise his conception if possible and accept our position. In that spirit I support the amendment of my Honourable friend, Dr. Banerjee.

Dr. Sir Ziauddin Ahmad: Sir, I would give my support to this amendment provided my friend agrees to support amendment No. 56—to omit part (d) of this sub-clause. He does not like the idea of combinations. Then let him have sub-clause (a) only and have single years only: there is no need for parts (b), (c) and (d) of this sub-clause. If this amendment is moved simultaneously with the deletion of parts (b), (c) and (d), then I would certainly have supported him. But when he makes this amendment in part (a) while keeping (b), (c) and (d) intact, it means he has something more in mind and his argument is not sound. If he says we should rely only on single years and no combinations, then why have parts (b), (c) and (d) of this sub-clause? So, I would have supported the amendment only in the case it had been simultaneously moved that sub-clauses (b), (c) and (d) be deleted. But since that is not there, and there is no motion for deletion of those parts either in his name or in the name of his Party, I must oppose the amendment as it now stands.

Sardar Sant Singh (West Punjab: Sikh): Sir, the Honourable the Finance Member in the course of his speeches has been insisting upon some principles of the Excess Profits Bill. The main principle underlying this Bill is not to levy taxes on the normal earnings of the business or trade. The very object of this Bill is to allow the normal profits to remain as they are, and if additional profits are made on account of conditions now in existence owing to the war, they may be taxed as excess war profits. If that is the principle of the Bill, as I understand it, I fail to realise why the widest possible option should not be given to the industry or trade as standard profits of a normal year. He has accepted the principle of extending the option to several years and an average of two years combined as well. That option has been conceded in the Select Committee Report. Now, what we want is that the highest peak of profits reached by any trade, industry or business should be considered as normal profits, and if any profits are made over and above those normal profits, they should be considered as profits accruing on account of the war. The issue between the Opposition and the Finance Member is this. Does he want or does he not want to tax the normal profits of a business? If he does not want to tax the normal business, it is but fair that the highest normal profits should be the standard profits, and, over and above that, excess profits tax should be charged. If this principle is accepted, then his other argument about the conception of excess profits will be unacceptable if the highest profits which a business has earned during a normal period are not treated as standard profit. As far as I could understand

my friend, his point of view was that he does not want the industry which has flourished, say, in the year 1938, according to the index figure given by my friend, Dr. Sir Ziauddin Ahmad, in his minute of dissent, as in the case of Iron and Steel, rising to 311, he does not want that that year should be considered as separate from the average of the two years 1937 and 1938. What is the argument behind it?

The Honourable Sir Jeremy Raisman: Do you call that normal?

Sardar Sant Singh: Was it not before the War? Then, why should it not be called normal? What is there to call it abnormal?

The Honourable Sir Jeremy Raisman: In the case of Iron and Steel, it was already a war level.

Sardar Sant Singh: War had not been declared unless you hold that the prices of 1938 September constituted the war period. That is an argument which will place a discount upon the intelligence of the iron and steel industry. Did they think that the war was coming and did they begin to make profits anticipating the war?

The Honourable Sir Jeremy Raisman: It was not they who anticipated it; it was the Ordnance Departments of the various Governments who anticipated it

Sardar Sant Singh: If the Ordnance Departments of the various Governments anticipated it, then you cannot call it an abnormal period.

Therefore, the principle underlying this Bill and the Opposition is simply this, that if excess profits have to be taxed because the war has been declared, then the normal profits of 1938 should be considered as normal, and not due to war. Suppose the war had not taken place. Now, you call the profits that have accrued to the iron and steel industry as normal. You began to tax it, because the war had been declared. Supposing the war had not been declared, then you would not have charged them for excess profits. The need for this measure has arisen as a result of the heavy expenditure involved on account of the war conditions. Therefore, I submit that the principle of option should be extended further, and option should be given to industries to select the standard period so that the war profits should consist of only those profits which have accrued on account of the declaration of the war, and after the war has been declared.

Mr. Akhil Chandra Datta: Sir, in this amendment what is proposed is the adoption of the calendar year 1937 as a year of choice. Let us consider if there is anything very repugnant in this. From an analysis of the different options, it appears to me that so far as the year 1937 is concerned it occurs in three different options, firstly along with the year 1936, secondly the same year 1937 occurs along with the average of 1937 and 1938, then again under the new option given in the Select Committee the same year 1937 occurs along with 1938, so that the year 1937 is taken along 1935, 1936 and 1938. What is the suggestion made here? It is to take the year 1937 singly. That is the scope of this amendment. I don't think the Heavens will fall if this amendment is accepted.

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LEGISLATIVE ASSEMBLY

[18TH MAR. 1940]

The Honourable Sir Jeremy Raisman: Sir, I regret I must oppose this amendment. As regards my conception of excess profits, I must endeavour once again to apply a figure of speech. The difference between me and my friend, Mr. Aney, is this—Suppose an athlete jumps four times and he jumps six feet only once, and the other times he jumps less than six feet. Now, suppose I give him a dose of some medicine and, thereafter, he jumps six feet four times in succession, then I say that he is jumping better because of the medicine, while Mr. Aney says that he could jump six feet before he was given the medicine, the medicine has nothing whatever to do with it. Sir, I oppose the amendment.

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

"That to part (a) of sub-clause (2) of clause 6 of the Bill the following be added at the end:

'or the previous year as so determined for the year ending on the 31st day of March, 1939'."

The motion was negatived.

Maulvi Muhammad Abdul Ghani: Sir, I move:

"That part (d) of sub-clause (2) of clause 6 of the Bill be omitted."

I don't think I need make a speech on this.

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

"That part (d) of sub-clause (2) of clause 6 of the Bill be omitted."

Dr. Sir Ziauddin Ahmad: Sir, I support this amendment. It is really a very important amendment which was added by the Select Committee, and on which a point of order was also raised on the floor of the House. I said that this particular amendment would cost approximately two crores to the exchequer in a full chargeable accounting period, and in this particular year, if this amendment is accepted, it will cost about 75 lakhs.

I spoke the other day of the very costly amendment added by the Select Committee. I offered Sir Homi Mody that I would buy this particular amendment for Rs. 75 lakhs, that I am going to pay to the exchequer Rs. 75 lakhs and all the money that is realised on account of the particular clause should be transferred to me.

An Honourable Member: How can a professor acquire so much money?

Dr. Sir Ziauddin Ahmad: It is a certainty and not a speculation. I have taken great pains about the figures and I have verified them from persons who know the subject very well. The persons who will be benefited by it will certainly oppose it because they will try to minimise the advantages they have gained under this particular clause. All that my Honourable friend wants is that the original proposal of the Bill should remain intact and the alterations made by the Select Committee should be dispensed with altogether. The reason on account of which I support this particular amendment of my Honourable friend, Mr. Abdul Ghani, is this, that by accepting this amendment there will be a definite loss of about two crores of rupees to the exchequer. I would not have minded had these two crores been remitted altogether, but the unfortunate part of it is this that if this taxation is not levied, if we remit two crores and don't

ask those people who have got enormous incomes to pay the amount, then it will fall upon other persons who cannot afford to pay during this war time. The question is on whom should the incidence of tax fall? My answer each time is that it should fall on persons who are able to pay it, it should fall on persons who derive special benefit on account of the war conditions, it should fall on persons who get more than the promised amount of profit.

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 Tuesday, the 19th March, 1940.

LEGISLATIVE ASSEMBLY

Tuesday, 19th March, 1940.

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.

INDIAN OFFICERS IN THE GOVERNMENT OF INDIA DEPARTMENTS AND ITS ATTACHED OFFICES.

†448. *Bhai Parma Nand: (a) Will the Honourable the Home Member please state the number of Indian officers in each of the Departments of the Government of India and its attached offices located at New Delhi and Simla?

(b) How many of these are Hindus, Muhammadans, Sikhs and others?

(c) What percentage of representation is enjoyed by each community over the appointments now reserved or held by the Indians?

(d) What does he propose to do to bring up the percentage of communities which have got either no representation or very much less than their due share in each of the Department or offices?

The Honourable Sir Reginald Maxwell: The information is being collected and will be laid on the table in due course.

MOVE OF THE MIGRATORY PORTION OF THE IMPERIAL SECRETARIAT TO SIMLA.

†449. *Bhai Parma Nand: Will the Honourable the Home Member please state:

(a) what date has been fixed for move to Simla this year for the migratory portion of the Imperial Secretariat;

(b) whether it was originally intended to move up the migratory portion of the Secretariat to Simla sometime in May and move down to Delhi sometime in the beginning of September, i.e., to stay in Simla for only four months;

(c) whether he intends adhering to the decision originally announced in regard to Government's stay in Simla; if not, why not;

(d) up to what rank the officers of the Imperial Secretariat are moving up, and who are being permanently located in Delhi;

(e) whether it was ever the intention of Government to keep down the officers up to the rank of the Deputy Secretaries, and why that could not be followed; and

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

- (f) when it is proposed to keep down the officers up to the rank of Deputy Secretaries at least in Delhi; if not, what are the difficulties?

The Honourable Sir Reginald Maxwell: (a) 20th April.

(b) and (c). No. I invite the Honourable Member's attention to the Press Communiqué issued on the 25th May, 1939, in which it was stated that the stay of the Government of India in Simla will be reduced to about 4 or 4½ months. No decision was taken as to the exact date of the move.

(d) Officers of the rank of Under Secretaries and above are moving to Simla, with the exception of such Under Secretaries as are required for the supervision of the office staff in Delhi.

(e) No.

(f) There is no such proposal. Government are satisfied that it will be necessary for the prompt and efficient despatch of business to require Deputy Secretaries to move to Simla.

RECRUITMENT AND PROMOTION OF WARRANT OFFICERS IN THE SUPPLY AND ORDNANCE BRANCHES OF THE ARMY.

†450. *Sardar Sant Singh: (a) With reference to the reply to starred question No. 184 given on the 26th February, 1940, will the Defence Secretary please state the facilities provided by Government for the training of the Indian Military Assistant Storekeepers recruited as Warrant Officers, Class II in 1938, and thereafter to make them eligible for promotion to Class I? If none, why not?

(b) Were these Indian Military Assistant Storekeepers informed at the time of their recruitment or later on, that they will be promoted to Class I only after passing the course at the Indian Ordnance Corps Training Centre, Jubbulpore? If so, when and if not, why not?

(c) Has any course been prescribed, or laid down so far for the training and promotion of Warrant Officers from Class II to Class I? If not, why have Government taken so much time to lay down the courses for their promotion, and when do they propose to announce them?

(d) Is the Honourable Member prepared to see that suitable and qualified Indian Military Assistant Storekeepers are given promotion to Class I from the date from which their colleagues of other services have been promoted and complete the full required strength of Class I early? If not, why not?

Mr. C. M. G. Ogilvie: (a) Courses of instructions at the Indian Army Ordnance Corps School are provided.

(b) No. Government orders of 1935 provided that promotion to Warrant Officer, Class I, would be after eight years' service. No Military Assistant Storekeeper has yet eight years' service.

Revised orders of 1939 provided that Warrant Officers, Class II, would be promoted to Class I if selected when they had passed the prescribed departmental tests.

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

(c) A syllabus was in course of preparation but since the outbreak of war, departmental examinations have been held in abeyance and special courses of training have been prescribed.

(d) Since the postponement of departmental examinations, orders have been issued to the effect that Military Assistant Storekeepers, Class II, may be promoted to Class I provided they are considered suitable and fit to carry out the duties of a storeholder.

UNEMPLOYMENT AMONG EDUCATED CLASSES

451. *Mr. H. M. Abdullah: (a) Will the Honourable the Home Member be pleased to state whether Government are aware of the acute unemployment among educated classes?

(b) How many officials, officers and clerks, in the Government of India offices, located at Simla and/or Delhi have been re-employed after retirement or retrenchment or have been granted extensions of employment?

(c) On what grounds do Government justify the continued employment of these officials, and how do they reconcile this practice with the desirability of affording avenues of employment for youngmen?

The Honourable Sir Reginald Maxwell: (a) Yes.

(b) and (c). The required information is being collected and will be laid on the table of the House in due course.

NON-PROMOTION OF A MUSLIM AS ASSISTANT FINANCIAL ADVISER IN THE MILITARY FINANCE DEPARTMENT.

452. *Mr. H. M. Abdullah: (a) Will the Honourable the Finance Member be pleased to state whether any Muslim has been promoted to the post of Assistant Financial Adviser in the Military Finance Department since this post was created several years ago?

(b) If the answer to part (a) be in the negative, are Government aware that it is time that an effort were made in this direction to give the Muslim community a share in the bestowal of official patronage?

(c) Is it a fact that several members of the other Indian communities have held and are at present holding the appointment of Assistant Financial Adviser?

(d) If no suitable Muslim is available in the Military Finance Department, are Government prepared to appoint a Muslim from the Defence Department Secretariat, Army Headquarters or Air Headquarters, bearing in mind the fact that the expenses of these offices are met from the same source viz., Defence Budget, and the nature of work performed is similar?

The Honourable Sir Jeremy Baisman: (a), (b) and (d). Appointment to the post of Assistant Financial Adviser, Military Finance, is made by departmental promotion on considerations of merit and efficiency or from the Military Accounts Department and the "Pool". Officers with adequate financial training only can be appointed to this post, but I might add for the Honourable Member's information that last year a Muslim officer of the Military Accounts Department was appointed as Assistant Financial Adviser and a Muslim officer of the "Pool" is now under transfer to this post.

(c) Yes.

NON-PROMOTION OF A MUSLIM AS ASSISTANT SECRETARY OR OFFICER SUPERVISOR IN THE DEFENCE DEPARTMENT OR ARMY HEADQUARTERS.

453. *Mr. H. M. Abdullah: (a) Will the Defence Secretary be pleased to state whether any Muslim has been promoted to the posts of Assistant Secretary or Officer Supervisor (or equivalent post) in the Defence Secretariat, Army Headquarters or Air Headquarters (i) during the last 20 years and (ii) since the advent of the British rule in India?

(b) If no Muslim has ever been allowed to hold such an appointment during the last two or three decades are Government aware that it is time that an effort were made to redress the Muslim grievance?

(c) Is it a fact that at least half a dozen men of the other Indian communities are at present holding the appointment, permanent or officiating, of Officer Supervisor in the Army Headquarters?

(d) Is there any system under which the names of suitable Muslims are brought to the notice of the appointing authorities on the occurrence of such vacancies, and is there any central organisation to consider the whole matter from a broad angle?

(e) If the answer to part (d) be in the affirmative, is the Defence Secretary convinced that the system has been followed in the past and, will he kindly state how many Muslim names have been considered for such appointments during the past five years?

Mr. C. M. G. Ogilvie: (a) The post of Officer Supervisor has only been in existence since 1928. At present only three Officer Supervisors are Indians. None of these is a Muslim. There is only one Assistant Secretary in the Defence Department. No Muslim has yet been appointed to this post.

(b) Government cannot agree that there are grounds for a grievance.

(c) Yes, three Indians and four Anglo-Indians.

(d) When a vacancy occurs, the appointing authority who is the head of the Branch concerned considers the Superintendents serving at the time and selects the most efficient irrespective of his community. There is no central organisation for selection.

(e) The answer to the first part of the question is in the affirmative. As regards the second it is impossible to say how many Muslims have been considered for such appointments.

Dr. Sir Ziauddin Ahmad: Is it a fact that the Military Department observes the recommendations laid down in the Government of India Resolution of 1934, that is, 25 per cent. reservation for Muslims?

Mr. C. M. G. Ogilvie: As regards the Defence Department, yes.

Dr. Sir Ziauddin Ahmad: They observe it?

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

PROFITS FROM THE WORKING OF THE ENEMY SHIPS SPENT ON THE DEVELOPMENT OF INDIAN MERCANTILE MARINE.

454. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Finance Member please state whether it is a fact that Government received £3,790,192-19-8 resulting from the work of Enemy Ships under the control of India Office up to March 1922?

(b) Is it not a fact that Sir Basil Blackett in his speech said that the profit of 3½ millions was made from the control of Enemy Ships belonging to India?

(c) Is it not a fact that the Scindia Steam Navigation Company wrote to the Secretary, Indian Mercantile Marine Company, on the 24th January 1924, that the money so realised should be spent on the building up and development of Indian Mercantile Marine Company?

(d) How did Government spend the amount? Is it lying in Suspense Account? If so, how do Government propose to utilise this amount?

The Honourable Sir Jeremy Raisman: (a) to (c). Yes.

(d) The net profit which turned out to be £3,718,002 was credited to revenue.

Dr. Sir Ziauddin Ahmad: May I ask when it was credited to revenue, and why was it credited?

The Honourable Sir Jeremy Raisman: It was credited in the years 1923-24—£1,675,000; 1924-25—£1,650,000; 1925-26—£393,002. If the Honourable Member will refer to the Budget speech of Sir Basil Blackett, I think it was the year 1924-25—he will find an explanation of how this amount was treated, and why.

Dr. Sir Ziauddin Ahmad: The Government of India's attention was drawn to this by the Scindia Steam Navigation Company on the 24th January, 1924. Did Government give any reply to this?

The Honourable Sir Jeremy Raisman: Government did reply to the proposal at that time.

Dr. Sir Ziauddin Ahmad: Was it the reply that the Government of India are not willing to spend the amount on the development of the Indian Mercantile Marine, but wanted to appropriate the money?

The Honourable Sir Jeremy Raisman: The reply was that items of revenue must be credited to revenue and not ear-marked for specific purposes, and that the question of assistance to the Indian Mercantile Marine must be dealt with separately, and any sums required must be voted separately by the Assembly.

ASSESSMENT VALUE OF HOUSES AND SHOPS IN THE KASAUJI CANTONMENT.

455. *Bhai Parma Nand: Will the Defence Secretary be pleased to state:

- (a) if it is a fact that, in the newly prepared house tax assessment list of houses and shops at Kasauli Cantonment, the assessment valuations of most of the houses and shops have been fixed at twice or even thrice their annual renting values;
- (b) whether Government are aware that there is a great difference between the assessment valuations fixed now and the valuations of any of the previous years.
- (c) if it is a fact that in recent years both the market value and the annual renting value of the house property at Kasauli has gone down very much, so much so that during the last two years a good many houses remained vacant as there was no demand for them;
- (d) whether Government are aware that a good deal of sensation has been created at Kasauli owing to the excessive assessment;
- (e) if Government are prepared to place the copies of the new assessment list and the last assessment list on the table of the House which will show the difference between the two; and
- (f) what action, if any, Government are prepared to take in the matter to allay the apprehensions of the people concerned?

Mr. C. M. G. Ogilvie: I am collecting the information and will lay it on the table in due course.

DEMANDS OF THE SECRETARIAT STAFF PERMANENTLY LOCATED IN NEW DELHI.

456. *Bhai Parma Nand: (a) Will the Honourable the Home Member please state the concessions by way of extra casual and closed holidays, as also the grant of allowances, etc., which were asked for by the Imperial Secretariat Association for such of the staff which has been permanently located at New Delhi, and which demands have so far been acceded to and which are still outstanding or are under consideration and why?

(b) Is he aware that such of the Secretariat staff who have been permanently stationed at New Delhi consider it a breach of unwritten agreement or condition of their service whereby they have been deprived of not only the healthy climate of Simla but of many other allowances and concessions which they used to enjoy at Simla by way of free accommodation, etc.?

(c) Is he also aware that, by their location at New Delhi, they will hereafter be required to pay house rent for full twelve months as against six months they used to pay previously?

(d) Is he further aware that one of the reasons usually advanced by Government for the rejection of requests from the Imperial Secretariat Association and others for the grant of as many holidays as are enjoyed by the staff of the Government of the Punjab or Delhi Government, has been that the Government of India Secretariat enjoyed so many other

concessions, such as, Simla move, and that if holidays were not observed in the Secretariat on those lines, it did not matter? If not, what were the other reasons for not acceding to their requests previously, and what are they now doing?

(e) Is he further aware that many of the staff who have been permanently located in Delhi had been moving to Simla for the last 15 to 25 years and are now in a fix how to put up with the scorching heat of Delhi?

(f) Is he aware that many of their children were born and brought up in cool climate and that they entertain fear about sickness in the family entailing burden and more expense on that account?

(g) Is he also aware that they will be required to meet expenses in respect of conveyances and drinks in the summer?

(h) Is he aware that, by the stoppage of this move, many of the staff will be obliged to send their families to hills for some time at least which means extra burden on their income?

The Honourable Sir Reginald Maxwell: (a) It has been decided that 15 days' casual leave and all the local holidays falling during the months of May to September will be admissible to non-migratory staff in Delhi. As regards allowances I would refer the Honourable Member to the reply given by the Honourable the Labour Member to part (b) of starred question No. 446 on the 18th instant.

(b) It has been so stated in a representation submitted by the Imperial Secretariat Association.

(c) The Honourable Member is referred to the reply given by the Honourable the Labour Member to part (a) of starred question No. 311 on the 8th instant.

(d) No. The reason was that it is preferable to have a smaller number of real holidays than to have a large number of nominal holidays.

(e) The reply to the first part of the question is in the affirmative. As regards the second part, I am not aware that this is the case.

(f) I have no reason to suppose that there are apprehensions of this kind.

(g) Yes.

(h) I have no information. The staff remaining in Delhi will be in the same position in this respect as other non-migratory staff has been hitherto.

GRANT OF A SUMMER ALLOWANCE TO THE SECRETARIAT STAFF PERMANENTLY LOCATED IN NEW DELHI.

457. *Bhai Parma Nand: (a) Will the Honourable the Home Member please state what the approximate savings to Government would be during 1940-41 and each year thereafter on account of the location of the Secretariat staff at New Delhi, which they would have otherwise been required to pay to the staff by way of travelling allowance, Simla house rent, rent-free quarters, and other local allowances?

(b) What would be the expense if they had agreed to pay a small allowance for the hot weather only to such of the staff who have been located permanently at Delhi in order to meet extra burden on their purse?

(c) What would be the expense yearly for paying summer allowances to such of the staff until they retire?

(d) Will he please state the cases in which Government made appointments in higher grades of the Government of India, Federal Public Service Commission and other offices, in which written or unwritten and implied condition about their move to Simla was given and on written or unwritten representations from such of the officers, Government had to permit the officers to move up to Simla?

(e) Is he prepared to consider the desirability of affording some relief to such of the staff of the Secretariat who have been deprived of privileges on the violation of an implied condition of service about their move to Simla, by way of granting them some allowances for summer season at least? If not, why not?

The Honourable Sir Reginald Maxwell: (a) The approximate savings will be Rs. 8 lakhs.

(b), (c) and (d). A representation has been received from the Imperial Secretariat Association praying for the grant of a compensatory allowance and is under consideration. The cost of such an allowance cannot be calculated at this stage.

(d) There are no such cases.

GRANT OF MORE HOLIDAYS TO SECRETARIAT STAFF.

†458. ***Bhai Parma Nand:** Will the Honourable the Home Member please state whether he proposes to sanction the grant of more holidays to the staff as asked for by the Imperial Secretariat Association? If not, why not?

The Honourable Sir Reginald Maxwell: I would refer the Honourable Member to the reply which I have just given to part (a) of question No. 456.

LOCATION OF THE ARMY HEADQUARTERS IN NEW DELHI.

†459. ***Bhai Parma Nand:** (a) Will the Defence Secretary please state if the location at New Delhi of either the whole of the Army Headquarters or a part thereof on the lines of the Civil Secretariat was ever considered? If so, when and with what results on each occasion? If not, why not?

(b) Is he aware that while moving from Simla down to Delhi, the authorities did not allow any joining time to almost the whole of the staff of the Army Headquarters who were ordered to join office at New Delhi on the following day? Was it because of the war emergency?

Answer to this question laid on the table, the questioner having exhausted his quota.

(c) Is it a fact that, Delhi being a station from where access or approach to all places in India is easier than from Simla, it was considered as the best station for transaction of Government business during emergencies and so the Army Headquarters as a whole moved down?

(d) Is he aware that some of the branches of the Army Headquarters used to stay as a whole in Simla for the whole of the year? If so, why could not all of such branches of the Army Headquarters or parts thereof, be located at New Delhi?

(e) What were the circumstances under which the Headquarters Royal Air Force stayed for some years at Delhi and for some period at Ambala throughout the year, and do those conditions not exist now, and can whole of that office or part thereof be stationed permanently at New Delhi now? If not, why not?

(f) Was it not with the idea of removing congestion at Simla that Government decided to locate the Civil Secretariat at New Delhi?

(g) What was the pre-war strength of each of the branches of the Army Headquarters and what is it at present?

(h) Are Government aware of the feeling that the underlying idea of removing the congestion of Simla will be frustrated, if the whole of the Army Headquarters is allowed to move up to Simla with its double strength of the staff, than the pre-war strength?

(i) Does he propose to see that only such of the Army Headquarters staff moves to Simla from now, as is absolutely required? If not, why not?

Mr. C. M. G. Ogilvie: (a) The matter has been considered; but in view of the different nature of the work in Army Headquarters it was decided that the system now adopted for the Secretariat would not result in efficiency.

(b) The reply to both parts of the question is in the affirmative.

(c) No. The reason is that Army Headquarters cannot work efficiently in the present emergency if divided. It is also necessary for it to be in the closest touch with the Government of India.

(d) The answer to the first part is in the affirmative. The answer to the second is contained in the answer to (c) above.

(e) Air Headquarters, India, remained throughout the year at Ambala between the winter of 1921 and summer of 1923. They have never been located at Delhi throughout the year. Ambala was abandoned in favour of Delhi/Simla in order to ensure close co-operation between the Army and Air Force.

(f) Yes.

(g) A statement is laid on the table.

(h) No.

(i) Yes.

Statement

	Pre-War Strength		Present Strength	
	Officers	Clerks	Officers	Clerks
(1) General Staff Branch	59	153	91	191
(2) Adjutant General's Branch (including Medical Directorate).	36	164	44	211
(3) Quartermaster General's Branch	41	119	45	126
(4) Master General of the Ordnance Branch (including Assistant Director of Ordnance Services (Provision)).	46	310	66	486
(5) Engineer-in-Chief's Branch	14	159	27	292
(6) Military Secretary's Branch	7	45	11	62
(7) Air Headquarters	28	84	33	93
(8) Judge Advocate General's Office	4	8	4	8
(9) *Contracts Directorate	6	91	..	..
(10) Assistant Military Secretary (Personal).	6	4	6	5
Total	247	1,137	327	1,474

*Since placed under the administrative control of the Supply Department.

GIVING OF CERTAIN ASSURANCES TO INDUSTRIES AFFECTED BY THE EXCESS PROFITS TAX.

460. *Sir Abdul Halim Ghuznavi: (a) Has the attention of the Honourable the Finance Member been drawn to the circular of the Chamber of Shipping of the United Kingdom, dated London, the 2nd January, 1940, on the subject of Finance Act, No. (2) 1939—excess profits tax, where the following statement is made:

“When the above Act was passed through all its stages in the early days of October, there was no time for the various interests concerned to give proper consideration to the measure and the Chancellor of the Exchequer gave an assurance that detailed examination and criticism of the provisions of the excess profits tax might be postponed until the regular budget in the Spring of 1940”?

(b) If the answer to part (a) be in the affirmative, do Government propose to give a similar assurance to the various industries affected by the tax in this country?

(c) Is the Honourable Member aware that the following statement is also made in the circular referred to in part (a):

“Strong representations will be made that a special reserve should be allowed out of profits to replace vessels lost during the

war, or vessels in commission at the end of the war which would have to be replaced at a cost which would exceed the cost of the fleet replaced. This is of paramount importance if the shipping industry is to be maintained after the war”?

(d) If the answer to part (c) be in the affirmative, will a special reserve for special depreciation be allowed to the shipping industry in this country and the amount of such reserve for depreciation deducted before ascertaining the profits liable to the proposed profits duty?

The Honourable Sir Jeremy Raisman: (a) and (c). I have not seen a copy of the circular referred to by the Honourable Member, but I have seen the official report of the Parliamentary proceedings referred to therein.

(b) The Honourable Member is referred to paragraph 2 of the report of the Select Committee on the Excess Profits Tax Bill.

(d) The Honourable Member is referred to the provisions of the Excess Profits Tax Bill which is before the House.

ALLOWING OF CARRY FORWARD OF ARREARS AND LOSSES FOR PURPOSE OF CHARGING EXCESS PROFITS TAX FROM THE INDIAN SHIPPING INDUSTRY.

461. *Sir Abdul Halim Ghuznavi: (a) Has the attention of the Honourable the Finance Member been drawn to pages 81 and 82 of the Annual Report of the Chamber of Shipping of the United Kingdom 1937-38, where the following statement is made in regard to the national defence contribution:

“After full discussion in Parliament, the Government accepted these proposals and the tax as adopted fully met the views of ship-owners. In particular, it preserved the principle of income tax practice of allowing carry forward of all arrears of depreciation as well as six years' losses before the amount of profits is ascertained, a point of special importance to the shipping industry, who must rely upon good times to make up arrears of depreciation accumulated during depressions”?

(b) If the answer to part (a) be in the affirmative, will such carry forward of all arrears of depreciation as well as six years' losses be allowed to the Indian shipping industry before the amount of profits is ascertained for the purpose of the proposed excess profits duty?

The Honourable Sir Jeremy Raisman: (a) Government have not seen a copy of the report referred to but the position indicated in the extract quoted appears to be correct.

(b) The Honourable Member is referred to the provisions of the Excess Profits Tax Bill which is now before the House.

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 Friday the 15th March, 1940, the time fixed for receiving nominations for the Standing Committee for Roads seven nominations were received. The candidature of one member was

[Mr. President.]

withdrawn by the proposer. 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) Sardar Bahadur Captain Dalpat Singh;
- (3) Syed Ghulam Bhik Nairang;
- (4) Maulana Zafar Ali Khan;
- (5) Bhai Parma Nand; and
- (6) Mr. J. Ramsay Scott.

THE EXCESS PROFITS TAX BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Excess Profits Tax Bill, clause by clause. The question is:

"That part (d) of sub-clause (2) of clause 6 of the Bill be omitted." **Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I was supporting yesterday the amendment moved by my friend, Maulvi Muhammad Abdur Ghani:

"That part (d) of sub-clause (2) of clause 6 of the Bill be omitted."

This clause was added by the Select Committee. It was not in the original Bill and I should like to point out that the addition of this clause has cost a good deal of money as far as the revenue is concerned. I said clearly that had it been a question of the remission of this amount, I will not mind it very much. But if the money so remitted is to be realised by some additional tax to be levied on persons who are comparatively poorer, then I think it is a matter for serious consideration of the Government. I repeat it once more. If the Government is pleased to dispense with their revenue to the extent of about two crores, then I do not mind if they remit it. If my wealthier friends become a little more wealthy, I do not mind it. But if that amount is to be transferred by means of some other taxation to the people who are poorer, such as a taxation on sugar, or high price of postcard or some other thing, then certainly we, who are not so wealthy, will object to such transfer and oppose the amendment made by the Select Committee.

Sir, I have got with me the Investors' Year Book and I have taken from it 12 companies only. I have put down their financial position on this paper which I will be willing to give to anybody who will take objection to my arguments. I have taken down their profits for the years 1936, 1937 and 1938. The profits of these 12 companies for the year 1938 comes to 6.19 lakhs, for the year 1937 it comes to 4.91 lakhs and for the year 1936 it comes to 4.71 lakhs. Now, if we adopt only the options given in the original Bill, then the standard profit will be 4.80 lakhs, taking the maximum of the average of 1935-36. So, if there be any income over and above 4.80 lakhs, it will be taken to be the excess income and the taxation will be levied on that. Now, by adding this particular option sub-clause (d), the

standard profit is raised. Instead of 4.80 lakhs, it now becomes 5.55 lakhs, that is, 75 lakhs more and therefore the tax that you will now levy will be 37½ lakhs less. I will give an illustration. Suppose the income of these 12 companies, during the chargeable accounting periods, is six crores, then, if we adopt the option of the Bill in its original form, the excess profit will be six crores minus 4.80 lakhs, or 1.20 lakhs, and we will get half of this profit, namely, 60 lakhs. But if we take the new option, then the standard profit will now be 5.55 lakhs and the excess profit will only be 45 lakhs and the money realised will be only 22½ lakhs. Therefore, we lose 37½ lakhs on these 12 companies only. Honourable Members may argue in any way they like, they may say that I do not understand the Bill, as an Honourable Member in his enthusiasm has said it, but nobody can deny these figures because they are taken from the Investors' Book. So, I maintain that on these 12 companies alone we lose by this option 37½ lakhs. And if we take up all the mills and the various industries—and I have not touched textile at all—then the sum will rise to an enormous figure and according to my estimate it will be in the neighbourhood of two crores. I think it is not correct on the part of the Government to let this very big amount go in this particular manner and transfer the tax from the richer people to the poorer people.

When the Finance Bill will be before us, we will implore the Government to reduce the price of the postcard from nine pias to six pias and the Government will say that if they accept our recommendation, it will cost them 60 lakhs which they cannot afford to lose. But here you are prepared to lose two crores and give it to the richer people. If this money is to be remitted and the incidence would not have fallen on the poor then I do not mind it at all. Let the Government collect as they like. But if the incidence is to be transferred from wealthy persons to those who are comparatively poor and also those who are really very poor, then I object to it because it is not just and you will not be doing justice to the people at large. No doubt, these wealthy people have got a good deal of influence. They can afford to have propaganda. The smaller people have got no organisation and they can do no propaganda work and the Government alone can be the custodian of their interests. Government have to weigh in their mind whether this amount is to be realised from the wealthy classes, or this incidence should be transferred from the wealthier classes to the poorer classes. That is the real issue in this amendment. We have to decide whether we should collect about two crores from these wealthy people—and there are two industries of these wealthy people whom we have protected, namely, the iron and steel industry and the textile industry, I am not discussing these industries just now but will do so on the next amendment—or levy a tax on the poorer people. We are now handing over this additional amount to those persons who are already protected and who have already got enormous profits, about three times the profits which were given to them by the Tariff Board. I do beseech the Government to look after the interests of those persons who cannot speak for themselves and they should not be influenced by the richer people who can carry on their propaganda anywhere and everywhere because of the money they have, which we have put in their pockets because of the high tariff walls.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, I oppose this amendment. This change was made in the Select Committee in the interests of new industries and new

[Mr. Akhil Chandra Datta.]

businesses. The reason for this amendment is given in the report of the Select Committee where they say:

"Our amendment of sub-clause (1) is intended to provide that a business started after the 31st day of March, 1936, may at its option take as the standard profits"

The Honourable Sir Jeremy Raisman (Finance Member): I am afraid the Honourable Member is speaking to the wrong amendment. The amendment on which Dr. Sir Ziauddin Ahmad has just addressed is one which seeks to remove 1938 from the standard periods.

Mr. Akhil Chandra Datta: My impression was that we are now discussing amendment No. 56. A change was made as I was saying to give the option to new industries and new businesses, the option of taking either the standard profits

The Honourable Sir Jeremy Raisman: I am sure the Honourable Member is speaking on the wrong amendment. Amendment No. 56 seeks to omit part (d) of sub-clause (2) of clause 6 which was added by the Select Committee and which gives additional option for the purpose of statutory period.

Mr. Akhil Chandra Datta: I stand, corrected. But I oppose the amendment all the same. This additional option was given by the Select Committee in the interest of the taxpayers because the whole complaint was that we wanted 1938 by itself, but the Government would not accede to that and by way of something like a compromise the average of 1937 and 1938 was adopted. We are strongly in favour of this additional option that was given by the Select Committee. There is some difficulty in dealing with this amendment as the Honourable the Mover did not give any reasons whatsoever in support of it.

Dr. Sir Ziauddin Ahmad: Yes, a saving of two crores.

Mr. Akhil Chandra Datta: But the Mover did not give his reasons. We do not know what is in his mind. It is rather unfair to move an amendment without giving reasons to the House. Now, this has been supported by Dr. Sir Ziauddin Ahmad in the interest of revenue. So far as that aspect of the question is concerned, I do not hold any brief for the Finance Member. If the Honourable Member thinks he has any right to hold any brief for the Finance Member in the interests of revenue, he is quite welcome to do it. We look at the provision not from the stand-point of the yield of duty, but from the point of view as to whether the additional option is fair to the assesses in view of the fact that 1938 was comparatively a better year for the industries than 1937. Our case is that that would make the standard year a little more equitable. Sir, I oppose the amendment.

The Honourable Sir Jeremy Raisman: Sir, I must oppose this amendment. I accepted the provision which is in the Bill. This was put in after long and careful consideration and discussion in the Select Committee. My Honourable friend, Dr. Sir Ziauddin Ahmad, dealt with the matter purely from the revenue point of view, but as I pointed out in my speech on the motion for consideration of the Bill, there are other aspects to be taken into account and I believe that by adding this option we have given

a much broader and more equitable basis to the tax. I am, however, glad to have the full admission of the Honourable the Deputy President that he is entirely unconcerned with the revenue aspect of these provisions. That was exactly my trouble with him yesterday when he was supporting proposals which would have cut away the whole ground from under the tax. My own attitude is that I stand midway between those who would reduce the yield of this tax to a nugatory amount and those who, like my Honourable friend, Dr. Sir Ziauddin Ahmad, in their anxiety to secure the maximum yield would brush aside considerations of equity. Sir, I oppose the amendment.

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

"That part (d) of sub-clause (2) of clause 6 of this Bill be omitted."
The motion was negatived.

Dr. Sir Ziauddin Ahmad: Sir, I beg to move:

"That in part (d) of sub-clause (2) of clause 6 of the Bill, after the word 'determined' the words 'for the year ending on the 31st day of March, 1938, and' be inserted."

Sir, this is rather an important amendment. My Honourable friend rejected the previous amendment on the ground of equity. Of course the Bill was drafted by the Honourable Member himself and he forgot entirely this question of equity when he drafted the original Bill. This question of equity cropped up in the Select Committee. He just jumped upon the idea and said that it is a very important and equitable thing and he changed his mind consequently and he changed all his calculations on which his original Bill was based and then he adopted the kind of equity suitable for millowners.

Sir H. P. Mody (Bombay Millowners Association: Indian Commerce): The word "determined" occurs twice in this sub-clause. After which word, "determined", does he want this to apply?

Dr. Sir Ziauddin Ahmad: I am referring to part (d) and not to part (a). I was saying that this question of equity came only at the Select Committee stage. My friends, Sir H. P. Mody and Mr. James, were able to draw attention to this equity to business and the Finance Member accepted this principle of equity on their suggestion. Never mind. Let the profits of last year be included in that and that amendment is lost. I do not quarrel with that. Now, I move the second amendment and give them the benefit of 1939. Take the average of 1939 or 1938, but take the average of three years, 1939, 1938 and 1937—that is the last three years. In that case this is also equitable because you have included in the latest profits though the war had not commenced at that time, but certain industries were benefited on account of war conditions in Europe. If we accept this proposal, then for the same 12 industries which I have just quoted the loss will be reduced substantially, instead of losing 37½ lakhs, our losses will be reduced to about 12½ lakhs only. If your standard profit be taken to be the profit not of the last two years, but of three years together, which is the object of my amendment, then in that case the losses would be made up substantially. Instead of a loss of 37½ lakhs on these industries, you will be losing only 12½ lakhs. There will be a saving of 25 lakhs on these 12 industries alone. By taking this option and asking the industries combined I think our loss would be reduced from about two crores to about 50 lakhs, or perhaps less.

[Dr. Sir Ziauddin Ahmad.]

If it is quite equitable to give them the benefit of the enormous profits during last year, we should at the same time take the average of three years instead of two we will do justice to them and justice to us. If you have a combination of two years there is a proposal later on to take the profit of one year alone in which case the losses would still be greater. My friend thought it would be equitable to combine two years, and I want to add one year more in which case our losses will be reduced to about one quarter, as is shown by the result of these 12 industries.

As regards equity, I want to discuss that word. As far as steel industry goes, equity means giving them the profit which the Tariff Board gave. The Tariff Board gave them a profit of one crore, after meeting working expenses, depreciation, etc. And to give them that one crore very heavy duties have been put on the consumers and on the smaller industries. Their profit recently has been 3-64 crores, and so beyond one crore is excess profit which is inequitable. Therefore, in the case of these protected articles equity demands that we should give them the profit on account of which these heavy customs duties were levied. This principle of equity should be applied not only to the protected industries but also to the consumers and the smaller industries. The proper share of these industries is what was promised to them. To give them anything less is inequitable and also any profit over and above that is inequitable to the consumers and the smaller industries. So the word "equity" must be applied to India as a whole. So I assert that you have shown partiality to the protected industries and iron and steel but you have been inequitable to the consumers and smaller industries. Sir, I move.

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

"That in part (d) of sub-clause (2) of clause 6 of the Bill, after the word 'determined' the words 'for the year ending on the 31st day of March, 1938, and' be inserted."

Sir H. P. Mody: Sir, in spite of considerable provocation I shall not import either passion or levity in my reply to my Honourable friend. I must say that I am entirely unable to understand him. Has he constituted himself the custodian of India's purse, and is it his sole object to screw out as much money as he can through the operation of this measure? What is the object of the Excess Profits Tax Bill? The object is to tax half of the additional profits which arise as a result of the conditions generated by the war. My Honourable friend is not concerned with all that. He is all the time thinking in terms of two crores and 50 lakhs, 12½ lakhs, etc. Incidentally I do not know how he arrives at these figures. He must have been burning a considerable amount of midnight oil on them. He is only thinking in terms of figures, forgetting all the while that what is intended by this taxation is not to enable Government to put their hands into the pockets of industrialists and capitalists, but to tax profits which are supposed to accrue directly as a result of the war, in order to finance the war. The amendment that was adopted by the Select Committee was entirely because we were able to induce the Finance Member to consider the viewpoint of industrial and commercial interests. We proved that if this additional option were not given what would be taxed would be not

war profits but normal profits. My Honourable friend's whole argument seems to resolve itself into this: try and get as much money as you can and then put it aside as a reserve so that the quarter-anna post card may not someday be raised to half an anna, or that those wonderful consumers, —I do not know where they reside,— for whom he is perpetually talking in this House, may not be taxed.

Several Honourable Members: They are here, we are the consumers.

Sir H. P. Mody: The consumers in this House do not strike me as being particularly poor.

If Sir Ziauddin's amendment were carried it would mean only this that what would be subjected to the Excess Profits Tax would be not war profits but profits arising out of the normal expansion of business, normal prosperity and normal development. That is surely not the object of this measure and I strongly oppose the amendment.

Dr. Sir Ziauddin Ahmad: Is it not a fact that the Tariff Board gave the steel industry one crore and they are now realising as much as 3½ crores?

Sir H. P. Mody: The steel industry is almost becoming a King Charles' head to my Honourable friend. Every time he gets up he trots out the Tariff Board report and invokes its aid for whatever argument he has to advance. I want to know what that has got to do with this Bill. If and when any question of extending the measure of protection which was given to the textile, steel or any other industry comes up before the House, I can understand my Honourable friend advancing this argument. But he seems to advance it on every conceivable occasion. I do not know whether he has now got into the habit of reciting it in his sleep. Sir, I do not think there is either any logic or sense in what my Honourable friend has advanced.

The Honourable Sir Jeremy Baisman: Sir, in opposing this amendment I shall only deal with one point. Sir Ziauddin Ahmad asked where my considerations of equity were when I first introduced this Bill. I think I made it quite clear at an earlier stage that in putting before the House a measure which was substantially identical with the Excess Profits Tax Act in the United Kingdom I was prepared to go into the matter very thoroughly in the Select Committee and to consider in what respects it might work inequitably in Indian conditions and in what respects it was not entirely suited to Indian conditions. I did not pretend that the Bill in the first instance was my last thought on the subject, and in the Select Committee I was convinced that the addition of this option was necessary in order to secure fair working over the whole field of trade in Indian conditions.

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

"That in part (d) of sub-clause (2) of clause 6 of the Bill, after the word 'determined' the words 'for the year ending on the 31st day of March, 1938, and' be inserted."

The motion was negatived.

Maulvi Muhammad Abdul Ghani (Tirhut Division : Muhammadan) :
Sir, I move :

"That to sub-clause (2) of clause 6 of the Bill the following further proviso be added :

'Provided further that in case of protected industries the standard profit shall be the profit allowed by the Tariff Boards'."

The amendment is a very simple one. There have been various objections to the methods of realisation of the tax as mentioned in the Bill : there have been several calculations, but there is a Tariff Board authority which is accepted and quoted by several capitalists in this House, and it is an authoritative body. It is especially referred to whenever the question of sugar-cane profits accrued to cane producers comes in. However, I agree with them and here is the chance for me to urge the same principle which they have advocated : it will be very fair that the profit worked out by the Tariff Board in case of protected industries should be regarded as the standard profit. There are protected industries which are being benefited at present at the expense of the taxpayer, and on account of the war they are making enormous profits. Why should they not give half of those profits over and above the standard profit to the Government? Take the case of the iron and steel industry. A huge profit is going to be made especially due to the war. There may be a question whether they secured the profit before the war broke out or after, but actually foreign countries were afraid of the consequences of the war from before and they indented for iron and steel in large quantities simply to full the necessities of the war and that profit should surely be regarded as profit due to war, and there is no excuse for them not to give half of that enormous profit, over and above the standard profit fixed by the Tariff Board. With these few words I move my motion.

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

"That to sub-clause (2) of clause 6 of the Bill the following further proviso be added :

'Provided further that in case of protected industries the standard profit shall be the profit allowed by the Tariff Boards'."

Dr. Sir Ziauddin Ahmad : Sir, there are no two other persons in the whole of the British Empire who are better friends and who understand each other more intimately than Sir Homi Mody and myself. If I have some jokes with him on the floor of the House, they consist only of mathematical figures taken from published reports. Tariff Board reports are bibles to millionaires. I know that they always quote the Tariff Board and always try to get the last drop of blood. They must have their full pound of flesh, and if there is an iota less they always go to the Tariff Board and say "The Tariff Board gave us so much protection and we must have it".

I think this amendment embodies a very equitable proposal: it says the standard profit should be the standard profit given to the industries by the Tariff Board, and it only demands that in the case of protected industries these parts (a), (b), (c) and (d) of clause 6(2) should not be applicable and there should be only one thing, that the standard profit should be the standard profit allowed by the Tariff Board and anything over and above that should be taken to be the excess. In the first place, I would say

that the Fiscal Commission Report, on the basis of which this protection was given, has made it clear that whatever burden we are levying on the consumers of India and whatever bounties we are giving to these industries, they are really in the shape of a loan, and when the industries are in a position to stand on their own legs, then these loans will be paid back in some shape—either in the shape of a reduction in prices, the benefit of which will go to the consumers, or in the shape of additional revenue to the exchequer in which case the relief will be given to the taxpayers. So, sooner or later these things ought to come in. The time has, therefore, now come when we should according to the Fiscal Commission's Report take our share. I am not discussing today the question of protection because it is really outside the scope of this particular amendment. I am not also discussing now whether there should be a permanent tariff board or an *ad hoc* tariff board. I should only like to point out that unfortunately the word 'tariff board' is used in two different senses and, on account of that, confusion has arisen resulting in this controversy. If we had the simple word 'inquiry' to find out how the whole thing was working and then appoint an *ad hoc* tariff board to make investigations as regards particular industries, then the confusion would have been avoided. Had there been a permanent committee of inquiry—call it a permanent tariff board if you like—which could have drawn our attention to the working of this thing, then all the confusion that has arisen about the sugar industry and other industries would have been avoided, and the question would not have become so complicated as it is now, by the inaction of the Government of India and by the wrong action of two Provincial Governments. I draw Sir Homi Mody's attention to the Tariff Board Report on the Iron and Steel Industry, which he quoted so often in the year 1934. On page 43 they clearly say that they gave them a profit of 199 lakhs or nearly two crores: they say:

	lakhs.
Depreciation	78
Interest on Working Capital	11
Managing Agents' Commission and Head Office expenses	10
Manufacturers' Profit	100
Total	199

They give a profit of one crore over and above other overhead charges; and the whole figure comes to 199 lakhs. They have given a profit of one crore: that is their share. That is the item which is necessary for the protection of this industry. I do not object to that. If they have not realised this particular amount, I think we should make every effort to see that this amount is fully realised by them. I do not mind even if we increase the quantum of protection to ensure that they may get the benefit and advantage which the Tariff Board has given to them. But it works the other way too. In case they are deriving more than what the Tariff Board have given to them, is it not just and fair that we should request the Government of India to look after the other industries also? We tell them to keep the one crore with them, but we want them to give back to the country the profit which they make over and above that one crore, and they can give it back in three different ways. Either they should reduce their prices when all the consumers will be benefited, or they should sell their articles to smaller industries at lower prices than they get them from elsewhere

Mr. President (The Honourable Sir Abdur Rahim): It has nothing to do with this amendment. The Honourable Member is clearly going beyond the scope of the amendment before the House.

Dr. Sir Ziauddin Ahmad: Very well, I shall leave out the details for the moment and concentrate on the main issue. The main issue is that the standard profit in the case of these industries should be the profit which the Tariff Board have laid down, and if they are realising any profit over and above that, it ought to be taken as excess profit. It might be said that whatever the profits may be, only the profits made after the war conditions should be taxable, but the war conditions in the case of these industries really began when the war in Europe commenced, and these industries began to flourish on account of the war conditions in Europe, though not to the same extent as the industries in England. Therefore, Sir, according to the promises given by the Fiscal Commission of 1922 and also according to the promises held out on the floor of this House when these protections were given, the excess profits which these people make should be taxed properly. On this occasion when large sums are required for the prosecution of the war, I would request these industries to give back to the exchequer the excess profits they are making not on account of any pressure of Government or of the Legislature, but of their own accord, and they ought not to wait for any kind of legislation. This is a very reasonable demand. Do they require pressure from the Finance Member? I think anybody who is interested in the general prosperity of the country will himself come forward and say that not only 50 per cent. but the whole of the profits should be given to war fund. After getting the entire amount which was due to them according to the recommendations of the Tariff Board, it is not unreasonable to expect them to give back to the exchequer 50 per cent., if they cannot give more, for the prosecution of the war. Sir, I support the motion.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa-Muhammadan): Sir, I rise to support this amendment though, in doing so, I may be courting some amount of unpopularity among certain sections of the industrial friends of this country. There is no doubt that protected industries have a first charge to come forward for the relief of the State when there is an occasion for it. Let us examine what is it that is wanted in this amendment? The position is, that the Tariff Board made recommendation for protective duties on certain industries stipulating particular rate of standard profit. Now, on account of certain circumstances, those industries are able to make unusually greater profits than expected and we say that any profit made over and above the statutory or standard profit laid down by the Tariff Board in granting them protection should be regarded as excess profits. I hope the House will realise that whatever profits these industries are making now they are making these profits at the cost of the consumers and at the cost of the State. The State came to their relief by granting them suitable protection in the interest of the capital invested and to increase resources of the country and at the cost of the consumer. Now, when certain circumstances have arisen and these people are able to make bigger profits as a result of that circumstance, are they not morally bound to give back to the State the debt which was given to them in the hope that as soon as they would be in a position to stand independently on their own legs they would repay that debt to the State or to the consumers? In the circumstances created by the war, I

hope the industries which are protected and which are now able to make huge profits as a result of the war conditions will be reasonable enough to realise the gravity of the situation and pay back at least half of the excess profits they are making. I mean profits over and above what is laid down by the Tariff Board. It might injure a section of the people, a thousand or two thousand people, but I have no doubt that it will be to the interest of the general consumers who form the entire population of India.

It must be remembered, Sir, that whenever protection is granted it is granted at the cost of the consumer, and the industry has certainly a moral obligation to repay those consumers by way of relief as soon as they are in a position to stand on their own legs or to earn more profits than they were expected to make out of their investments. It will be a good thing in other ways also. Circumstances may be created in future by which other countries of the world may be in a position to compete with our industries, and those industries will have again to face a situation which will compel them to approach the Governments and ask for bigger protection to develop or even maintain their industries, on the ground that because they helped the State when they were in a position to do so, and that when other countries of the world were competing with them, adversely they require bigger protective duties to compete with other countries and deserve to get better protection.

Bhai Parma Nand (West Punjab: Non-Muhammadan): Can you give an instance of any country in which statutory profits are fixed for industries?

Mr. Muhammad Nauman: Unfortunately, I have not looked into the legislations of all other countries in this respect, and so I am not in a position to give the information just at the moment. My submission is this, that protection is given to industries on the recommendation of the Tariff Board by fixing average or minimum profits, and now when these protected industries are able to make bigger profits than what they were expected to earn when protection was granted to them, it is the duty of the State to see that these industries come to the rescue of the State at a time when exchequer is facing deficit. If after some time our industries feel that the protection given to them is not enough, then they can ask for further protection and it will certainly be given to them. I think the House will be well advised to accept this amendment, because it will help the Government in giving relief to the middle classes and poorer classes of people out of the funds that the "excess profit" on protected industries may yield.

It has been the principle of taxation everywhere that the incidence of a tax should fall on the class of people best able to bear it, and that the burden should be avoided on the shoulders of the middle class or the poor class people, especially in the case of direct taxation. I think this principle should have been very well cared for in this particular Bill and we are trying to impress on the Government that here is a case where more money can be had from those class of people who have been nursed by the State at the cost of the consumer, and who have been nursed at the cost of the State as well. If we get more money out of that, then you will be able to give relief to the smaller section of the people in other activities of life, or even in the same sphere of activities as in this Bill when later on we propose to move that the limit should be raised from

12 Noon.

[Mr. Muhammad Nauman.]

Rs. 80,000 to 40,000. That will give some relief to the middle class people. With these few words I commend this amendment to the Government and to the House for acceptance.

Mr. M. S. Aney (Berar: Non-Muhammadan): My Honourable friend, Dr. Sir Ziauddin Ahmad, and my Honourable friend, Mr. Muhammad Nauman, are extremely liberal in asking Government repeatedly, "Why don't you take more and why are you satisfied with the little that you want?" That is, in brief, the meaning of the various amendments that have been moved by them. I want to remind my Honourable friend, Dr. Sir Ziauddin Ahmad, that here we are not laying down any ideal definition of excess profits. The Bill is brought in with the clear object mentioned therein and the Government want to raise taxation for the purpose mentioned in the preamble itself. What is laid down in the preamble is this:

"Whereas it is expedient to impose a tax on excess profits arising out of certain businesses in the conditions prevailing during the present hostilities . . ."

So, the profits must have some relation to the conditions that prevail during the continuance of the present hostilities.

Mr. Muhammad Nauman (Rising from one of the Front Seats): May I interrupt my Honourable friend? Is it not a fact that because of . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not in his seat. He must be in his seat if he wants to put any question.

Mr. M. S. Aney: I have listened to my Honourable friend very patiently and I know what he has in mind. I will try to give my reply to his criticism as intelligently as I possibly can. Here we are not concerned with the broad question which my Honourable friend, Dr. Sir Ziauddin Ahmad, wants to raise. He says that when protection was given to the industries certain calculations of profits were made in order to find out the quantum of protection that must be given, and he regards anything earned by the industry over and above the minimum profit that was calculated for the purpose of determining the quantum of protection must be taken as a maximum and anything in excess of that should be treated as excess profit.

Dr. Sir Ziauddin Ahmad: During the war.

Mr. M. S. Aney: The words, "during the war" really mean that you are not concerned with the figure laid down in the Tariff Board's report at all. You are concerned with what they have been able to make as their highest income at any time before the hostilities broke out, and for that purpose the words come in and any other discussion is, in my opinion, outside the scope of this Bill itself. In you, Sir, I have found an ideal tolerant President. You have been interpreting the law of relevance in a very liberal spirit and, therefore, much of what could have been ruled out as irrelevant is, out of your magnanimous interpretation of the rules of relevance, being allowed here. I am not concerned with that. That is your business.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member is justified in making any such remark. If any speech was irrelevant according to the Honourable Member, he should have drawn the Chair's attention to it.

Mr. M. S. Aney: I am sorry. I did not mean any reflection on the Chair at all. But very often I have felt that much of the criticism of my Honourable friend was not to the point at any rate.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has not allowed any irrelevant remarks in the speech of the Honourable Member.

Mr. M. S. Aney: I know you have now and then repeatedly drawn attention to irrelevant portions.

Mr. President (The Honourable Sir Abdur Rahim): The Chair would have pointed out to the Honourable Member, if he had drawn its attention, how the remarks that were allowed by the Chair were relevant.

Mr. M. S. Aney: My Honourable friend, Dr. Sir Ziauddin Ahmad, is a great story teller in this House, and I am reminded of a story which I would like to narrate here with your permission. There was a story teller and a king. The king was enamoured of that story teller and he wanted him to tell a story which shall never end. The story teller thought over the matter and then began telling a story. He said, there was a big tree. It was full of fruits, a number of birds were sitting on that tree, and somebody came and wanted to scare away the birds. One bird flew away, then another bird flew away, a third bird flew away. The king asked, "How long are you going to repeat that?" "I have to repeat the thing, Sir, till all the birds have flown away. They are innumerable". In the same way Dr. Sir Ziauddin will repeat the story of this Tariff Board's report and the profits made by the textile industry as well as the steel industry till the whole protection is removed. Till then this story will continue, and if we are asked whether it is going to end at all, the answer is, till all the protection goes away and nothing remains of it. It seems to me that my Honourable friend's story is a never ending story which he is determined to narrate to this House.

Dr. Sir Ziauddin Ahmad: Your story is very unmathematical.

Mr. M. S. Aney: It goes into infinity as a matter of fact. I find that the mention of the textile industry and the steel industry and the profits made by them on this Bill has practically assumed the same form which the story teller had taken in narrating the story of the flying away of the birds. My point is this. The Honourable the Finance Member has brought forward this Bill in order to make a certain definite amount of money. He cannot put down the particular amount but he has got a certain definite amount to raise to cover the expenses of the war, and the suggestions that are made here are with a view to giving him the money that he wants. Therefore, any suggestion which is being made to give much more than what he wants is, I believe, neither in the interests of the consumer nor in the interests of the so-called exploiter which my

[Mr. M. S. Aney.]

Honourable friend is so much enamoured of criticising every now and then. I, therefore, oppose the amendment of my Honourable friend, Mr. Abdul Ghani.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): I intervene in this debate because I feel that there is a certain amount of plausibility about this amendment. My Honourable friend, Dr. Sir Ziauddin Ahmad, has pointed out that the Tariff Board gave a certain percentage of profit to the industries which had to be protected and that, therefore, any profit over and above that would be unreasonable and that it might be appropriated to the State. My Honourable friend, Mr. Aney, has already pointed out the scope of this Excess Profits Duty Bill and stated that, therefore, that logic will not apply. But since the point about the consumer has been raised

Dr. Sir Ziauddin Ahmad: On a point of personal explanation, Sir. The scope of my amendment is taking only one half, not the whole of it, during this emergency on account of war conditions.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There are certain considerations which I should like to point out even from the point of view of the consumer whose case Dr. Sir Ziauddin Ahmad has, and if I may say so, very rightly presented to the House on more than one occasion. The voice of the consumer is so rarely heard in this House that I shall be the last to deprecate any attempt to put forward as forcibly as possible his interests in this House.

Now, Sir, the fallacy underlying the argument is that the profits of the industry are taken into consideration without considering the profits of each individual concern. It is the same fallacy that is expressed when my Honourable friend, Sir Homi Mody, says that the textile industry for instance during the last so many years has been suffering such an amount of loss. He knows very well that he is only like the person who tried to cross a river depending upon the average depth of the river. It is no more true to say that the industry as a whole suffered loss. It does not give any more correct picture than the picture of the average depth of the river. Several concerns have lost and some concerns have made much more than the profit which the Tariff Board suggested they might reasonably expect. In the first place, the Tariff Board did not suggest that that should be the maximum profit for every concern. In the second place, the Indian Fiscal Commission, as my Honourable friend knows, suggested that reserves might be built up for the industry which might stand it in good stead later in years of depression. From the point of view of the consumer, I should like to put forward one other consideration. At the present time owing to conditions necessarily arising out of the war, certain industries get an artificial amount of protection owing to the impossibility of importing competitive goods into this country. If the Government felt that the protective tariff was too high, the course open to the Government would be to either reduce the tariff or even remove it altogether. Either of these remedies is inapplicable to the conditions which prevail now, because the quantum of imports is already reduced and competition, therefore, does not exist. Apart from that I would like to point out how the consumer would benefit. At the present time, therefore, that remedy is not open to the Government and protected industries do make larger profits than were at one time

thought they were capable of making, I hope they would build up reserves so that the period of protection will be shortened thereafter. One of the most important considerations which the Indian Fiscal Commission had in mind when it granted protection was that the period of protection may be considerably shortened owing to the rationalisation of the industry and owing to the reserve profits which that industry would build up. I am certain that it does not require any warning from me for the protected industries to understand that if on the next occasion when they come up for protection and when they face another inquiry, the way in which they have dealt with the profits which have arisen during the war will be one of the foremost considerations which any Tariff Board will take into account. If any particular industry, steel or textiles, wants the period of protection to be renewed at the expiry of the present period, I cannot conceive of any Tariff Board sitting and doing its duty, which will not take into consideration how the extra profits that are being now made owing to the conditions arising out of the war are being utilised. If they find that those profits have been frittered away, that they were distributed as they were distributed during the last war, I can safely assume that the Tariff Board will look upon that industry with very little sympathy.

Sir H. P. Mody: I have nothing to say with regard to the warning that profits made during the war should not be frittered away but, surely, my Honourable friend recognises that larger profits must mean larger dividends.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I have put it in the way in which I think it ought to be and in the way in which the industries will understand what I am aiming at and, therefore, from that point of view also it is not as if the consumers' interests will be entirely ignored but, in the long run, the consumer himself will benefit out of the conditions that have now arisen under which extra profits will be made by some of the protected industries. On all these grounds, I oppose the amendment on behalf of Government.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That to sub-clause (3) of clause 6 of the Bill the following further proviso be added:

"Provided further that in case of protected industries the standard profit shall be the profit allowed by the Tariff Boards."

The motion was negatived.

Mr. S. P. Chambers (Nominated Official): Sir, I move:

"That in the proviso to sub-clause (3) of clause 6 of the Bill, before the words 'the capital' the words 'the average amount of' be inserted."

This is a small drafting point and is intended solely for the purpose of clarification. Sir, I move.

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

"That in the proviso to sub-clause (3) of clause 6 of the Bill, before the words 'the capital' the words 'the average amount of' be inserted."

The motion was adopted.

Mr. Akhil Chandra Datta: Sir, I move:

"That in sub-clause (4) of clause 6 of the Bill, for the word 'thirty', wherever it occurs, the word 'forty' be substituted."

Before proceeding further, I understand that there is another motion, No. 63, which proposes to raise the limit from thirty thousand to thirty-six thousand. I understand that Government are quite agreeable to accepting amendment No. 63. If I get an assurance from Sir Ziauddin or Sir Raza Ali or from Mr. Essak Sait that that amendment will be moved, then I am quite prepared to ask for the leave of the House to withdraw my amendment.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): I can say that the next amendment will be moved.

Mr. Akhil Chandra Datta: In that case, I beg leave of the House to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Sir Syed Raza Ali: Sir, I move:

"That in sub-clause (4) of clause 6 of the Bill, for the word 'thirty', wherever it occurs, the word 'thirty-six' be substituted."

I understand that the Government are probably prepared to accept this amendment. As a matter of fact, I must say that the attitude of the Government Members on the Select Committee was extremely sympathetic. A very important alteration was made in Select Committee to which Government Members readily agreed and which has been greatly appreciated in the country. This House will remember that the amount of the profits in clause 6 of the Bill, which was to remain exempt from excess profits taxation, stood at 20,000. That figure was raised from 20,000 to 30,000. That was a very important alteration and we appreciate that, and the feelings of the classes and sections concerned have been expressed very freely in the Press and the change has been viewed with considerable appreciation. But it seems that the alterations that were made in the Select Committee were on the whole more favourable to big business than to small companies or small men. I am not complaining; I myself was a party to that. In fact, I moved the amendment, and, therefore, I will be the last man to complain that Government had been so ready to alter the important provisions of the Bill. On the whole, the fact remains that if we compare the amount of benefit that big business is to derive under the Bill as amended by the Select Committee with that which will go to small men or small business, we cannot but find that the former will get more proportionately than the latter.

Mr. Akhil Chandra Datta: They are going to accept your amendment.

Sir Syed Raza Ali: I do not want to make an unnecessary speech.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member will go on.

Sir Syed Raza Ali: Very well, Sir, I will go on. The position is this that if this amendment is accepted, the effect of the amendment on clause 6 of the Bill will be that the standard profits shall be taken to be Rs. 36,000 in any case in which the standard profits computed in accordance with sub-section (1) are less than this sum. I think that will be a very substantial improvement. I do not think it is necessary for me to go into it at any great length. If this amendment is accepted by Government, I believe Government will earn the thanks of a large section of people whose incomes are by no means large.

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

"That in sub-clause (4) of clause 6 of the Bill, for the word 'thirty', wherever it occurs, the word 'thirty-six' be substituted."

The Honourable Sir Jeremy Raisman: Sir, I am happy to say that I am prepared to accept this amendment. I agree with the Honourable the Mover that possibly the changes made in the Select Committee were more favourable to larger assesses than to smaller firms and partnerships. Now, I want to make it quite clear that my reason for accepting this increase in the amount of exemption as it is called is because I feel that something more than the Bill at present provides should be done for partnerships. I shall, however, not be prepared to go any further than this in response to the suggestions that something special should be done in regard to partners. The position in the United Kingdom is that there is a higher exemption limit for partnerships and I think that is the most suitable way of dealing with that type of hardship. I also am attracted by this form of solution because it reduces the administrative difficulties with which we shall be faced. I prefer to have to deal with a smaller number of assesses and to simplify the cases of those with which I have to deal. Sir, I accept the amendment.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I am glad that Government have accepted this amendment, but I am not satisfied with the reasons which have been given by the Honourable the Finance Member that he is accepting this amendment so as to please the partnerships because this amendment cannot be a substitute for the amendment which I have got on the order paper under clause 14.

Mr. President (The Honourable Sir Abdur Rahim): When that amendment is reached, the Honourable Member can deal with it.

Babu Baijnath Bajoria: I am only saying this at present that this amendment cannot be a substitute for that amendment.

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

"That in sub-clause (4) of clause 6 of the Bill, for the word 'thirty', wherever it occurs, the word 'thirty-six' be substituted."

The motion was adopted.

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

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that clause 7 has already been adopted by the House. The question is:

"That clause 8, as amended, stand part of the Bill."

Babu Baijnath Bajoria: Sir, I move:

"That in sub-clause (3) of clause 8 of the Bill, before the words 'A business shall not', occurring in the first line, the following be inserted:

"Unless it is proved to the satisfaction of the Excess Profits Tax Officer that a bona fide sale or transference of a business has been made for reasonable consideration."

Sir, the object of my amendment is that *bona fide* sale or transference of business should be recognised under this Bill. Sub-clause (3), as it stands does not recognise *bona fide* sale and transfer of the business for purposes of computing the amount of capital employed in the business after the change. Under section 10 of the Income-tax Act, 1922, such consideration is allowed for the purpose of depreciation on the original cost. There are ample provisions already in this Bill that if an artificial or a dishonest transaction takes place or any fraudulent transfers are made, such sales or transfers made after the 1st day of September, 1939, or even after the 1st of January, 1940, are not considered as genuine. Why they should be presumed to have been done only to save something for the excess profits tax. I have worded the amendment in such a way that it will leave no loophole for a fraudulent operator. I have laid down three conditions before such a sale can be recognised by the Government. First, it has been left to the discretion of the Excess Profits Tax Officer. Unless and until the assessee proves to his satisfaction, he will not have the benefit of this transfer being recognised. Secondly, it must be a *bona fide* sale or transfer. Thirdly, I lay special stress that it should be for a reasonable consideration. This will stop all loophole. Supposing a business the assets of which are worth a lakh and it has been sold for three lakhs or 2½ lakhs out of all proportion to its reasonable value, then it can be said that there has been a fraudulent transfer. If these three conditions are all satisfied, then it cannot be said to be a *mala fide* or fraudulent transfer. I hope the Government will accept this amendment and will not insist on presuming that all transfers or sales made after 1st January, 1940, are bogus and *mala fide*. Sir, I move:

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

"That in sub-clause (3) of clause 8 of the Bill, before the words 'A business shall not', occurring in the first line, the following be inserted:

"Unless it is proved to the satisfaction of the Excess Profits Tax Officer that a bona fide sale or transference of a business has been made for reasonable consideration."

Sir H. P. Mody: Sir, I support the amendment. I think my Honourable friend made out a very reasonable case for reconsideration of the position. If clause 8, sub-clause (3) stood in the form in which it is here, it would have the effect of hampering the course of business, particularly during these abnormal times. If, for instance, I want to erect a factory and I find that it is extremely difficult to get machinery out or that I cannot get it except at very exorbitant cost, it may pay me to buy an existing concern, and in order to induce those who own or control that concern to part with it, I may have to pay special consideration. It might pay me to pay a special price, rather than wait until I can get the machinery or plant out from another country or to pay an exorbitant price for the plant. What is the special reason why these transactions should be regarded as outside the Bill? My Honourable friend, Babu Baijnath Bajoria, has laid down various safeguards in his amendment, and one of them is that the authorities would have to be satisfied that a reasonable consideration had been paid. Now, if they come to the conclusion that even though the business was actually worthless, taking into consideration all the circumstances, a reasonable price had been paid, why should not relief be given? I know of a very important transaction which was under negotiation before this Bill was published where the price that was to be paid was going to be a great deal higher than the business was worth precisely because of the circumstances which I have just pointed out. That transaction has naturally fallen through. My submission is that if you allow the clause to stand as it is, then the ordinary course of business will be hampered greatly. I submit that a good case has been made out for the amendment moved by my Honourable friend.

Mr. S. P. Chambers: Sir, I oppose the amendment, and I do it as much in the interest of my Honourable friends as in the interest of the Government. The position in the Bill, as it stands at present, is that a business is not to be deemed to be discontinued if there is a change in the ownership after 1st September, 1939, that is to say, the owners of that business are entitled to have the standard profits of the old business related to their chargeable accounting period. If the profits in the standard period were abnormally low, then the firm or the company has a right to go to the Board of Referees or the Central Board of Revenue for special relief. If, on the other hand, the profits are high, much higher than the statutory percentage, they will have the right to have that higher profit taken as their standard profit. This amendment, as it is tabled, would do this. It would force all businesses changing hands after 1st September, 1939, to have the statutory percentage, that is to say, it would force them to have something which they may not want and which, if there was a good case for them, they could already have under the Bill as drafted. It does Government no harm, but it does quite definitely take away a right which already exists. I, therefore, oppose.

Sir H. P. Mody: If this amendment was at the end of the sub-clause, it would be perfectly all right.

Mr. S. P. Chambers: The Honourable Member says it is in the wrong place. I am not concerned with that.

Babu Baijnath Bajoria: I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. A. Aikman (Bengal: European): Sir, I beg to move:

"That in sub-clause (3) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures . . ."

With your permission, I should like to substitute 'January' for 'February' which is printed in the agenda.—

'1st day of January, 1940' be substituted."

Sir, this is an amendment in the series, the first of which, No. 68, was adopted in the House yesterday, and I move for the same reason.

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

"That in sub-clause (3) of clause 8 of the Bill, for the words and figures '1st day of September, 1939' the words and figures '1st day of January, 1940' be substituted."

Mr. S. P. Chambers: Sir, I oppose this amendment, and, before I say anything on it, I should like, with your permission, to make, a short explanation of something which I said yesterday and which I think might have been misunderstood. I referred to certain information I had received from Calcutta with regard to the corresponding amendment on sub-clause (2). I think certain Honourable Members inferred that I was imputing improper motives to the Mover of the amendment. I should like to say at once that there was nothing whatever of that kind in my mind and that the information I had received had anything whatever to do with the Honourable Member or with any of the Honourable Members of the Group of which he is a member. I should like to make it clear that there was no suggestion whatever. I was opposing the amendment on the purely technical grounds that the provision in the Bill, as it originally appeared, was better. That is the first thing I wanted to say. The second thing is that all these amendments substituting "1st January, 1940" for "1st September" are all interrelated, and that if it is taken as the 1st day of January in sub-clause (2), then, in order to make sense, the same day, 1st day of January, 1940, must be in sub-clause (3). The reason for that I will come to in a moment. But I make that point, because there was a considerable misunderstanding yesterday. I had already made my speech and I could not, therefore, make a further speech explaining in greater detail what I had already said. But as they are related and as there has been so much misunderstanding, I should like to give a more complete analysis of the whole clause explaining why the "1st September, 1939" is a good date and why the "1st January, 1940" is a bad date, and I hope that, when I have finished, some of the Honourable Members, who used certain adjectives in regard to my attitude, may see fit to withdraw those adjectives. That applies to my Honourable friends, Mr. James and Mr. Aney, who thought I was a little eccentric. It is just possible that when I have finished, certain Honourable Members will consider that I am eccentric in this way that I am seeking to oppose an amendment which itself would do Government less harm than it would do the industries concerned. I have been informed since yesterday that, in one large case at least, this amendment would be nothing short of disastrous for them, and they implored me to oppose this amendment. The present concern was not dissociated with the group of Members in the House who have moved this amendment.

Now, with regard to the sub-clauses. Sub-clause (1) lays down a general principle that any change in the ownership or partnership of a business shall have this effect that the business shall be deemed to have

been discontinued and a new business started. That is the general overriding sub-clause. Then, as we follow with sub-clauses (2) to (6), there are subsequent modifications of that solely for the purpose of determining standard periods and standard profits. Sub-clause (2) merely gives the option in the case of partnership changes to be treated as the old business notwithstanding sub-clause (1). And the effect of the amendment that was accepted yesterday is to extend the option to changes which took place up to the 1st January, 1940. As I explained yesterday, that would mean that any large sums paid on the taking over of a business will have to be taken into account, and certain other points will have to be taken into account which would have the effect of giving a favourable extra option to the firm. When we come, however, to sub-clauses (3), (4) and (5) the position is very different. Under sub-clause (3), as it stands, if there is a change in the ownership after the 1st September, 1939, the business is to be treated as old business. As I have explained on the previous amendment moved by my Honourable friend, Mr. Bajoria, that gives the right to have the profits of the standard period taken as the standard profits. If that profit is too low, there is a right of appeal to the Board of Referees and a right of application to the Central Board of Revenue under clause 26. But, at the end of that sub-clause appear these words:

"and, in particular, in computing the capital employed in the business after the change, no regard shall be had to any consideration given in respect of the transfer of the business or any of the assets thereof on the occasion of the change."

Now, whereas with partnership changes the matter may be unimportant, changes in the ownership of other concerns, it may be concerns owned by companies, are much more important. My Honourable friend, Mr. Bajoria, thought that we should not treat as improper any transactions which took place earlier and we should not assume that they were entered into for the purpose of avoiding excess profits tax. The point about that is that this is intended not merely or solely to avoid artificial transactions. There is another clause which deals with that. It is common knowledge that the values at which commodities and shares and assets have changed hands since 1st September, 1939, have been definitely somewhat artificial. They may have been unduly high or unduly low. Mostly, I think that, in the concerns in which we are interested, the prices may have been unduly high; and prices may have gone down considerably since. That is to say, the prices may have been unduly high in the very period which is affected by this amendment,—1st September, 1939 and 1st January, 1940. So that this amendment would have the effect of giving certain concerns the right to take a statutory percentage on what may be an inflated capital value, whereas what we have done in the Bill is to give those concerns a right to the standard profits in a standard period, with a right of appeal to the Board of Referees and the Central Board of Revenue if that standard profit is too low. I suggest that the provisions of the Bill as they existed before that amendment are in that respect satisfactory and that the amendment of this sub-clause would only give option in a case in which the price of the asset was unnatural or artificially high, and that there is no special reason why we should do that.

I will not deal with each sub-clause by itself because the amendment is only on this sub-clause, but I should like to refer to the effect of this amendment on sub-clause (5) which reads thus:

"(5) Where, on or after the 1st day of September, 1939, part of a business is transferred as a going concern by the person theretofore carrying it on to another person, the part transferred and the part not transferred shall each be deemed for

[Mr. S. P. Chambers.]

the purposes of the provisions of this Act relating to the computation of standard profits to be a continuation of the original business, and the said provisions, including the provisions of this section relating to amalgamations, shall apply accordingly, subject to any necessary modifications."

The important part about this is that there may have been changes of ownership and transfers of parts of business between 1st September, 1939 and 1st January, 1940. If so, under the Bill, as drafted at present, these concerns will have the benefit of the standard profits of the old business. To take a concrete case,—it is not a hypothetical case, I have been told that this represents an actual case,—if a business in December, 1939 owned by a company was split up into four or five parts and each part taken by a separate company, then, under the Bill, as drafted, these separate companies would have the right to the standard profits of the old company for the purpose of computing their standard profits and their excess profits. Under this amendment, these companies would not have that right. That right is taken away, and even under sub-clause (6) they would have no right to have anything above the statutory percentage of the capital employed in the business, that is to say, on the capital paid for the business on the change. In a particular case, I am informed that the capital happened to be small and the standard profits happened to be large and the result would therefore be disastrous. That is a type of case one has to keep in mind. If one takes the clause, as it stands, these companies have their right to the standard profits. If those profits are abnormally low, they can have them increased by reference to the Board of Referees and the Central Board of Revenue which can, in all reasonable cases, give them adequate relief and could even go to approximately the figures which, in a favourable case, they might be given under this amendment. But the amendment excludes definitely and permanently all cases in which there have been these partial changes between the 1st September, 1939 and the 1st January, 1940.

Mr. F. E. James (Madras: European): In spite of the proviso?

Mr. S. P. Chambers: The proviso says:

"Provided that, for the purposes aforesaid, such apportionments shall be made of the profits made, and losses incurred, and the capital employed, in the original business, and of any assets of the original business as may appear to the Excess Profits Tax Officer, or on appeal in the prescribed time and manner to the Board of Referees, to that Board, to be just."

All that it says is that if you have got one business and divide it into five parts, then the Excess Profits Tax Officer must, in treating the part businesses as successors to the original business, apportion the capital of the original business and apportion their assets and apportion their profits so as to make a fair division as between the five companies. That is the only effect of that. I feel that the Movers of these amendments had not in mind these facts, and perhaps I should add that yesterday, when I was speaking on sub-clause (2), I was speaking strictly to that sub-clause, and, therefore, I could not have referred to all these other matters. I was not aware that all these would be moved and pressed. I feel that, having regard to this explanation, the Honourable the Mover may feel disposed to withdraw his amendment. Sir, I oppose the amendment.

Mr. S. P. Chambers: Sir, we are very grateful to Mr. Chambers for his technical explanation, and, in the circumstances, I ask for leave of the House to withdraw the amendment.

Mr. S. P. Chambers: May I add this? As my Honourable friend has asked for leave to withdraw, it may, I think, be necessary to make the whole clause consistent by tabling an amendment to sub-clause (2) reversing the amendment accepted yesterday. That I undertake to do in the Council of State.

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member the leave of the House to withdraw the amendment?

Several Honourable Members: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 9 stand part of the Bill."

Sardar Sant Singh (West Punjab: Sikh): Sir, I move: *Resolved* that after sub-clause (8) of clause 9 of the Bill, the following new sub-clause be added:

"(9) the principal company shall be entitled to allocate to its subsidiary company or companies the respective proportionate shares of the excess profits tax payable by the whole group."

The intention underlying this clause is that the profits for the purposes of the Excess Profits Tax Bill, of all the companies, principal as well as subsidiary, be consolidated and the profits collected at the highest amount arising as profits from all this group of companies. This is only a technical point and empowering the principal company, if the money is paid by the principal company, to get their share of excess profits tax paid by the principal company from the subsidiary company. I do not think the Government will have any objection to accepting the same.

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

"That after sub-clause (8) of clause 9 of the Bill, the following new sub-clause be added:

"(9) the principal company shall be entitled to allocate to its subsidiary company or companies the respective proportionate shares of the excess profits tax payable by the whole group."

Mr. S. P. Chambers: Sir, I accept the amendment.

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

"That after sub-clause (8) of clause 9 of the Bill, the following new sub-clause be added:

(9) the principal company shall be entitled to allocate to its subsidiary company or companies the respective proportionate shares of the excess profits tax payable by the whole group."

The motion was adopted.

Dr. Sir Ziauddin Ahmad: Sir, I beg to move:

"That after sub-clause (9) of clause 9 of the Bill, the following new sub-clause be added:

(10) The excess profits tax payable by virtue of this section by the principal company in respect of the profits of any subsidiary company shall, for the purposes of section 12, be deemed to have been paid by the subsidiary company and not by the principal company."

I think equity really lies here. It is really on account of this equity of the distribution of the taxes that I move this amendment. Sir, I move.

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

"That after sub-clause (9) of clause 9 of the Bill, the following new sub-clause be added:

(10) The excess profits tax payable by virtue of this section by the principal company in respect of the profits of any subsidiary company shall, for the purposes of section 12, be deemed to have been paid by the subsidiary company and not by the principal company."

Mr. S. P. Chambers: Sir, this amendment is acceptable to Government.

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

"That after sub-clause (9) of clause 9 of the Bill, the following new sub-clause be added:

(10) The excess profits tax payable by virtue of this section by the principal company in respect of the profits of any subsidiary company shall, for the purposes of section 12, be deemed to have been paid by the subsidiary company and not by the principal company."

The motion was adopted.

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

"That clause 9, as amended, stand part of the Bill."

The motion was adopted.

Clause 9, as amended, was added to the Bill.

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

"That clause 10 stand part of the Bill."

Sardar Sant Singh: Sir, I move:

"That for clause 10 of the Bill the following be substituted:

10. No deduction shall be made in respect of any transaction or operation of any nature if and so far as it appears that the transaction or operation has artificially reduced or would artificially reduce the profits."

Clause 10 deals with artificial transactions, and, as it has emerged from the Select Committee, it consists of three parts: the first is that

1 P.M. provision is made for entering into fictitious or artificial transactions or carrying out any fictitious or artificial operation. The explanation to this part explains as to what acts will be included in the term artificial transaction or operation. Then, part (2), as it stands, declares these transactions to be null and void; and part (3) penalises further the operation of these artificial transactions. I move this amendment to do away with all these things and say that such artificial transactions or operations shall be null and void. I take this amendment from the United Kingdom Act as given in the Finance Act, II of 1938, in Schedule VII, in para. 9. I have taken it verbatim from that. The United Kingdom Act only declares such transactions to be null and void. The effect of this would be that if any artificial transaction or operation is included in the accounts, the Excess Profits Tax Officer can say "I will not have any regard for this and I will treat it as non-existent." But certainly it will be going too far to penalise the person in the manner in which it is proposed to penalise him under the Bill. Therefore, I submit that the onus lies upon the Government Members to convince us as to why they want to take additional precaution in India which has not been taken in the United Kingdom. In this connection, I may be permitted to add that the mental background of the Tax Collector in India is that of a police officer which was made clear in one of the standard books on evidence written by Mr. Field. While describing the difference between the mental attitude of a police officer and a magistrate, Mr. Field said that the reasons why a police officer, whatever high post he may hold, is not regarded as reliable witness in a Court of law are that the police officer starts with the presumption that everybody is guilty. The magistrate, on the contrary, starts with the presumption that everybody is innocent unless he is proved guilty. The mental attitude of the Income-tax Officer and the Excess Profits Tax Officer is that of the police-men. Why do you start with the presumption that every man is dishonest unless he is proved to be so? You should regard him as honest until he is proved to the contrary. That is the mental attitude which I would recommend the Honourable the Finance Member to bring to bear upon this matter. Therefore, I commend this amendment for acceptance of the House.

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

"That for clause 10 of the Bill the following be substituted:

10. No deduction shall be made in respect of any transaction or operation of any nature if and so far as it appears that the transaction or operation has artificially reduced or would artificially reduce the profits."

Mr. S. P. Chambers: Sir, I oppose this amendment, and I would like to start where the Honourable Member has just finished. He said that the attitude of Income-tax officers is to treat people as dishonest, and that he thought that their attitude should be to treat them as honest until they are found out. Let me say at once that I agree entirely with the Honourable Member's attitude, and it is an attitude which I have been trying to instil into officers in this country that they should treat assessee as honest and they should treat them fairly and courteously.

Sir Homi Mody: They don't give the assesses a chance of being dishonest.

Mr. S. P. Chambers: If as my friend suggests, they don't give the assesses a chance of being dishonest, so much the better. I am sorry if my friend is disappointed. But that is the very reason, and a very good reason why, when we have found them doing things which we think they ought not to do, we should penalise them and penalise them adequately. In all these matters, I think, the assumption should be that the assessee is honest but when we look into his accounts if we find that he is not honest, then we will treat him accordingly, and it is a fact, I think, that the fairer the officer treats honest assesses the better case he has for dealing severely with the other assesses. We are not concerned with those who are honest here or those who are not entering into such transactions. The clause, as it appears at present, gives what I might call a sporting chance to a man who wants to dodge excess profits at something like a 50:50 chance. If he is found out, he pays Government twice, if not, he does not pay once. That is, if he is not found out, then he avoids all the tax; if we find him out, then the effect of this amendment, as drafted, will be, we shall be leaving all the chances on his side. I suggest that that is neither fair nor equitable.

Now, reference has been made to the position in India in the 1919 Act and also to the position in the United Kingdom. In so far as the 1919 Act is concerned, that Act, which was only in operation for one year, was full of defects. No doubt it will have been amended if it had been in existence longer, and there are very few provisions in the 1919 Act which are still appropriate to the conditions in India in 1940.

Sir H. P. Mody: If the Income-tax officer happens to over-assess, he also will be liable to a penalty?

Mr. S. P. Chambers: If the Extra Profits Tax Officer attempts to over-assess, what will happen is, the assessee will have a right of appeal. May I remind the Honourable Member that, under the Income-tax Act, there are full time Inspecting Assistant Commissioners, and the Inspecting Assistant Commissioner will severely reprimand the Excess Profits Tax Officer, and his penalty may be severe—he may actually lose his job.

The other matter referred to was the position in the United Kingdom. There clearly the position is that no penalty is shown in the Finance Act of 1939. There the position is, if a man enters into transactions of this nature or in any way defrauds the revenue, the only remedy is penal action. That course is not easy in the United Kingdom. I think it is still more difficult in India, and, I think, in a monetary matter of this kind, the provision we have at present is more satisfactory,—we say he should pay the tax, and also something more by way of penalty, which is a simple process, and I think it is a simple and equitable process and better than attempting to enter into a long and difficult prosecution which may end in imprisonment. I am sure that those who would enter into transactions of this kind, would rather pay the tax than go to prison.

Mr. M. S. Aney: Sir, you are afraid my Honourable friend has not given us any very convincing reason for discriminating the Indian position from the

practice followed in the United Kingdom. He stated that in the United Kingdom the remedy is to proceed against the defaulter penally. I believe that remedy still exists under the present Act.

The Honourable Sir Jeremy Raisman: We have excluded it. In any case in which departmental action is taken, prosecution is excluded; it is an alternative. See clause 16 (2).

Mr. M. S. Aney: The offences for which he is liable under the Indian Penal Code or any other penal law are not at all excluded, because in a composition proceedings are taken under this Act. What is excluded here.

The Honourable Sir Jeremy Raisman: 16 (2).

Mr. M. S. Aney: No prosecution for an offence against this Act shall be instituted in respect of the same facts as those in respect of which a penalty has been imposed. It will not be an offence under this Act, but it will be an offence under the Indian Penal Code. That is not excluded at all in this section. In terms of the wording of section 25, what is excluded is any criminal action against this Act and for having violated the provisions of this Act only.

Now, it not only amounts to a violation of the provisions of this Act, but it may amount to a violation of the provisions of any other Act and a prosecution under that Act is left open. Therefore, if the existence of a penal remedy is considered as a sufficient ground for not making a provision for recovering an additional penalty in this form in the United Kingdom, that ground holds good here also. Either we must provide no prosecution under any criminal law arising out of the facts which amount to a violation of anything under this Act—or we must do away with the clause of penalty that exists here. That requires to be clarified.

The Honourable Sir Jeremy Raisman: The intention was to exclude prosecution in every case.

Mr. M. S. Aney: I believe it requires to be made more specific and clear.

The Honourable Sir Jeremy Raisman: I am prepared to take steps to ensure that this intention shall be carried out, namely, no prosecution will lie on the same facts on which a penalty has been imposed on the assessee under this section.

Sardar Sant Singh: In view of this assurance, I beg leave of the House to withdraw this amendment.

The amendment was, by leave of the Assembly, withdrawn.

Babu Baijnath Bajoria: I move:

"That in sub-clause (3) of clause 10 of the Bill, after the words 'a penalty not exceeding' the words 'half of' be inserted."

I do not go so far as my Honourable friend Sardar Sant Singh, that no penalty should be levied, but what I want is that the penalty should not exceed half of the tax evaded. In a Bill of this type, which is a Bill of heavy taxation, the amount of tax, if the penalty is equal to the tax—it

[Babu Baijnath Bajoria:]

will amount practically to whole of the 100 per cent. of profits and even more than that. Probably on the 50 per cent. for which the penalty is imposed he will have to pay income-tax and super-tax. So it is not fifty-fifty as my Honourable friend, Mr. Chambers, has put it. If my amendment is accepted, it will be more than deterrent for any one who wants to dodge the tax under the provisions of this Bill. He will have to pay 25 per cent. further, it will be 75 per cent. of the profits and then on 50 per cent. he will have to pay income-tax and super-tax, and that will take away cent. per cent. of the profit. I hope that my amendment will be accepted.

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

"That in sub-clause (2) of clause 10 of the Bill, after the words, 'a penalty' not exceeding the words 'half of' be inserted."

Mr. S. P. Chambers: I am afraid I must oppose this amendment also, and I do so because I feel that the Honourable Member's arithmetic is not altogether correct. If the excess profits tax was not paid, the amount saved by the tax-payer is not the full 50 per cent., because he pays income-tax on the excess profits saved. He has to pay income-tax on the whole of the profits without having any deduction for the excess profits tax payable. I think, therefore, that the ratio is approximately 50:50. I may add that under the Income-tax Act the penalty is $1\frac{1}{2}$ times. I oppose the amendment.

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

"That in sub-clause (3) of clause 10 of the Bill, after the words 'a penalty not exceeding' the words 'half of' be inserted."

The motion was negatived.

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

"That clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 was added to the Bill.

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 11 stand part of the Bill."

Mr. Muhammad Nauman: Sir, I move:

"That in sub-clause (2) of clause 11 of the Bill, for the words 'one half thereof or to one-half' the words 'the full amount thereof or the full amount' be substituted." The object of this amendment is that full relief to the extent of double taxation should be given to those merchants who are having their business

in such foreign countries where their Governments have legislated for Excess Profits Tax. They are liable to Excess Profits Tax in those countries of origin and it is very fair that they should be given relief to the extent of the full amount that they have to pay in those countries. The Bill provides for rebate or relief of only half of the amount so paid as tax in those foreign countries or in India whichever is less. I think equity demands that they should have full relief. Otherwise double taxation remains at least to the extent of half that they are compelled to pay under the present Bill as it is. Already, under the income-tax, after the introduction of the world income system of taxation, they have to pay full one and again half income towards income-tax. I think risk of trade in foreign countries has increased and this is not the time, Sir, when instead of giving them any encouragement such a stringent legislation should be made as would rather involve them in further difficulties. I think risk of trade in foreign countries has increased with war conditions and there are greater amounts of risk for them now than in usual conditions and security of relief must be provided. I do not of course know what amount will be involved as a loss to the revenue by granting this full relief. I do not suppose it will be at all large enough to make the Government feel shy of accepting this modest amendment. I do not know how many countries have already legislated for excess profit but even those who have not legislated yet may follow suit soon.

I want to illustrate my point by quoting a concrete example to the House in order to impress upon the House the hardship which will fall if Excess Profits Tax is invoked in other countries and which is not very unexpected. When I say foreign merchants having foreign trade, naturally it includes lot of people. It is not only those Sindhis for whom my friend, Mr. Lalchand Navalrai, has been pleading. After the separation of Burma, Aden and other places, which were parts of old India, all those people who have been trading in those colonies will be sailing in the same boat and so naturally things deserve more serious consideration than they are usually considered to be. Now, I want to impress upon the House by a concrete example how this taxation is going to affect the foreign merchants if they are not going to be refused relief to the full extent of the amount paid in other countries. Suppose a person trading in Java has a standard profit of Rs. 1,00,000 and a profit of Rs. 1,50,000 in the chargeable accounting year. If the rates of income tax and excess profits tax are the same in the two countries, the approximate amount of excess profits tax and the income tax payable on this income would be as follows. Standard Profit, Rs. 1,00,000. Profit in chargeable year Rs. 1,50,000. Excess chargeable Rs. 50,000. Tax at 50 per cent. in India, Rs. 25,000. Tax at 50 per cent. in Java Rs. 25,000. Less 50 per cent. of tax paid in Java refund due in India Rs. 12,500. The net Excess Profit Tax will be Rs. 37,500. Now, Honourable Members will see that it becomes really hard when they have to pay Rs. 37,500 out of fifty thousand excess and they get no relief. Unless the Government accept this amendment and give them full relief, that is to the extent of Rs. 25,000 paid in Java, this will work as a great hardship in countries where legislation similar to ours has been passed, or may be passed. With these words I move my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in sub-clause (2) of clause 11 of the Bill, for the words 'one half thereof or to one-half' the words 'the full amount thereof or the full amount' be substituted."

Mr. S. P. Chambers: Sir, I oppose this amendment. I would like to draw the attention of the House to the fact that clause 11 of the Bill deals with double excess profits taxation, whereas clause 12 deals with the allowance of excess profits tax in arriving at income chargeable to income-tax. I mention this at this stage because there is on the paper a further amendment to clause 12. The effect of that amendment is to allow, as a deduction for income-tax purposes, the whole of the foreign tax paid in respect of profits arising in a foreign country whether that foreign country is part of the British Empire or not. That amendment will be accepted by Government if it is put, but this amendment to clause 11 would place us in rather an embarrassing position. The normal process of double taxation relief is for one country to grant part of the relief and for the other to grant further relief, so that in total the tax paid does not exceed the greater of the two amounts. Now, if the amendment were carried, the effect would be that India, without any effort on the part of the other countries, would have to allow the whole relief for the excess profits tax payable.

Mr. Muhammad Nauman: May I interrupt? You said "without any effort on the part of the other countries". I could not follow that. As a matter of fact, if there is no legislation, this clause is useless.

Mr. S. P. Chambers: May I point out that it says "allowing the full amount". This amendment is not an amendment of sub-clause (1). It is an amendment to sub-clause (2) of clause 11, and I will read the sub-clause so as to make it intelligible:

"(2) If any person, who has paid excess profits tax under this Act for any chargeable accounting period in respect of profits arising outside India in a country the laws of which do not provide for any relief in respect of excess profits tax charged in British India, proves that he has paid excess profits tax under the laws of the said country in respect of the same profits, he shall be entitled to the deduction from the excess profits tax payable in British India of a sum (in the Bill it is one-half, in the amendment it is the full amount) thereof or to one-half of the excess profits tax payable, in the said country, whichever is the less."

The question about this is that this would involve no effort on the part of the other country to enter into reciprocal arrangements. The full burden of the whole of the foreign excess profits tax would fall on the Indian exchequer. That goes further than we could allow, because, under that amendment, there will be no inducement to any country either an Empire country or any other country to enter into any arrangement with India for reciprocal relief. We would have to allow the whole of the relief, and the whole burden would fall on the Indian exchequer. That is the difficulty. We have sympathy with the Honourable Member, but I think that by allowing one-half here and allowing the whole tax paid, whether Indian or foreign, as a deduction for income-tax purposes in clause 12, we have gone as far as we can reasonably go. Sir, I oppose the amendment.

Mr. Muhammad Nauman: In view of the very good explanation given by Mr. Chambers, I wish to withdraw the amendment. I appreciate the point that it will give other countries no chance of making a settlement with us.

Mr. Deputy President (Mr. Akhil Chandra Datta): Has the Honourable Member the leave of the House to withdraw his amendment?

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division & Muhammadan Rural): I rise on a point of order, Sir. I wished to speak on this amendment, but in the meantime my Honourable friend, Mr. Muhammad Nauman, has withdrawn it.

Mr. Deputy President (Mr. Akhil Chandra Datta): Is the Chair to understand that the Honourable Member is opposing the leave being granted to withdraw the amendment?

Mr. Husenbhai Abdullabhai Laljee: Yes, if it comes to that, because I am one of the seconders of this amendment and I wish to speak on it.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has every right to oppose the leave being granted.

Mr. Husenbhai Abdullabhai Laljee: Sir, the position is this. Mr. Chambers has nicely put the case by saying that unless and until we make some such provision the other Governments will not be prepared to make a reciprocal arrangement with us. But so far as the Indian people are concerned, may I draw the attention of Mr. Chambers to the peculiar position in which we are. It is a fact that so far as the Indian Government is concerned, they are nowhere in the British Empire or outside barring Great Britain. Nobody cares for us and nobody would care for us. There is nobody to represent us. It is only our poor merchants who are trading in foreign lands on their own without any help or protection. Surely, those persons who have to have any connection with India they will certainly make their treaties through Great Britain. But so far as we Indians are concerned, we are helpless and very few and far between. We have got no Ambassadors, no Counsel, to fight about our cases there, and, further, it is preposterous to consider that for a small business that the Indians do in foreign countries, the Governments of those powerful foreign countries will try or care to make a reciprocal agreement with the Government of India. This would have been a fair proposal if we were in the same position as the Dominions. But that is not the case, Sir, as I have repeatedly said. It is with a great handicap that we have been exporting our things, and it is also with a great handicap that we have been working the cause of our country outside. Of course, we do make at times a little profit. (Laughter from European and Government Benches.) My friends are laughing. I am very sorry to see my friends laugh. I feel very much that they do so when they are in a comfortable position. When Europeans come out from their countries, they have the advantage of Government support, while I need not repeat the tale of our pitiable condition. I do not wish to say more at this stage. But I must say this that they ought not to laugh but that they should be ashamed of themselves when they see that India has nobody to help or to support her. If we get any representation or representatives in our country from the Colonies or from Great Britain, our Government is always ready to help them. Sir, this is our position—most pitiable. I do not want to introduce any heat but, surely, it is absurd to think that any little consideration will be shown to the Indian trader by those strong foreign Governments or that they will even reciprocate or offer to give something out of their taxes. That is why I appeal to the Honourable the Finance Member to realise the actual true

[Mr. Husenbhai Abdullahhai Laljee] position. Do not go by theory but realise the peculiar and pitiable position of Indians and also the position of our Indian Government as the subordinate Government of the British Empire.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (2) of clause 11 of the Bill, for the words 'one half thereof or to one-half' the words 'the full amount thereof or the full amount' be substituted."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 11 stand part of the Bill."

The motion was adopted:

Clause 11 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 12 stand part of the Bill."

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I beg to move:

"That for sub-clause (2) of clause 12 of the Bill the following be substituted:

(2) There shall also be so deducted the amount of any excess profits tax payable under any law in force in a country outside British India on the profits of the business in respect of any chargeable accounting period to the extent that such profits arose in the said country, after diminishing such amount by any amount which is allowable by way of relief by repayment, set off or otherwise under any law in the country where the tax is payable providing for the granting of relief in that country where excess profits tax has also been charged in British India:

Provided that where, under the provisions of this Act relating to deficiencies of profits or under any corresponding law in force in the said country without British India relief is given by way of repayment from excess profits tax chargeable for any chargeable accounting period previous to that in which the deficiency occurs, the amount of the deduction allowed under sub-section (1) or sub-section (2) shall not be altered, but the amount repayable shall be taken into account in computing the profits and gains of the business for the purposes of income-tax as if it were a profit of the business accruing in the chargeable accounting period in which the deficiency of profits occurs."

Sir, the amendment is a rather long one, but I shall explain its significance in a very few words. Sub-clause (1) of clause 12 of the Bill provides that the amount of excess profits tax payable shall be allowed to be deducted as an expense incurred in the course of carrying on the business. This is good. Sub-clause (2) of this clause further provides that the amount of the excess profits tax payable under any law in force in the United Kingdom or in any Indian State or in any other part of His Majesty's Dominions shall also be deducted as expense. This also is good so far as it goes. But the application of the principle should not stop at the frontiers of His Majesty's Dominions. What I urge is that this principle should be extended to foreign countries. If that is done, the ends of justice will be satisfied. That is why I move this amendment. There should not be any distinction in respect of Indian business carried on within the Dominions of His Majesty

and the Indian business carried on in any foreign country. This is a very reasonable amendment and I hope my Honourable friend, Mr. Chambers, will accept it.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That for sub-clause (2) of clause 12 of the Bill the following be substituted:

(2) There shall also be so deducted the amount of any excess profits tax payable under any law in force in a country outside British India on the profits of the business in respect of any chargeable accounting period to the extent that such profits arose in the said country, after diminishing such amount by any amount which is allowable by way of relief by repayment, set off or otherwise under any law in the country where the tax is payable providing for the granting of relief in that country where excess profits tax has also been charged in British India:

Provided that where, under the provisions of this Act relating to deficiencies of profits or under any corresponding law in force in the said country without British India relief is given by way of repayment from excess profits tax chargeable for any chargeable accounting period previous to that in which the deficiency occurs, the amount of the deduction allowed under sub-section (1) or sub-section (2) shall not be altered, but the amount repayable shall be taken into account in computing the profits and gains of the business for the purposes of income-tax as if it were a profit of the business accruing in the chargeable accounting period in which the deficiency of profits occurs."

The Honourable Sir Jeremy Raisman: I accept the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That for sub-clause (2) of clause 12 of the Bill the following be substituted:

(2) There shall also be so deducted the amount of any excess profits tax payable under any law in force in a country outside British India on the profits of the business in respect of any chargeable accounting period to the extent that such profits arose in the said country, after diminishing such amount by any amount which is allowable by way of relief by repayment, set off or otherwise under any law in the country where the tax is payable providing for the granting of relief in that country where excess profits tax has also been charged in British India:

Provided that where, under the provisions of this Act relating to deficiencies of profits or under any corresponding law in force in the said country without British India relief is given by way of repayment from excess profits tax chargeable for any chargeable accounting period previous to that in which the deficiency occurs, the amount of the deduction allowed under sub-section (1) or sub-section (2) shall not be altered, but the amount repayable shall be taken into account in computing the profits and gains of the business for the purposes of income-tax as if it were a profit of the business accruing in the chargeable accounting period in which the deficiency of profits occurs."

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 13 stand part of the Bill."

Dr. P. N. Banerjee: Sir, I beg to move:

"That to sub-clause (2) of clause 13 of the Bill the following proviso be added:

"Provided that the Excess Profits Tax Officer shall not require the production of any accounts relating to a period prior to the year 1935-36."

Sir, sub-clause (2) of clause 13 gives power to the Excess Profits Tax Officer to call for accounts without any limit of time. Now, if we look at the Income-tax Act, we find that under section 22, sub-section (4) proviso the period of time is limited to three years. After careful examination of the whole Bill it was settled when the Income-tax Act was passed that three years was a reasonable period of time. Now, why should we not stick to that limit?

There is another important consideration in this regard. Clause 22(b) of the Excess Profits Tax Bill provides that all information obtained in respect of the excess profits may be used in respect of the income-tax. If the present sub-clause is allowed to stand as it is, it would amount to amending the Income-tax Act by the backdoor. That would not be a very desirable state of things.

I do not know whether this limitation of the period has been omitted through oversight or by deliberation. I believe it has been omitted through oversight, and if it be so, I hope the Government will accept the amendment. If, however, it has been a deliberate act on the part of the Government, it deserves the strongest condemnation, because for sometime past the feeling has been abroad that the Government have not been quite straightforward in its dealings. The Government should now do their best to remove such a feeling. I hope the Government will find their way to accept my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That to sub-clause (2) of clause 13 of the Bill the following proviso be added:

"Provided that the Excess Profits Tax Officer shall not require the production of any accounts relating to a period prior to the year 1935-36."

The Honourable Sir Jeremy Baisan: I accept the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That to sub-clause (2) of clause 13 of the Bill the following proviso be added:

"Provided that the Excess Profits Tax Officer shall not require the production of any accounts relating to a period prior to the year 1935-36."

The motion was adopted.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I beg to move:

"That to sub-clause (2) of clause 13 of the Bill the following proviso be added:

"Provided that in respect of profits accruing or arising without British India the Excess Profits Tax Officer may not require production of account books maintained at the places of business without British India, if statements of accounts verified by affidavit of the tax-payer or any other person on his behalf are produced."

Under the Income-tax Act, a notice is given to the taxpayer for submitting returns, and the same kind of notice is given under clause 13 of this Bill for filing returns within 60 days, this period being fixed by the Select Committee. Further, sub-clause (2) says:

"(2) The Excess Profits Tax Officer may serve on any person upon whom a notice has been served under sub-section (1), a notice requiring him on a date to be therein specified to produce, or cause to be produced, such accounts or documents as the Excess Profits Tax Officer may require and may from time to time serve further notices in like manner requiring the production of such further accounts or documents or other evidence as he may require."

The difficulty in the matter of account books has been mentioned to the House not only now but even at the time of the new Income-tax Act. Now, due to the war, the difficulty is greater because people do not get visas or passports to come here from foreign countries and their books and documents are all there. Apart from this it has been said that Indian merchants, and specially, Sindhi merchants keep their accounts in a particular way and auditing consists in the Manager going there after two or three years and going through the accounts. Again, these accounts will be of no use to the officers and so their production should not be insisted upon. What I ask in my amendment is for some facility to satisfy the officers with regard to these accounts, in the shape of a statement of accounts, supported by an affidavit sworn by the tax-payer or any other person on his behalf. An affidavit is a serious thing and for swearing a false affidavit he may be sent to jail. Therefore I submit this little facility should be allowed.

Again, they might be asked to produce audited accounts, as under the Income-tax Act. But in those parts even to get audited accounts in these days is difficult owing to lack of qualified auditors. So I submit it should not be insisted on, specially when an affidavit is produced before the Excess Profits Tax Officer. As Government are showing reasonableness on certain amendments I hope they will see the reasonableness of this amendment and accept it.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That to sub-clause (2) of clause 13 of the Bill the following proviso be added:

"Provided that in respect of profits accruing or arising without British India the Excess Profits Tax Officer may not require production of account books maintained at the places of business without British India if statements of accounts verified by affidavit of the tax-payer or any other person on his behalf are produced."

Mr. S. R. Chambers: Sir, when the Income-tax Amendment Bill was under discussion in this House, a similar amendment was tabled and the then Finance Member, Sir James Grigg, explained that in some respects the amendment did not go quite far enough and in other ways it went a little too far. He gave an assurance that instructions would be issued to all Income-tax Officers that the foreign books should not be called for if audited statements of accounts could be produced or he went much further, if the assessment could be determined in any other way without calling for the books. That goes further, because in some cases the verified statement of accounts might not be the proper kind of evidence. And in fact, if there were no accounts maintained in exceptional circumstances, the assessee could not produce anything and this amendment would

[Mr. S. P. Chambers] not help him. I think, Sir, the method adopted, when the Income-tax Bill was in this House, is more suitable, and I understand it has been working quite well. I suggest that that is the better course here and I am prepared to give an assurance that similar instructions will be issued to all Excess Profits Tax Officers.

Mr. Lalchand Navalrai: Will the Honourable Member allow me to amend it accordingly, so that there may be a statutory provision?

Mr. S. P. Chambers: I was explaining that it is difficult to make this a matter of statutory provision, because it is really more a matter for the discretion of the Excess Profits Tax Officer, having regard to the peculiar difficulties of each individual case, and I think that the method of giving an assurance is more suitable on this occasion. If I give that assurance, perhaps the Honourable Member may see fit to withdraw his amendment with the permission of the House.

Mr. Lalchand Navalrai: Sir, I will accept the assurance, and I take it that the Honourable Member will issue instructions in the way he has said here today, because it is a very comprehensive one, and, under these circumstances, I beg leave of the House to withdraw my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Has the Honourable Member the leave of the House to withdraw his amendment?

Several Honourable Members: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is—

"That clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is—

"That clause 14 stand part of the Bill."

Babu Bafjnath Bajoria: Sir, I move:

"That to sub-clause (3) of clause 14 of the Bill the following proviso be added:

Provided however that in the case of registered firms the assessment will be made on the partners thereof in accordance with the provisions of the Indian Income-tax Act, 1922."

This is an important amendment. Sub-clause (3) reads:

"Where two or more persons were carrying on the business jointly in the chargeable accounting period, the assessment shall be made upon them jointly and, in the case of a partnership, may be made in the partnership name."

It means that even if the business is carried on in partnership, either as a registered firm or an unregistered firm, or whether the business is carried on by an association of individuals, still the assessment will be made jointly and no consideration will be given that the business is

carried on by different individuals or partners. I am leaving out the case of the association of individuals. I am also leaving out the case of the unregistered firm; I am also leaving out the case of the Hindu Joint family, though I would very much like that the adult male members of a Hindu joint family also should be assessed separately, because we fought that battle on the Indian Income-tax Amendment Bill and lost. I do not want in this amendment to make any departure from the Indian Income-tax Act as it obtains now. The assessment of a registered firm is made, not on the firm itself, but on the partners in accordance with their shares, and I do not understand how in this case the Government wants to assess the profits of the business in a lump sum and do not want to assess the individual partners separately. This will mean a very real hardship to the partners of the firm. I will give an illustration. Suppose the standard profit of a registered firm in a standard period was, say, Rs. 40,000; whereas in the chargeable accounting period, their profits amounted to say, Rs. 60,000; and there are four partners in the firm. That profit of Rs. 60,000 has been made with the joint efforts of the four partners and so each partner gets only Rs. 15,000 as his share, if their share is equal. Whereas in the standard period their personal standard profit was Rs. 10,000 only. So each of them has received only Rs. 15,000 which is much less than the minimum standard provided in this Bill. But if they are assessed collectively, in the name of the firm, then the Government will get Rs. 10,000 as they will say that there has been an excess profit of Rs. 20,000 and they are entitled to get half of that amount. This is absolutely unjust and unfair. If one person makes an excess profit of Rs. 10,000—supposing he made 30,000 before and he makes 40,000 now, then he will be charged excess profits tax on the excess of 10,000; whereas in this case, because he is doing business in partnership with others and even if his share is only 15,000, even then he will have to pay excess profits to the tune of 2,500 rupees as his share. This is not just. Earlier this morning, the Finance Member agreed to raise the minimum limit from Rs. 30,000 to Rs. 36,000—it was very kind of him to do so—but as I objected at the time to his remarks that he is making that concession so that he will not make any more concessions to partnership firms, but that concession of 6,000 rupees was given to individuals as well as to partnership and to all assessee. But that is very small compensation—practically nothing compared to the just rights of the partners of a registered firm.

There is another difficulty which I have not been able to understand. In the definition section, clause 2, it is said:

"Provided further that all businesses to which this Act applies carried on by the same person shall be treated as one business for the purposes of this Act."

I quite agree that if a person does several businesses, the businesses should be taken together and assessed collectively; but in the case of partnership, supposing one firm consists of persons A, B and C and in another firm the partners are A, B and D and in a third firm the partners are A, C and D, how is the business to be taxed? If they say that we are taxing the businesses, then will they tax those businesses separately or calculate the share of A, B and C separately, so that A, B and C can be properly assessed on the profits which they have each made during the chargeable accounting period? This is a very important point. I would like this to be explained.

[Babu Baijnath Bajoria]

Then, there may be different partners in a firm and the business may be carried on in different places; they will have to calculate the profit of separate individuals: but are they going to assess the firms? A firm is an entity here and it is an entity there. So there will be a good deal of confusion if this sub-clause remains as it is and if the definition remains as it is. The best and the easiest course and the most equitable course is to allow this amendment so that we may follow the same procedure as is being followed for the purpose of the Income-tax Act. After all, this measure is said to be only a temporary measure. We do not know whether it will be temporary or permanent, because when any income-tax is levied it is generally said to be temporary, but somehow it always remains as a permanent measure. The same thing happened with regard to the surcharges on income-tax and super-tax, and they were at last incorporated in my Honourable friend, Mr. Chambers' slab system with compound interest.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): It will not pay the Government to make this a permanent measure, I assure you.

Babu Baijnath Bajoria: Sir, I commend this amendment for the acceptance of the House.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That to sub-clause (3) of clause 14 of the Bill the following proviso be added:

"Provided however that in the case of registered firms the assessment will be made on the partners thereof in accordance with the provisions of the Indian Income-tax Act, 1922."

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions; Muhammadan Rural): Sir, I have not been able to follow my friend, Mr. Bajoria's arguments in support of his amendment. How can you differentiate between his proposal and the proposal about other companies? If there are a hundred shareholders in a company, is it intended that each shareholder should be assessed separately in a company?

Babu Baijnath Bajoria: I have already stated that in my first speech, and so I did not repeat it.

Mr. Muhammad Azhar Ali: You ought to have explained it. If you want that this principle should be applied, it ought to be applied to every shareholder of every company.

Babu Baijnath Bajoria: That is a corporation tax.

Mr. Muhammad Azhar Ali: But it ought to apply to every shareholder of every company.

Mr. Lalchand Navalrai: Just as under the Income-tax Act when the partners are registered, they are charged according to their share; will that happen here or no?

Mr. Muhammad Azhar Ali: That is for the Government to decide, but I don't see much force in the arguments of my friend, Mr. Bajoria.

Babu Baijnath Bajoria: On a point of personal explanation, Sir. As regards the question of shareholders, I stated in my first speech on the general discussion of this Bill that the shareholders cannot claim that, because the tax will be levied as a corporation tax just as supertax is levied, and it is not refunded to the shareholders.

Mr. Lalchand Navalrai: Sir, if I intervene in this debate, it is only to point out a way out of the difficulty. Under the Income-tax Act, if a firm is registered and the partners show their shares separately, then the income-tax is assessed on each partner's share, and a particular share may be excluded if it is to be excluded. The same principle will apply here too. As my friend said, every partner will require that it should be made separately. Why not, I ask? It can be done because it is under the Income-tax Act. The only requirement is that those partners should register their firm with the income-tax officer. Similarly, in this case also they may register their firms with the Excess Profits Tax officer. I think there should be no difficulty in accepting this amendment.

The Honourable Sir Jeremy Raisman: Sir, I am afraid that the hardships which my friend, Mr. Bajoria, apprehends to partners would pale into insignificance beside the hardships to which the revenue would be subjected if his amendment were adopted and if every additional partner in a firm could bring with him an immunity of Rs. 30,000 from Excess Profits Tax. I realised that there was some force in Mr. Bajoria's first case as put to the House, and I was ready to advance the exemption limit from Rs. 20,000 in the first instance to Rs. 30,000 as it is now, and I made it clear this morning that this was one of the reasons, and to this extent Mr. Bajoria may regard himself as a public benefactor, because the case he has put was very prominently in my mind, but having advanced to that point, I regret that it is quite impossible to accept the amendment which my friend has put forward and which would have a most serious effect not only on the revenue, but on the administration of the Act. Sir, I oppose the amendment.

Babu Baijnath Bajoria: What about the firms?

The Honourable Sir Jeremy Raisman: There will be no difficulty about that. The unit for assessment is a business.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That to sub-clause (3) of clause 14 of the Bill the following proviso be added:

"Provided however that in the case of registered firms the assessment will be made on the partners thereof in accordance with the provisions of the Indian Income-tax Act, 1922."

The motion was negatived.

Bhai Parma Nand: Sir, I move:

"That after sub-clause (4) of clause 14 of the Bill the following be added:

(5) That small shareholders in the registered limited companies shall be given refund on the same lines out of the Excess Profits Tax as they get under the Income-tax Act."

Sir, this is a very simple amendment. Under the Income-tax law the rule is that big companies are charged income-tax at a very high rate, and in those companies shareholders who get only a small amount of dividend and who are not liable to pay income-tax at that higher rate charged to the company, are allowed a refund from the income-tax office. The object of my amendment is that the same privilege of getting a refund should be allowed to shareholders in the companies under this Excess Profits Bill. The underlying principles of this measure are two, one is that only excess profits accruing as a result of the war conditions are to be taxed, and the second is this that the companies making profits below Rs. 30,000 or Rs. 36,000 are exempted from that taxation.

Now if a shareholder who gets only a small sum by way of dividend, say a thousand or two thousand rupees a year, is taxed according to the Excess Profits Tax ratio, that means that all those profits much below Rs. 30,000 or Rs. 36,000 are also equally taxed at the rate of 50 per cent. according to the new Bill. Therefore, my amendment only seeks that just as in the income-tax law the small shareholders are allowed to get a refund such shareholders of these companies, that pay the Excess Profits Tax, should be permitted to claim a refund, and if they are not allowed a refund that means that the exemption that is given to profits below Rs. 30,000 becomes meaningless in their case. If they are not exempted, then business men who make profits, say, Rs. 2,000 or 5,000 should be equally taxed as the small shareholders in these companies are. It is most unfair that those private business men who make much income during the war, though amounting to less than Rs. 30,000 or 36,000 should not be taxed, while small shareholders should be charged on account of excess profits made by the company.

In a way this is quite different from the partnership question because in this case, the shareholders are all registered and their income is definitely known, there is no indefiniteness about it. One plea, that the Finance Member may raise, is that this might reduce the amount of revenue very much. It will be better in that case that they should levy this tax upon all incomes that go beyond Rs. 4,000 or 5,000, and then, of course, the shareholders too could be taxed just like all other people who are doing private business. This is a simple amendment and I commend it to the Honourable the Finance Member.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That after sub-clause (4) of clause 14 of the Bill the following be added:

(5) That small shareholders in the registered limited companies shall be given refund on the same lines out of the Excess Profits Tax as they get under the Income-tax Act."

Mr. Lalchand Navalrai: The former amendment dealt with the partners in a registered firm. Now, this amendment does not deal with general partnerships, but the words used are "small shareholders" and my Honourable friend, Bhai Parma Nand, has explained that phrase, that if a

partner's share comes to Rs. 2,000 or 3,000 or 4,000 he will have to be assessed along with the other partners so that he also bears the burden of this excess profits tax.

An Honourable Member: What is the meaning of small shareholders?

Mr. Lalchand Navalrai: The Government can make a definition and we shall have no objection to it. My Honourable friend has put down, a man whose profit is Rs. 2,000. According to the Income-tax Act also, under the slab system Rs. 1,500 will be excluded and then he has to be charged. That equitable way of doing things is going to be absent from this Excess Profits Tax Bill and there is no reason for it. Justice and fairness require that we should recognise this. This Bill is even more stringent than the Income-tax Act, and therefore consideration should be shown for poor shareholders, and my Honourable friend has been very particular in using the words small shareholders. I think this concession should be given and I hope the Honourable the Finance Member will do it from two points of view, namely, one, he should show a little mercy towards the small shareholders, and secondly, equity and fairness require it.

Mr. Husenbhai Abdullabhai Laljee: I have some difficulty in supporting this amendment, but it is but fair that small shareholders should be protected. I do not know how we should define the term small shareholders, whether a person who has got five shares in a concern but worth 5,00,000 or a small shareholder means a person who has five shares but worth 5,000 is a small shareholder. That is my difficulty, but Government can devise ways and means of defining what is really meant by a small shareholder, that is, a person of small means or a person whose income is under the taxable limit, that is, Rs. 1,000, if the Government is really inclined to help the poor people. It can also be said that shareholders who are not ordinarily charged to income-tax or those persons who are ordinarily charged to income-tax on Rs. 2,000 and not more—some such thing may solve the difficulty. Some comparison was recently being made between a limited company and a partnership firm. I do feel that was not at all a right comparison. So far as limited concerns are concerned, they are more or less industrial concerns with a definite object for doing a certain business. The articles of association lay down their activities of their business and so far as ordinary partnership firms are concerned it is not so and there is a lot of difference. In partnership firm in one business they make money, and in another they lose. I am very sorry that Pandit Krishna Kant Malaviya is absent, otherwise one of his amendments was really very important so far as Indian overseas partnership is concerned and I can only appeal at this juncture to the Honourable the Finance Member. He has, of course, shown fair consideration with regard to the producing of books, with regard to Indian foreign business and the assurance that has been given is quite fair. I do hope that he will also consider this Indian foreign partnership with regard to the partnership firms, when there are partners who are non-resident

The Honourable Sir Jeremy Raisman: The Honourable Member is speaking to an entirely different amendment.

Mr. Husenbhai Abdullabhai Laljee: In that case I will withdraw, but I only wish to say that hard cases may be favourably considered, both regarding Indians in India and outside.

The Honourable Sir Jeremy Raisman: The Honourable the Mover said that this case was different from the partnership case. It is, and, in my opinion, it is infinitely weaker. Since I am opposed even to the amendment of my Honourable friend, Mr. Bajoria, I certainly could not accept an amendment of this kind. It is based, I think, on a complete confusion of thought and non-realisation of the character of an excess profits tax. The tax is a tax on the excess profits made by businesses and the machinery which is appropriate to the readjustment of the tax on the total income of a company when it comes into the hands of small shareholders seems to me to be entirely inappropriate to this special tax. Sir, I oppose the amendment.

Bhai Parma Nand: Why do you exempt all private business who make, say, Rs. 5,000 a year excess profits on account of the war?

(No reply.)

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That after sub-clause (4) of clause 14 of the Bill the following be added:

"(5) That small shareholders in the registered limited companies shall be given refund on the same lines out of the Excess Profits Tax as they get under the Income-tax Act."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 15 stand part of the Bill."

Babu Baijnath Bajoria: Sir, I move:

"That in clause 15 of the Bill, for the word 'five' the word 'four' be substituted."

This is a revision clause for profits escaping assessment. The period which has been mentioned in this clause has been given as five years whereas in the Income-tax Act it is four years.

An Honourable Member: It means four years.

Babu Baijnath Bajoria: If it is four years, then I have no objection. For the sake of uniformity, the same number of years should be there. If I am wrong I will be prepared to withdraw my amendment. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in clause 15 of the Bill, for the word 'five' the word 'four' be substituted."

Mr. S. P. Chambers: Sir, this amendment has been moved on a misapprehension. Let me explain to the Honourable Member that in the case of the income-tax assessment the assessment is made for one year on the basis of the income of the previous year. The right to re-assess is given for four years beyond the year of assessment, that is to say, it is five years beyond the accounting period in which the profits arose. Here we have no assessment years in the same sense, and, therefore, if we make a provision that re-assessment can be made for five years after the end of the accounting period, that time limit is the same as in the Income-tax Act. Perhaps after this explanation the Honourable Member will see fit to withdraw his amendment.

Babu Baijnath Bajoria: In view of the explanation given, I would like to withdraw this amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 15 stand part of the Bill."

The motion was adopted.

Clause 15 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 16 stand part of the Bill."

Sardar Sant Singh: Sir, I move:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the word 'one-fourth' be inserted, and, after the existing proviso to the sub-clause, the following further proviso be added:

'Provided further that the penalty under this section shall in no event exceed the sum of Rs. 10,000'."

Under clause 16, certain penalties are provided for two acts. One is, if, without reasonable cause, the assessee fails to furnish the return required, under sub-section (1) of section 18, and the other relates to furnishing deliberately inaccurate particulars of profits or capital. Under these circumstances, it is laid down that in the first case the penalty proposed to be levied is the amount of excess profits tax payable, and, in the other cases, he is liable to penalty of the amount of excess profits tax which would have been avoided if the return had been accepted as correct. Then, further on, in sub-clause (2) of this section, an attempt to avoid the prosecution for an offence is made. It has not, however, been made clear whether the offence under any other penal law of the country, will be applicable or not. This was the discussion this morning in relation to another clause, and I understand that the Government are willing to make it more clear than it is at present in clause 2. My amendment refers to this—that the maximum penalty should be fixed as one-fourth of the excess profits tax and that too should not exceed the limit of ten thousand rupees as a maximum. I know that it is not always the maximum that is imposed in all cases. The discretion is left. The circumstances of the case govern the penalty that is levied. But, taking all the circumstances into consideration, one fact is clear, that ten thousand rupees is sufficient penalty

[Sardar Sant Singh.]

for any such negligence or offence which may be discovered later on by the taxing officer. I suggest, therefore, that in the circumstances the majesty of the law will be fully vindicated by the maximum penalty being at rupees ten thousand. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the word 'one-fourth' be inserted, and, after the existing proviso to the sub-clause, the following further proviso be added:

'Provided further that the penalty under this section shall in no event exceed the sum of Rs. 10,000.'

Mr. M. S. Aney: Sir, I will only put in one word in support of the amendment. The object of the penalty is not to make revenue. Its main object is to make the violation of the rules laid down deterrent. So, what the Government have to find out is what shall be the really deterrent amount. I think, Sir, that the amount provided in the amendment will be sufficiently deterrent. If the provisions are allowed to stand as they are, they are not merely deterrent, but they are really oppressive. I will characterise them as oppressive. So, if the object is not to take advantage of the mistakes or the violation with a view to making revenue and I presume that is not the object—I do not see any reason why Government should not be satisfied with having an amount of ten thousand as the maximum limit for penalty which they should recover from the defaulter. I, therefore, support the amendment.

Mr. S. P. Chambers: This amendment has two parts to it. The first part intends to reduce the penalty to one quarter of the amount of the tax. I will deal with that first. Under the Income-tax Act, the maximum penalty is one and a half times the tax, but, of course, the amount of income-tax is a smaller proportion of the income than the amount of excess profits tax, but, during the discussion on the Income-tax Bill, this question of penalty was ventilated and it was explained by the then Finance Member, Sir James Grigg, that having regard to the very greatly increased responsibilities of Income-tax Officers in relation to penalties, an organisation was to be set up to see that all penalties were "vetted"—that was the expression used—or examined at headquarters to see that none of them were either unduly harsh on the one hand or unduly lenient on the other. One reason for that is that a local officer may be over-zealous and he may wish to show good results by imposing high penalties so that he may be regarded as a very good and efficient officer. That is a weakness which is difficult to stop, but a Headquarters officer, who is examining the work of another officer is in a different position, and a senior Headquarters officer will examine all penalties, however large and however small.

Babu Baijnath Bajoria: Has he refunded any penalties?

Mr. S. P. Chambers: No, on the contrary, the penalties are not imposed until they are examined, and I can say that in quite a large number of cases the recommendation of the local officer that a penalty should be imposed has been altogether over-ruled and no penalty has been imposed,

because the Headquarters officer who examined the case came to the conclusion that the mistake was a genuine one of ignorance or a petty mistake of negligence and not a deliberate attempt to avoid tax. In all these cases, the penalties have altogether been cancelled.

Now, the machinery adopted for income-tax is proposed to be used for excess profits tax, and, of course, the excess profits tax penalties are still more onerous and will, therefore, require still more careful examination. Given that, I think that to be really deterrent, the penalty should be allowed to reach the amount of the tax in the really bad cases. In other cases, it can be much smaller. But, I think, in the really bad case, where there is a definite and deliberate attempt to avoid the tax or to produce false information, there should be a right to impose a penalty equal to the amount which the assessee seeks to avoid.

Sardar Sant Singh: Where do you draw the line between the vindictive punishment and the right punishment?

Mr. S. P. Chambers: There is no attempt whatever to award vindictive punishment. The whole object is to avoid the imposition of any vindictive penalty, and I think what I have said about the examination of these cases at the Headquarters is sufficient to show that any element of vindictiveness which may be present in the local officer's mind is balanced by the separate, quiet and cold judgment of the officer or officers at the Headquarters.

Sardar Sant Singh: Suppose you want to have a vindictive punishment, what limit will you fix?

The Honourable Sir Jeremy Raisman: The Honourable Member had better look at some of the penalties that are provided under the Sea Customs Act. Sometimes they are as much as three times the duty involved.

Mr. S. P. Chambers: I now come to the second part of the amendment which provides that the penalty should in no event exceed Rs. 10,000. I am afraid this is very much like one law for the rich and another one for the relatively poor. If a man avoids ten lakhs of excess profits tax, then a penalty of Rs. 10,000 will be very insignificant. Moreover, there is always this to be borne in mind that the Excess Profits Tax Officer may not have found the whole tale even when he has imposed his penalty. There may still be an item which is not discovered. In that event, if the amount of tax is of the order of lakhs, the imposition of Rs. 10,000 would probably still leave a very large margin of profit to the assessee. For that reason, the maximum of Rs. 10,000 is altogether inappropriate.

Mr. M. S. Aney: Are you prepared to accept the first part of the amendment?

Mr. S. P. Chambers: No.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the word 'one-fourth' be inserted, and, after the existing proviso to the sub-clause, the following further proviso be added:

'Provided further that the penalty under this section shall in no event exceed the sum of Rs. 10,000.'

The motion was negatived.

Babu Baijnath Bajoria: Sir, I beg to move:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the words 'half of' be inserted."

Sir, my amendment is much better than that of Sardar Sant Singh. Instead of one-fourth, I am prepared to give one-half. Besides, my amendment has not got the objection of having one law for the poor and another for the rich. In view of the suggestion of my Honourable friend, Mr. James, I am prepared to make half the speech and I request the Honourable Member to accept half the penalty.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the words 'half of' be inserted."

Mr. S. P. Chambers: The Honourable Member has very kindly agreed to make half a speech and I will, therefore, make half a reply because most of the reply I have already given in reply to another amendment. I have said that I consider that as a maximum we should go as far as the amount of tax involved. Sir, I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in part (a) of sub-clause (1) of clause 16 of the Bill, before the words 'the amount' the words 'half of' be inserted."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 16 stand part of the Bill."

The motion was adopted.

Clause 16 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 17 stand part of the Bill."

Mr. S. P. Chambers: Sir, I move:

"That in sub-clause (2) of clause 17 of the Bill, for the word 'thirty' the word 'forty-five' be substituted."

Sir, this is merely a drafting error, and I want to correct it by moving this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (2) of clause 17 of the Bill, for the word 'thirty' the word 'forty-five' be substituted."

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That clause 17, as amended, stand part of the Bill."

The motion was adopted.

Clause 17, as amended, was added to the Bill.

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

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

"That clause 18 stand part of the Bill."

Dr. P. N. Banerjee: Sir, I beg to move:

"That after sub-clause (2) of clause 18 of the Bill the following new sub-clause be inserted and the subsequent sub-clause be re-numbered accordingly:

'(3) Any person aggrieved by the decision of the Commissioner may appeal to the High Court within thirty days of such decision.'

We have heard a good deal about equity and justice in connection with this Bill. Sir, when it is the desire of the Government 4 P. M. to do justice, let the assessee also feel assured that he will get justice. Now, how can he get justice? In this Bill, it is provided that from the decision of an Income-tax officer, there will be an appeal to an appellate Assistant Commissioner and from his decision an appeal to the Commissioner. Now, Sir, an Appellate Excess Profits Tax Commissioner as well as Excess Profits Tax Commissioner belongs to the department which is under the Central Board of Revenue. This Board of Revenue is a tax-collecting or tax-gathering department. Therefore, all these officers look at the question from the angle of vision of the tax-gatherer. Besides, the pay, promotion and prospects of these officers depend upon the good wishes of the Board of Revenue. So long as the Board of Revenue decides the claims of promotion, etc., all officers will naturally look at this question from the point of view of the amount of revenue which is realised. Therefore, it is desirable that an appeal should lie to an independent authority.

As regards income-tax, a tribunal is to be set up, but it has not yet been done. Probably it will be set up a year hence. Now, during that time there will be no real appeal to a court of justice. I desire to emphasize the necessity of appeal to a court of justice. The High Court is the most competent court to take up these appeal cases. (Interruption.) There is an appeal on question of law in regard to income-tax cases, but that has not been provided for

Mr. S. P. Chambers: May I explain to the Honourable Member that clause 21 provides that?

Dr. P. N. Banerjee: If that be so, I stand corrected. But it is desirable that on questions of fact also there should be an appeal and if this concession is made by Government a great deal of the unpopularity of the

[Dr. P. N. Banerjee.]

new tax will go away. It may be said that it is a temporary measure, but because it is a temporary measure and because people have not become familiar with it, it is necessary to give them greater confidence and in order that justice may be properly and fairly done, I urge strongly that an appeal to the High Court should be provided.

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

"That after sub-clause (2) of clause 18 of the Bill the following new sub-clause be inserted and the subsequent sub-clause be re-numbered accordingly:

"(3) Any person aggrieved by the decision of the Commissioner may appeal to the High Court within thirty days of such decision."

Mr. S. P. Chambers: Sir, may I start by saying that, in so far as questions of law in income-tax matters are concerned, there is a right of reference to the High Court under section 66 of the Indian Income-tax Act, and that the provisions of section 66 of that Act are brought into this Bill under clause 21, so that there will be a right of reference to the High Court on questions of law. In income-tax matters, there is no right of reference to the High Court on questions of fact and the attitude on this is the same in this country as in other countries, because it is deemed to be inappropriate to take questions of fact as distinct from questions of interpretation to the High Court. Questions of fact can be subject to appeal, first of all, to the appellate Assistant Commissioner. The Honourable Member suggested that the appellate Assistant Commissioner would in all cases be prejudiced against the assessee, because his prospects of promotion would depend upon the amount of revenue he obtains for the Government or the amount of revenue which he prevents the Government from losing under appeals.

Dr. P. N. Banerjee: That will be the angle of vision.

Mr. S. P. Chambers: I should like to say, first of all, that that attitude is not the attitude of persons responsible for making promotions of appellate Assistant Commissioners, who are very senior officers of the Department. The new Income-tax Act gives very wide powers, and it is specifically provided under section 5 of the Act that no orders of the Central Board of Revenue may interfere with the discretion of the appellate Assistant Commissioner in the exercise of his appellate functions. That is being put in in order to make it quite clear that the appellate Assistant Commissioner should act judicially and should not have the interests of revenue in mind. He should get the correct result and not merely try to overassess.

Then, Sir, as to the setting up of an appellate Tribunal; one must be set up before the 1st April next year. An undertaking has been given, and I think it is stated in the Select Committee Report that it would be set up as soon as possible. How soon that will be is very difficult to say, because there is a lot of work involved in setting it up, but in any event, the process of assessment which must precede any question of appeal is likely to take several months, so that the number of cases which are likely to go to appeal before an appellate Tribunal is set up is likely to be small. As far as possible the provision that an assessee should go before an independent appellate Tribunal is being made effective as soon as possible.

Then, Sir, as to the way in which difficult questions of fact are dealt with for excess profits tax purposes, there are several very difficult questions of fact, and it is for that reason that there is a right of appeal on these questions to Boards of Referees. I am referring to the provisions of clause 6 where the assessee claims that he made unduly low profit in his standard period. That is not a question of law, but a question of fact whether his circumstances are peculiar and owing to the peculiar circumstances, he has made an unduly low profit. That is a difficult question of fact, and on that there is a right of appeal to the Board of Referees. Similarly, on the question of dividing the profits and capital under clause 8, where parts of business have been transferred, there again there is a right of appeal to the Board of Referees. I suggest, therefore, that the rights of appeal which have been given on points of law are adequately dealt with in the Bill and that the rights of appeal on questions of fact are also properly dealt with, and any extension given to the High Court's jurisdiction on matters of detail affecting questions of fact would clutter up the administration in quite an unwarranted manner. Sir, I oppose.

Mr. Lalchand Navalrai: Sir, I support this amendment. An appeal lies from the Assistant Commissioner to an appellate Assistant Commissioner and now what is asked for is a right of second appeal. It is urged on the other side that the case can be submitted to the High Court as under the Income-tax Act. But questions of fact also arise and why should not there be a second appeal to the High Court from the decision of the appellate Assistant Commissioner? It is said that under the Income-tax Act a tribunal must be set up. In that case I submit that until then these decisions against which appeals would otherwise go to the High Court may, in the meantime, go to the High Court. Why should the people suffer during these months? Another suggestion that I make is that decisions in which appeals may be made may be kept pending until this tribunal is set up and considered by them. The acceptance of this suggestion will give the relief which is asked for in this amendment.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That after sub-clause (2) of clause 18 of the Bill the following new sub-clause be inserted and the subsequent sub-clause be re-numbered accordingly:

"(3) Any person aggrieved by the decision of the Commissioner may appeal to the High Court within thirty days of such decision."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 19 stand part of the Bill."

Mr. S. P. Chambers: Sir, I move:

"That in sub-clause (2) of clause 19 of the Bill, for the words 'any person made liable under this Act for the payment of excess profits tax, or any Excess Profits Tax Officer' the words 'any Excess Profits Tax Officer or any person in respect of whose business an order under section 14 has been passed' be substituted, and after the words 'Appellate Assistant Commissioner' the words 'under section 16 or section 17' be inserted."

[Mr. S. P. Chambers.]

The object of this amendment is to make it possible for the assessee to appeal even where there is no excess profits tax payable. The Bill provides for the computation of deficiencies, and, as originally worded, only the person made liable for the payment of excess profits tax had the right of appeal. This has now been amended, so that in all cases there is a right of appeal. It is merely a drafting point.

Sir, I move.

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

"That in sub-clause (2) of clause 19 of the Bill, for the words 'any person made liable under this Act for the payment of excess profits tax, or any Excess Profits Tax Officer' the words 'any Excess Profits Tax Officer or any person in respect of whose business an order under section 14 has been passed' be substituted, and after the words 'Appellate Assistant Commissioner' the words 'under section 16 or section 17' be inserted."

The motion was adopted.

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

"That clause 19, as amended, stand part of the Bill."

The motion was adopted.

Clause 19, as amended, was added to the Bill.

Clauses 20 to 25 were added to the Bill.

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

"That clause 26 stand part of the Bill."

Mr. S. P. Chambers: Sir, I move:

"That in the proviso to sub-clause (1) of clause 26 of the Bill, before the words 'the capital' the words 'the average amount of' be inserted."

This is a small drafting point which is inserted for clarification only. Sir, I move.

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

"That in the proviso to sub-clause (1) of clause 26 of the Bill, before the words 'the capital' the words 'the average amount of' be inserted."

The motion was adopted.

Babu Baijnath Bajoria: Sir, I move:

"That in part (a) of sub-clause (2) of clause 26 of the Bill, for the word and figures 'December, 1938' the word and figures 'September, 1937' be substituted."

Under part (a) special relief is given where a new business is started after 1st December, 1938. It is a very recent date and very few companies or business can take advantage of this provision. I should like this date to be altered to September, 1937, so that companies which started business two years before the chargeable accounting period under this Act begins will get special relief.

This clause No. 26 has often been referred to by Mr. Chambers as providing a cure for all diseases and hardships in respect of this Bill. I hope and trust that hard cases will not have hard luck when they come up to the Central Board of Revenue. I wish the Honourable the Finance Member to tell me whether it will be for the assessee to go up to the heights of Simla or come up here in Delhi for each and every relief and to employ highly paid advocates and lawyers to represent their case; or whether in cases of hardship the Excess Profits Tax Officer or the inspecting Assistant Commissioner will themselves take up the case to the Central Board of Revenue for relief under this clause, and as regards these new businesses I would like the date to be changed from 1st December, 1938 to 1st September, 1937. This is a modest amendment and I think the Government will see their way to accept it.

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

"That in part (a) of sub-clause (2) of clause 26 of the Bill, for the word and figures 'December, 1938' the word and figures 'September, 1937' be substituted."

Mr. S. P. Chambers: Sir, this sub-clause gives power to the Central Board of Revenue to give relief in certain special circumstances. The object of putting in a date there was to give relief to those new businesses—run more by partnership and individuals than by a company—where the business having been started quite recently the amount of capital employed owing to the nature of the business is very small, and, therefore, a percentage on capital might be a quite ridiculous standard profit. Let me take the example of a broker in a jute exchange or produce exchange or something of that kind. In this case, the amount of capital is small in relation to the total volume of the business; and having started after a date when they have any access to a standard period, they have to take a percentage on capital which would be quite unfair. In putting in the date 1st December, 1938, what was in mind was that there was a period of at least nine months between that date and the 1st September, 1939, and it was thought at that time that there would be in those cases an available standard period. But it has since been pointed out that the last standard period available must under clause 6, as it now stands, end not later than the 31st March, 1939, and not on the 1st September, 1939. For this reason, the date, the 1st day of December, 1938, should, therefore, go back, at least as far back as July, 1938, so that there is at least nine months of available standard period. To go back beyond that would be giving extra relief in cases where, although special circumstances were present, there are available standard periods, and, therefore, the ordinary process of appeal against the profits of a standard period would be more appropriate. What I would like to suggest therefore is that although we are unable to accept the date suggested by my Honourable friend, if he could, with the permission of the House, substitute for his date, the date 1st day of July, 1938, we could accept that amendment. May I ask the Honourable Member whether he will be prepared to accept that suggestion?

Babu Baijnath Bajoria: I am prepared to accept that suggestion. Sir, may I substitute the words "1st July, 1938" for "September, 1937"?

Mr. President (The Honourable Sir Abdur Rahim): The amendment has to be withdrawn and a fresh amendment moved.

Babu Baijnath Bajoria: All right, Sir. I beg leave of the House to withdraw my amendment.

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member the leave of the House to withdraw his amendment?

Several Honourable Members: Yes, yes.

The amendment was, by leave of the Assembly, withdrawn.

Babu Baijnath Bajoria: Sir, I move:

"That in part (a) of sub-clause (2) of clause 26 of the Bill, for the word and figures 'December, 1938' the word and figures 'July, 1938' be substituted."

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

"That in part (a) of sub-clause (2) of clause 26 of the Bill, for the word and figures 'December, 1938' the word and figures 'July, 1938' be substituted."

The motion was adopted.

Sardar Sant Singh: Sir, I move:

"That after part (b) of sub-clause (2) of clause 26 of the Bill, the following be inserted:

"(c) that the business is of a pioneer nature, that is to say, is concerned with an industrial process or a form of manufacture or production not undertaken in British India before the 1st day of April, 1932, and has not been in existence long enough to have paid income-tax for the previous year as determined for the purpose of the income-tax assessment for the year beginning on the 1st day of April, 1937."

In commending this amendment to the Government for acceptance, I want the Central Board of Revenue, when considering other suggestions where the relief is not full in accordance with the other provision of the Act, may be pleased to consider the case of the nascent industries also. The importance of this has been emphasised in the various speeches, and I need not repeat the same arguments over again. I think the Honourable the Finance Member is fully aware of the anxiety of the small industries to be protected from the Excess Profits Tax, but what I want is whether the income-tax year 1937-38 is to be included with regard to this consideration and also whether the profits made in the year 1938-39 or after are entitled to claim for relief. Under the circumstances, if my amendment is accepted

Sir H. P. Mody: Do not raise too many hares.

Sardar Sant Singh: All right, Sir. Without raising any other points, I move my amendment.

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

"That after part (b) of sub-clause (2) of clause 26 of the Bill, the following be inserted:

"(c) that the business is of a pioneer nature, that is to say, is concerned with an industrial process or a form of manufacture or production not undertaken in British India before the 1st day of April, 1932, and has not been in existence long enough to have paid income-tax for the previous year as determined for the purpose of the income-tax assessment for the year beginning on the 1st day of April, 1937."

The Honourable Sir Jeremy Raisman: Sir, I am glad my Honourable friend has brought this amendment forward, and I have pleasure in accepting it. I think that it will be a considerable improvement on the clause 26 as it already stands and will afford a channel for a very desirable form of relief.

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

"That after part (b) of sub-clause (2) of clause 26 of the Bill, the following be inserted:

"(c) that the business is of a pioneer nature, that is to say, is concerned with an industrial process or a form of manufacture or production not undertaken in British India before the 1st day of April, 1932, and has not been in existence long enough to have paid income-tax for the previous year as determined for the purpose of the income-tax assessment for the year beginning on the 1st day of April, 1937."

The motion was adopted.

Sardar Sant Singh: Sir, I move:

"That in sub-clause (3) of clause 26 of the Bill, for the word 'either' the word 'any' be substituted."

Sir, my proposal is that the word 'either' is not applicable and the word 'any' is the proper word and it will be applicable.

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

"That in sub-clause (3) of clause 26 of the Bill, for the word 'either' the word 'any' be substituted."

Mr. S. P. Chambers: We have no objection to accepting this amendment.

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

"That in sub-clause (3) of clause 26 of the Bill, for the word 'either' the word 'any' be substituted."

The motion was adopted.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, I move:

"That in part (a) of sub-clause (3) of clause 26 of the Bill, after the words 'or repairs' the words 'or replacement of original asset' be inserted."

Sir, the shipping industry is in its infancy in India, and this amendment is very important so far as the shipping industry is concerned. The sub-clause in question provides for allowances in cases where, owing to postponement or suspension or renewals or repairs on account of reasons connected with the war, the basis of computation of profits provided in the Schedule is negligible. Let us take an instance. There may be occasions when the whole asset may be lost on account of the war, and the loss of a ship is an instance in point. The benefit of the allowance would justifiably, therefore, be extended to replacement of the original asset which has also to be postponed on account of the war. In the Finance Act, No. II of 1939, the Report of the Joint Taxation Committee of the Chamber of

[Sir Abdul Halim Ghuznavi.]

Shipping and the Liverpool Steamship Owners' Association mention this. It is very important, and I should like to place a portion of what they say before the House. They say:

"Temporary investments from proceeds of sales or losses and of accumulation of reserves for annual wear and tear should be treated as capital employed in the business, as far as the proceeds from sales or losses are concerned, if the investments are applied to the purchase of new tonnage within a period of say 6 years. In the administration of the old Excess Profits Duty the practice was to allow the invested proceeds as capital employed in the business, subject to proof of subsequent utilisation of the investments within a reasonable period in the business. It is important that shipping should secure that similar treatment will be accorded for Excess Profits Tax and if an assurance to this effect is not obtained, amending legislation should be pressed for."

Sir, I move.

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

"That in part (a) of sub-clause (3) of clause 26 of the Bill, after the words 'or repairs' the words 'or replacement of original asset' be inserted."

Mr. S. P. Chambers: Sir, I think this amendment has been tabled on a complete misapprehension of the position. I am aware that a similar representation has been made in the United Kingdom, and in the law of the United Kingdom a provision of this kind would be a reasonable provision and would be necessary, if the conditions are as stated by my Honourable friend, but in India we have a much more liberal allowance in respect of replacement of assets. In the United Kingdom, if an asset has become obsolete or has been lost and subsequently replaced, and the amount of loss is an allowable deduction, then there is an overriding condition laid down in Schedule D of the United Kingdom Income-tax Act of 1918 saying that no allowance shall be given unless and until the asset is replaced. That, however, is not the law in India. The allowance can be given if it is due, whether or not it is replaced. Therefore, the postponement of replacement of the assets in the event of being lost does not in any way affect the allowability or otherwise of the deduction claimed. For these reasons, the amendment is unnecessary, and I oppose it.

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

"That in part (a) of sub-clause (3) of clause 26 of the Bill, after the words 'or repairs' the words 'or replacement of original asset' be inserted."

The motion was negatived.

Dr. Sir Ziauddin Ahmad: Sir, I beg to move:

"That to part (b) of sub-clause (3) of clause 26 of the Bill the word 'or' be added at the end, and after the part, as so amended, the following new part be inserted:

"(c) difficulties in bringing into British India income arising outside British India where the country in which the income accrued prohibits or restricts by its laws the remittance of money to British India, and loss in the remittance to British India of such income because of fluctuations in the rate of exchange between that country and British India;"

Sir, we had more than a dozen speeches on this particular topic for a long time. Some of my friends wanted to give certain facilities to those people trading in foreign countries where restrictions exist about taking money out of the country. It was also pointed out that there were certain

exchange difficulties. Suppose we charge the Excess Profits Tax in a particular year at a given rate of exchange and the money is not brought to this country but it is brought at a later date when the rate of exchange is altered, and on account of this fluctuation in the rate of exchange the amount of profit will be seriously affected. Therefore, some of my friends wanted to have some kind of provision to help such traders abroad. But my difficulty is this, if you have this facility, then more Germans and Russians will come in than the Allies; the other difficulty was that the Indian States not being within British India will come under that clause. In this particular case I give power to the Central Board of Revenue to consider such cases and remove the hardships if any, so that the Central Board of Revenue will be able to distinguish between genuine cases in which difficulties have arisen from those of a purely trivial nature. I think my friends, Messrs. Nauman and Lalchand Navalrai, pressed their case in season and out of season more often than I pressed the case of excess profit of iron and steel, but I think the right place to give them relief is this particular amendment, though I have not found out a right place as yet for iron and steel. Perhaps, somebody may help in this particular matter. We all desire that some relief may be given in genuine cases and the Central Board of Revenue is the best authority where this relief can be given. They will examine each case and if they are satisfied that the case is a genuine one, they will give relief according to merits.

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

"That to part (b) of sub-clause (3) of clause 26 of the Bill the word 'or' be added at the end, and after the part, as so amended, the following new part be inserted:

"(c) difficulties in bringing into British India income arising outside British India where the country in which the income accrued prohibits or restricts by its laws the remittance of money to British India, and loss in the remittance to British India of such income because of fluctuations in the rate of exchange between that country and British India;"

The Honourable Sir Jeremy Raisman: I accept this amendment.

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

"That to part (b) of sub-clause (3) of clause 26 of the Bill the word 'or' be added at the end, and after the part, as so amended, the following new part be inserted:

"(c) difficulties in bringing into British India income arising outside British India where the country in which the income accrued prohibits or restricts by its laws the remittance of money to British India, and loss in the remittance to British India of such income because of fluctuations in the rate of exchange between that country and British India;"

The motion was adopted.

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

"That clause 26, as amended, stand part of the Bill."

The motion was adopted.

Clause 26, as amended, was added to the Bill.

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

"That clause 27 stand part of the Bill."

Dr. Sir Ziauddin Ahmad: Sir, I move:

"That to sub-clause (1) of clause 27 of the Bill the following proviso be added:
 'Provided that a copy of these rules is deposited in the Library of the House'."

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

"That to sub-clause (1) of clause 27 of the Bill the following proviso be added:
 'Provided that a copy of these rules is deposited in the Library of the House'."

Mr. S. P. Chambers: The rules in question are rules which, under the law, as framed, will be published, and as they have to be published, there is no use in providing specially in the Bill itself that copies should be deposited in the Library of the House. They have to be published for criticism.

Dr. Sir Ziauddin Ahmad: I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

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

"That clause 27 stand part of the Bill."

The motion was adopted.

Clause 27 was added to the Bill.

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

"That Schedule I stand part of the Bill."

Mr. S. P. Chambers: I move:

"That in Rule 1 of Schedule I to the Bill, the words 'or would be so computed if income-tax were chargeable on those profits' be omitted."

The object of the words that were originally there was to make sure that, even if the income-tax was not chargeable, the profits should be properly computed for excess profits tax, but since a new rule has been inserted which is now rule 2, these words are unnecessary, and, therefore, as a consequential amendment, I move that they be deleted.

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

"That in Rule 1 of Schedule I to the Bill, the words 'or would be so computed if income-tax were chargeable on those profits' be omitted."

The motion was adopted.

Mr. Lalchand Navalrai: I move:

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in computation of profits accruing or arising without British India, the standard profits and the profits of the chargeable accounting period may at the option of the person carrying on the business be computed at the rate of exchange appropriate to the standard profit or the chargeable accounting period'."

This Schedule makes rules for the computation of profits for the purpose of Excess Profits Tax. This amendment which relates to traders whose profits arise without British India—the question is with respect to the exchanges. The exchange rate may be one appropriate to the standard profit, and at the time of the chargeable accounting period the exchange may be different, and this amendment asks that an option should be given to that person to choose the exchange at which his profits should be computed. The option should be either the rate of exchange at the time of the standard profit or the rate at the time of the chargeable accounting period. As regards amendment No. 117 it was left to the discretion of the Central Board of Revenue, and I submit that in this case also a provision be made that the Central Board of Revenue or the income-tax officer should give the option to the person to have his profits determined according to one or the other rate of exchange. Many difficulties arise in considering the rates of exchange, and people who are there will know exactly what the exchange there was at a particular time which may not be known to the Government here, and if the Government say that there is no such provision to give an option the man suffers. Therefore, I submit that this amendment should be accepted, but if the Honourable Member is not in a mood to do so, if he can give an assurance that this will also be considered by the Central Board of Revenue—if an assurance to that effect is given, then I may ask for leave to withdraw the amendment. But I want an assurance that the question of option will be considered by the Central Board of Revenue with regard to these exchanges.

Under clause 26 even this point can be considered by the Central Board of Revenue. Either this amendment may be accepted by the House or an assurance to that effect may be given. That would also be sufficient. Sir, I move.

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

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in computation of profits accruing or arising without British India, the standard profits and the profits of the chargeable accounting period may at the option of the person carrying on the business be computed at the rate of exchange appropriate to the standard profit or the chargeable accounting period'."

Mr. S. P. Chambers: Sir, I oppose this amendment. Relief has already been given by the acceptance of amendment No. 117 and the effect of the relief which will be given under that sub-clause is this, that where any exchange loss was incurred during the chargeable accounting period, or where, owing to difficulties in bringing in the profits in that period, the profits could only be brought in at a later date and were then brought in when the exchange was less favourable, in all those circumstances the exchange loss will be allowed in the chargeable accounting period. Therefore, as far as I can gather, all possible cases have been provided for, but this amendment goes further and suggests that the assessee should have the best of both worlds. He should be able to go back to the standard period and have his profits in the chargeable accounting period computed by reference to a rate of exchange which may have no relation whatever to the rates in force during the chargeable accounting period. The rates in 1935, and 1936, in many countries in relation to India are entirely different or may be entirely different from what there are in 1940 or will be in

[Mr. S. P. Chambers.]

1941 and to give the assessee an option to choose one or the other seems to be quite inappropriate. We have given them all the relief which can reasonably be asked for in No. 117. Sir, I oppose the amendment.

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

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in computation of profits accruing or arising without British India, the standard profits and the profits of the chargeable accounting period may at the option of the person carrying on the business be computed at the rate of exchange appropriate to the standard profit or the chargeable accounting period'."

The motion was negatived.

Mr. Husenbhai Abdullabhai Laljee: Sir, I move:

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in the computation of the profits of the chargeable accounting period the profits arising out of exchange and currency fluctuations shall be excluded for the purposes of this Act'."

Sir, in the previous motion that was moved, option was asked for the assessee so that he can adjust his profits and loss according to the condition of the market. As the man will make losses owing to war circumstances, why should he not make a profit if luckily he gets it. The object of the Act is if the profits arise out of business then the Government can legitimately tax it but if the business was of a special kind, then the currency and exchange profit should not be taxed. In view of the fact that the Government have accepted Amendment No. 117, the Central Board of Revenue can very well consider this aspect of the question and try to meet those persons who make profit not out of actual business. A great stress has been laid with regard to the business and not any extraneous matter. In fact even the partners are not considered. That is the very element of the constitution of the firm is not considered. The business is only considered. I say that if the business was of exchange, certainly profit and loss of the exchange may be charged but if the profit is not as a result of the actual exchange business of the firm, in all fairness, the Central Board ought to take that into consideration. With these words I move my amendment.

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

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in the computation of the profits of the chargeable accounting period the profits arising out of exchange and currency fluctuations shall be excluded for the purposes of this Act'."

Mr. S. P. Chambers: Sir, there is a little more in this amendment than may appear at first sight. There are certain exchange profits which are not liable to income-tax. Where an assessee remits capital sums and where that results in a profit that profit may normally not be liable to income-tax. If he is not liable to income-tax, he will not be liable to excess profits tax unless there is a specific provision in the Bill to make it so liable. My Honourable friend said that if profits are made which do

not arise out of the actual transactions of business they should not be charged to excess profits tax. If I understood him correctly, he also said that as these were not chargeable to income-tax they should not be chargeable to excess profits. The answer is that if they are part of the ordinary trading profits and are liable to income-tax, there is no reason why they should not be liable to excess profits tax because corresponding losses are allowable both in the income-tax assessment and in the excess profits tax assessment. If they are not liable to income-tax, they are also not liable to excess profits tax. Therefore, no amendment of this kind is necessary. I oppose the amendment.

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

"That to Rule 1 of Schedule I to the Bill, the following further proviso be added:

'Provided further that in the computation of the profits of the chargeable accounting period the profits arising out of exchange and currency fluctuations shall be excluded for the purposes of this Act'."

The motion was negatived.

REPORT OF THE COMMITTEE ON CONVEYANCE ALLOWANCES ADMISSIBLE TO MEMBERS OF THE INDIAN LEGISLATURE.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Sir, I beg to present the report* of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 20th March, 1940.

*Printed as an appendix to these debates, vide pages 1582-84.

APPENDIX.

Report of the Committee appointed in pursuance of the Resolution adopted by the Legislative Assembly on the 12th February, 1940, to consider the question of conveyance allowances admissible to Members of the Indian Legislature.

On the 12th February, 1940, the following Resolution was moved in the Legislative Assembly :

"This Assembly recommends to the Governor General in Council to amend the rules governing the grant of travelling and other allowances to Members of the Indian Legislature so as—

(1) to abolish the right to draw free haulage of a motor car or of a carriage and two horses from the station nearest to the Member's official headquarters or other place of residence to New Delhi and back and in addition a petrol or forage allowance at the rate of Rs. 75 per mensem for the period for which a Member is entitled to draw daily allowance with the result of leaving all Members to draw the conveyance allowance now admissible to a Member who does not bring a conveyance for his own use, and

(2) to confine the right to the enhanced conveyance allowance of Rs. 5 per diem, now admissible to any Member who resides outside New Delhi, to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi".

As the result of an amendment moved by Mr. Boyle, the following Resolution was adopted :—

"This Assembly recommends to the Governor General in Council to appoint a Committee representative of all parties in both Chambers to consider the necessity or otherwise of amending the rules governing the grant of conveyance allowances to Members of the Indian Legislature".

2. We, the undersigned members of the Committee appointed in pursuance of this Resolution, have discussed the question of the allowances of Members of the Indian Legislature in all its aspects but we have confined our practical conclusions to the two questions raised by the original Resolution moved on behalf of Government and reproduced in paragraph 1 of this Report. On the first of those questions the majority of us feel that, if the free haulage concession were abolished, the allowances admissible to Members should, in fairness to them, be increased to an extent which would more than counter-balance the saving to public revenues accruing from the abolition of the haulage concession. We, therefore recommend that the haulage concession be retained as it stands. We feel, however, that the question would merit further consideration if arrangements could be made with a contractor for the supply of hired cars for the whole-time service of Members at more economical rates than now prevail and we recommend an examination of the possibility of such arrangements.

3 On the second question, we considered an alternative to the proposal embodied in the Resolution moved on behalf of Government, namely, that, in view of the fact that living in Old Delhi is generally speaking less expensive than living in New Delhi, the extra concessions admissible to Members living in Old Delhi should be wholly abolished. We were, however, unable to agree to the adoption of this alternative and we have decided to recommend the adoption of the proposal embodied in the original Resolution, namely, that the right to the enhanced conveyance allowance should be confined to such Members residing outside New Delhi as have applied for and failed to obtain Government accommodation in New Delhi.

ZAFRULLA KHAN.

M. MUAZZAM.

F. E. JAMES.

*M. A. GHANI.

*SANT SINGH.

S. N. MAHTHA.

M. S. A. HYDARI.

H. IMAM.

K. GOVINDACHARI.

*Subject to a note.

NOTE.

We think that the present rules governing the grant of travelling and other allowances to Members of the Indian Legislatures contain some anomalies and therefore require re-examination. We were glad therefore, when Government came forward with their Resolution to amend those rules. The Committee of both Councils of Legislatures was appointed and held sitting on 17th of March last. We regret to say that fuller details were not made available to the Committee to deliberate on all aspects of this important question. We therefore suggested that this committee should continue to function and should be asked to further investigate into the matter.

We, however take this opportunity to record our view on the matter of allowances for use in any future enquiries on the subjects. We submit that the line of approach to the question should be such as to facilitate the work of the Legislators by providing necessary conveniences consistent with the dignity and status befitting the position of Members of the Central Legislatures. The object of allowance is obviously to indemnify the Members for any expenditure that they may incur on travel from and to their headquarters and for maintaining an additional establishment in Delhi. For this purpose the Government has built good and decent quarters for the Members in New Delhi and permits free haulage of motor cars from the station nearest to the Member's official headquarters to New Delhi and back. In addition to free haulage conveyance allowance at the rate of Rs. 75 p. m. is admissible to Members living in Old Delhi. The present motion was to abolish free haulage and the right to enhanced conveyance allowance of Rs. 5 per diem now admissible to any Member who resides outside New Delhi. We agree that now that the facilities for residence in New Delhi have considerably increased and the new quarters have been built by the Government at a great expense the distinction between the residence in New Delhi and Old Delhi should be done away with. As a matter of fact the rules should be as where such accommodation is not available for Members for their residence that exception should be made. There are at present 141 Members in the Legislative Assembly of which 21 are Officials and 58 Members in the Council of State of which 11 are Officials. The accommodation thus necessary for Members of Central Legislature is about 168. If we include some of the Official Members who require residence as well the accommodation for about 180 will be necessary. The quarters now available in Delhi do provide such accommodation either in orthodox bungalows or in Western Court. Therefore, there does not seem to be any reason why the Members should ordinarily live outside such accommodation. But we do not recommend the hard rule compelling every Member to live in such quarters. We will recommend that discretion should vest with the President of respective Houses to grant permission under special circumstances to a Member to live in any other place which is neither his residence nor the Government quarters.

As regards the haulage of motor cars total cost of the Government is estimated to be about 65 thousand rupees per annum. In addition to it the Government incurs something like 80 thousand rupees in the shape of conveyance allowance to Members who do not bring their cars with them. Thus the total amount comes to something like 1 lakh 45 thousand rupees. We will, therefore, suggest that if a flat rate of 150 rupees per Member be sanctioned for conveyance allowances in Delhi and haulage is stopped the total cost will come to about 30 thousand rupees a month. Taking both the Sessions to extend over a period of 3½ months the total cost will be about a lakh of rupees. Thus the saving to the Government will be 45 thousand rupees annually, 150 rupees a month in Delhi would enable the Members to hire a decent car and the Committee has suggested that the Labour Department should investigate into the question of hiring the cars for the use of Members during the Session of the two Houses. We take this opportunity to draw the pointed attention of the Government to the high rents charged for quarters in New Delhi. The general rule governing the rents of such quarters is that certain percentage of the cost price of a quarter or 10 per cent. of the salary of the occupier whichever is less. Thus the maximum amount chargeable is 10 per cent. of the salary of the occupier. In such a case it can safely be presumed that all Government quarters are not fetching that much rent which its cost probably warrants. Therefore if the Members demand that the rent charged for these quarters should not exceed 10 per cent. of the allowances which are eligible to a Member; this demand is very reasonable and should be conceded in order to further persuade the Members to occupy these quarters. We therefore recommend :

- (a) That the free haulage of motor cars be stopped.
- (b) That a convention, if not a rule, be established in pressing the desirability on the Members to live in accommodation provided by the Government.

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- (c) That a flat rate of Rs. 150 a month for the period during which the Central Legislature is in session be sanctioned.
- (d) That the rate of the rent of Government quarters be reduced to 10 per cent. of the daily allowances eligible to a Member.

In the end we will suggest that the Government should examine the following two questions as well:

- (a) That the Members of the Central Legislature should be paid at the basis of monthly allowances eligible throughout the year as is the case in Great Britain regarding the Members of Parliament;
- (b) That instead of allowing $1\frac{3}{5}$ first class fares to Members from and to their headquarters, first class passes for travel in all Railways be granted to Members. These passes should be available for a Member for use in their constituency throughout the year in order to enable the Members to educate their constituencies in matters relating to their duties as legislators whenever the occasion demands.

SANT SINGH.

M. A. GHANI.

LEGISLATIVE ASSEMBLY.

Wednesday, 20th March, 1940.

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.

REDUCED RATES OF FOOD AND REFRESHMENTS FOR RAILWAY EMPLOYEES.

452. **Maulvi Mahammad Abdul Ghani:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that food and refreshments are sold to railway employees at reduced rates or half rates of what they are sold at to the travelling public? If so, on which Railways and at what varying rates for the employees and the travelling public?

(b) Is it a fact that, on Assam Bengal Railway, European refreshment rooms sell food to railway employees at half the charges charged from passengers?

(c) Is such concession made to railway employees by the Indian refreshment rooms and the platform vendors?

(d) Is one anna a month charged as rent from the European caterers on Assam Bengal Railway for catering rooms?

The Honourable Sir Andrew Clow: (a) Generally speaking, Refreshment Room and Dining Car contractors have agreed to supply railway employees with food at rates lower than those sanctioned by the Administration for charge to the public. As regards the second part of the question, I understand that such contractors on all major railways give concessional rates which vary approximately between 10 and 33 per cent., according to the nature of the meal supplied but that on some items of refreshment no concessional rates are given.

(b) No.

(c) On the assumption that the question refers to the Assam Bengal Railway, the reply is in the negative.

(d) The Assam Bengal Railway charge a nominal rent of one anna per month.

Mr. Lalchand Navalrai: Why is it that this concession is made to them? Is it because they work as watch-dogs over them?

The Honourable Sir Andrew Clow: I do not think so. It is a long-standing concession, and I presume it has some relation to the fact that a good deal of custom is secured thereby.

Mr. Lalchand Navalrai: May I have a definite answer from the Honourable Member whether it is not a fact that this concession is given to them because they are the Inspectors over their food? Is the same concession being given to the other Inspectors also who actually inspect?

The Honourable Sir Andrew Clow: I do not think it is a concession confined to Inspectors.

Maulvi Muhammad Abdul Ghani: Is it not a fact that they are being given bribe?

The Honourable Sir Andrew Clow: Not when recognised rates are laid down.

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

MEMORIAL SUBMITTED BY THE TRAIN CLERKS OF THE NORTH WESTERN RAILWAY.

463. *Shaikh Rafuddin Ahmad Siddiquee: Will the Honourable the Railway Member be pleased to state whether he is aware that train clerks of the North Western Railway submitted to the General Manager, North Western Railway, memorials No. 12, dated the 3rd March, 1939, and No. 13, dated the 22nd September, 1939, and if so, what action was taken on those memorials?

The Honourable Sir Andrew Clow: As regards the first part, I have seen a copy of memorial No. 13 submitted to the General Manager, North Western Railway, by the Trains Clerks Association. As regards the latter part, Government have taken no action on the memorial which is addressed to the General Manager, North Western Railway.

Mr. M. S. Aney: What is the subject on which the memorial was sent?

The Honourable Sir Andrew Clow: From the memorial itself, it is difficult to summarize precisely what the subject is. The general plea is that "the Trains Branch should be made attractive so that nobody should hesitate to go in" and it refers to previous requests.

PROVISION OF UNIFORMS TO THE TRAIN CLERKS ON THE NORTH WESTERN RAILWAY.

464. *Shaikh Rafuddin Ahmad Siddiquee: Will the Honourable the Railway Member be pleased to state whether it is a fact that train clerks on the North Western Railway have to work for major part of their time in the yard in all sorts of weather and that, while the staff working with the train clerks in the yards is provided with uniforms by the Railway, the train clerks are given no uniform, although train clerks serving in other State-owned Railways discharging similar duties are provided with uniforms, and if so, whether Government propose to remove this grievance of train clerks?

The Honourable Sir Andrew Clow: The answer to the first part is in the affirmative. As regards the second part, the uniform issued to staff on railways is laid down by General Managers and differs on different

railways. On the North Western Railway, train clerks are issued with overcoats and, in some cases, with waterproof coats. As regards the last part, the matter is one within the competence of the General Manager, North Western Railway, and Government do not propose to interfere.

RETRENCHMENT OF SEARCHING-PORTERS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

465. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Railway Member be pleased to state:

- whether searching-porters in Delhi Division, North Western Railway, have been retrenched;
- if so, whether Government are aware that, as a consequence of such retrenchment, train clerks have no one to show them light when recording particulars of trains in yards at night and that they have to carry the necessary registers, or cards, writing material and lamps and are put to great inconvenience, besides injury to their eye-sight and lungs done by the kerosine oil lamps which they have to carry for the purpose; and
- if the above state of things exists, whether Government propose to make some arrangements for light being shown to train clerks when working in yards at night?

The Honourable Sir Andrew Clow: (a) Yes.

(b) I understand that where searching-porters were employed these porters were utilised by train clerks to carry their lamps although this was not the purpose for which they were specifically provided. At stations where searching-porters were not sanctioned, train clerks have always carried their own lamps. It is more convenient to have one's lamp carried than to carry it oneself, but I have no reason for supposing that the carrying of lamps produces the results suggested by the Honourable Member.

(c) Trains clerks requiring them are each provided with hand lamps, and no other steps are contemplated.

Mr. Lalchand Navalrai: Does the Honourable Member know that these train clerks carry the lamp in one hand and write with the second hand with great difficulty? Will the Honourable Member, therefore, make some arrangement to give them some help so that they may be able to do their work better?

The Honourable Sir Andrew Clow: I am not prepared to provide staff for this purpose.

Mr. Lalchand Navalrai: Even when they undergo this difficulty?

The Honourable Sir Andrew Clow: Most Government servants have to face some difficulty and inconvenience in their service.

Mr. Lalchand Navalrai: If they carry the lamps also, there will be loss of time, because they shall have to keep the lamps down and then write and that will take time?

The Honourable Sir Andrew Olow: I have said in my answer that it is more convenient to have one's lamp carried than to carry it oneself.

DEMOTION OF STAFF AS TRAIN CLERKS ON THE NORTH WESTERN RAILWAY.

466. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that on the North Western Railway staff serving in other categories are frequently demoted as train clerks, which very often has the effect of making senior train clerks juniors of those demoted and blocking the formers' promotion;
- (b) whether the majority of train clerks in the North Western Railway remain at the end of the grade of Rs. 30—3—60 for as many as 15 years and even more, and, if so, whether Government propose to consider the advisability of amalgamating grades 1 and 2, or, in the alternative of providing a larger number of higher grade posts in order to create an opportunity of speedier promotion for train clerks;
- (c) whether it is a fact that railway staff recruited on the basis of the same educational qualifications as train clerks has much greater chances of promotion than train clerks, and, if so, whether Government propose to take steps to bring train clerks up to the level of other subordinate staff in the matter of promotion; and
- (d) whether it is a fact that on other State-owned Railways (East Indian Railway, Great Indian Peninsula Railway) train clerks are promoted to Interchange Stock Verifiers and Tracers, while on the North Western Railway such promotion is denied to train clerks, and is given to the General Manager's office clerks, in spite of the fact that train clerks possess better experience of the kind of work entrusted to Interchange Stock Verifiers and Tracers; and, if so, whether Government propose to throw open such promotions to train clerks?

The Honourable Sir Andrew Olow: (a) No. Such cases are rare.

(b) The answer to the first part is in the negative. The second part does not, therefore, arise, but I would refer the Honourable Member to the observations on this subject made in my reply to Mr. Joshi's question on 26th February.

(c) Prospects of promotion depend on many factors and are not governed by the educational qualifications of the staff recruited. It is not practicable to ensure equal chances of promotion to staff with the same educational qualifications in different departments or divisions of the Railway.

(d) The normal channel of promotion for out-door clerks is laid down in the rules for the recruitment and training of non-gazetted staff on State-managed Railways, a copy of which is in the Library of the House. On the Eastern Bengal Railway, there are no Interchange Stock Verifiers or Tracers. On the East Indian Railway, train clerks are not denied promotion outside their normal avenue provided they are suitable, and they are eligible for promotion as Junction Stock Verifiers. On the Great

Indian Peninsula Railway, Head Number Takers, who are in the normal channel of promotion of Number Takers, who correspond to train clerks, may be promoted as Stock Verifiers. On the North Western Railway, Interchange Stock Verifiers are drawn from staff with a knowledge of the Conference Rules relating to the interchange of stock between Railways. Train clerks do not generally possess this qualification. The latter part does not arise.

Maulvi Muhammad Abdul Ghani: May I know what are those other factors which weigh with Government in giving promotion to the clerks?

The Honourable Sir Andrew Olow: I said it depends on many factors. Experience is obviously an important one: capacity to do the work, which is not necessarily related to the educational qualifications, is another.

PROMOTION OF TRAIN CLERKS TO GUARDS' POSTS ON THE NORTH WESTERN RAILWAY.

467. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Railway Member be pleased to state whether promotion to special ticket examiner's posts on the North Western Railway is confined to ticket collectors only and, if so, whether Government are prepared to consider the nature of train clerk's work and experience, and confine promotion to the posts of guards to train clerks only?

The Honourable Sir Andrew Olow: The answer to the first part is in the affirmative. As regards the second part, the matter is one within the competence of the General Manager, North Western Railway, to decide and Government do not propose to interfere.

REVISION OF THE PAY OF THE SUBORDINATE STATION STAFF ON THE NORTH WESTERN RAILWAY.

468. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that the subordinate station staff on the North Western Railway has to work generally for 56 hours in a week and may have to work for 60 hours while clerks in other Government offices work for 36 hours a week;
- (b) whether subordinate station staff gets no public holidays while clerks in other Government offices do; and
- (c) whether Government propose to revise and enhance the pay and grades of subordinate station staff so as to compensate them for loss of holidays and for more working hours?

The Honourable Sir Andrew Olow: (a) and (b). Subordinate station staff are normally governed by the Hours of Employment Regulations and their attendance on public holidays is dependent on the nature of their work. The hours of work for clerks in Government offices vary from office to office; but such staff do normally get public holidays.

(c) No. The scales of pay of non-gazetted subordinate staff are fixed by the General Manager taking into due consideration the nature of the work and the hours of duty.

ADVERSE TREATMENT OF THE OLD EAST INDIAN RAILWAY STAFF TRANSFERRED TO THE NORTH WESTERN RAILWAY.

469. *Bhai Parma Nand: Will the Honourable Member for Railways please refer to starred question No. 790, regarding adverse treatment of the old East Indian Railway staff transferred to the North Western Railway, answered on the 28th February, 1939, and state when the reply to parts (e) and (f) of that question may be expected?

The Honourable Sir Andrew Olow: The answer was laid on the table of the House on 6th February, 1940.

SENIORITY OF CERTAIN STAFF TRANSFERRED TO THE NORTH WESTERN RAILWAY.

470. *Bhai Parma Nand: (a) Will the Honourable the Railway Member please state whether it is a fact that the seniority of certain old East Indian Railway Station Masters or Assistant Station Masters, taken over by North Western Railway before 1927 and retained afterwards, has been fixed on the system referred to in the reply to starred question No. 790, dated the 28th February, 1939, from 1917 and of others from 1920, whereas, under the East Indian Railway system, the latter staff ranked senior to the former?

(b) Are Government prepared to order an investigation and a rearrangement of the order of seniority?

The Honourable Sir Andrew Olow: (a) I presume the Honourable Member refers to the Station Masters and Cabin Assistant Station Masters, belonging to the D. U. K. portion of the East Indian Railway, which was taken over by the North Western Railway in 1925. If so, the answer is that all Station Masters were treated on similar lines, and all Cabin Assistant Station Masters were treated on similar lines; but the latter were not senior to the former on the East Indian Railway, although they could reach a higher maximum pay. Under the arrangement made none of the latter were granted seniority as Station Masters from a date before 1920 whereas those actually in the Station Masters' grade could count seniority from earlier dates, if their position in the Station Masters' scale was such as to justify that.

(b) No.

SELECTION OF CANDIDATES FOR THE POST OF TRAFFIC INSPECTOR ON THE NORTH WESTERN RAILWAY.

471. *Bhai Parma Nand: (a) Will the Honourable the Railway Member please state whether it is a fact that on the 3rd July, 1939, a Central Selection Board was held at the General Manager, North Western Railway Office, Lahore, to select candidates for the post of Traffic Inspector?

(b) If so, how many appeared before it and how many were selected? Was the selection based on communal representation of the employees in this cadre? How many members of each community were selected and for how long will the results of this selection remain valid?

(c) Will Government please state if there is any standard of minimum educational qualifications for these appointments laid down or observed? How many of the selected candidates were non-Matrices, Matrics or its equivalent standard, or graduates?

(d) Is the Honourable Member prepared to enquire from the General Manager of the said Railway as to what is the system of calling candidates from each division for such Central Selection Board? Do the divisions hold their own Selection Boards, or individual officers nominate?

(e) Does the Honourable Member propose to ask the General Manager, North Western Railway, Lahore, that, as the standard of selection differs with individuals, all candidates having eligible qualifications should be granted a chance to appear before the same Selection Board to warrant uniformity of treatment and not selected at different centres with different members of the Board as the latter course causes differential treatment?

The Honourable Sir Andrew Olow: (a) to (d). I have called for information and will lay a reply on the table of the House in due course.

(e) I have no such proposal under consideration.

Mr. Lalchand Navalrai: May I know from Government whether it is the policy of Government to take Inspectors from Station Masters and others, and not by direct recruitment?

The Honourable Sir Andrew Olow: Speaking from memory, they are generally recruited from Station Masters.

KIDNAPPING OF MUHAMMAD SALIM KHAN, EXCISE SUB-INSPECTOR, NORTH-WEST FRONTIER PROVINCE.

472. *Maulvi Abdur Rasheed Chaudhury: Will the Secretary for External Affairs kindly state:

(a) when Muhammad Salim Khan, Excise Sub-Inspector, North-West Frontier Province, was kidnapped by the trans-border dacoits;

(b) the circumstances in which he was kidnapped;

(c) whether he is still in tribal custody;

(d) the steps taken by Government to secure his release, and the nature of the obstacles, if any, in the way;

(e) whether the tribesmen concerned have been and are demanding ransom money from his father and other relatives; if so, the amount demanded;

(f) whether Government propose to pay the ransom money and secure his release; and

(g) when he is likely to be released?

Mr. O. K. Garg: (a) On the 8th January, 1940.

(b) Two lorries were stopped by raiders on a road in the Hangu Sub-Division of the Kohat District and four persons, including Muhammad Salim Khan were kidnapped.

(c) No. He was released on the 5th March.

(d) to (g). Do not arise.

I should however add that it is understood that the captives' relatives in this case paid Rs. 2,300 to hostiles to secure his release.

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

ARREST OF MUHAMMAD ALI KHAN OF JAHANGIRPURA, PESHAWAR CITY.

†473. *Maulvi Abdur Rasheed Ohaudhury: Will the Secretary for External Affairs kindly state:

- (a) whether Muhammad Ali Khan, son of Muhammad Hussain Khan, of Jahangirpura, Peshawar City, was arrested in June, 1939, under the orders of the Central Government;
- (b) whether he is the authorised agent of the *ex*-King Amanullah Khan of Kabul, to manage his estates in Peshawar district;
- (c) the nature of the charge against him, and the law under which he was arrested;
- (d) how long it is proposed to detain him;
- (e) where he is being detained and why;
- (f) whether he will be made to stand his trial; if so, where, when and under what law;
- (g) whether Government have fixed any allowance for his dependents; if not, why not;
- (h) whether the management of the estate of *ex*-King Amanullah Khan is suffering owing to his detention in prison; and
- (i) whether Government are prepared to order his release?

Mr. O. K. Caroe: Muhammad Ali is an Afghan subject and is being detained under Rule 28 of the Defence of India Rules. It is not in the public interest to reply to the Honourable Member's question in more detail.

LANGUAGE USED BY THE ALL-INDIA RADIO IN BROADCASTING.

474. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable Member for Communications please state whether the All-India Radio has abandoned the use of the word Urdu in its announcements and programmes as well as in its publications and uses the word Hindustani in its place?

(b) Is such a language as Hindustani in existence in India?

(c) Is it the policy of the All-India Radio to carve out a new language for Indians in addition to Urdu and Hindi, at the expense of both these languages?

(d) Are Government aware that a great deal of propaganda is going on in the country for some time against the Urdu language?

(e) Is it not the policy of Government to keep neutral in such political controversies? If so, are Government prepared to issue instructions to the All-India Radio, which is a Department of the Government, to observe this policy and not to spoil the Urdu language by using unfamiliar Hindi words and expressions which are foreign to the Urdu language under the false name of Hindustani?

(f) Are Government prepared to issue instructions to the All-India Radio to abstain from using the word Hindustani in place of Urdu? If not, why not?

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

The Honourable Sir Andrew Olow: (a) The term "Hindustani" is frequently employed by All-India Radio, but it is not correct to suggest that the use of the word "Urdu" has been abandoned.

(b) Yes.

(c) No. The policy of All-India Radio is to endeavour as far as practicable to use a vocabulary which is understood by the largest number of listeners.

(d) No.

(e) Government have no intention of taking sides in the political implications, if any, of what it regards as essentially a linguistic matter. I do not agree that the Urdu language is being spoilt by All-India Radio, whose policy it has always been to avoid, as far as possible, unfamiliar words and expressions, whatever their origin.

(f) No, for the reasons I have already given in reply to part (b).

Mr. Lalchand Navalrai: May I know from the Honourable Member whether, in view of the fact that at present the announcers use Persian words and also very abstruse words in their announcements which are not very familiar to the public, he will make some suggestions to see that easy words are used?

The Honourable Sir Andrew Olow: I am not prepared to accept the Honourable Member's premises.

Mr. Lalchand Navalrai: Has the Honourable Member been hearing Hindi and Urdu announcements?

The Honourable Sir Andrew Olow: Yes, Sir.

Mr. Lalchand Navalrai: Has the Honourable Member been following those abstruse words which are unintelligible?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is raising a debate; he is not asking a question.

Dr. Sir Ziauddin Ahmad: May I know what difference does the Honourable Member make between Hindustani on the one side and Urdu and Hindi on the other? Will he also keep in mind the remarks of my Honourable friend, Mr. Lalchand Navalrai, that the announcer does not use Urdu or Hindi words, but high flown and abstruse Persian words?

The Honourable Sir Andrew Olow: I think the All-India Radio is guided by the definition given in the Linguistic Survey of India which, as the Honourable Member is aware, is the standard work on the subject. This says:

"Hindustani is primarily the language of the Upper Gangetic Doab and is also the *lingua franca* of India, capable of being written in both Persian and Devanagari characters, and without purism, avoiding alike the excessive use of either Persian or Sanskrit words when employed for literature."

Dr. Sir Ziauddin Ahmad: Will he define "Urdu" also?

The Honourable Sir Andrew Olow: All living languages tend to change; but I myself understand Urdu and Hindi as distinguished mainly by the extent to which they use Persian and Sanskrit words, respectively.

Maulana Zafar Ali Khan: What is the difference between Urdu and Hindustani?

Mr. President (The Honourable Sir Abdur Rahim): This controversy cannot be settled in question hour.

STAFF OF THE RAILWAY CLEARING ACCOUNTS OFFICE SUFFERING FROM TUBERCULOSIS.

475. *Sardar Sant Singh: (a) Will the Honourable the Railway Member please state the total number of deaths that have taken place amongst the staff of the Railway Clearing Accounts Office, Delhi, ever since its formation, from all kinds of tuberculosis?

(b) Is he aware that this dreadful disease is spreading amongst the staff of that office? If not, was any examination of the staff ever carried out by the experts in the disease and what were their findings?

(c) Is he now prepared to set up a board of expert doctors to report on the general health of the staff of that office and to find out how many of them are now suffering from tuberculosis at present in any of its stages?

(d) How far has the location of the Municipal Tuberculosis Clinic in close proximity to that office been responsible for spreading the disease in that office ever since its location?

(e) Were any objections raised by the authorities of that office in regard to the location of Municipal Tuberculosis Clinic next door to that office? If so, at what times and what were they?

(f) What does he propose to do to check the disease in that office?

(g) Is he prepared to have that office shifted from its present building to new Delhi, or to some other suitable site, or at least to have the clinic shifted from its present site and to stop further increase in the death rate of the staff of that office from this disease? If not, why not?

The Honourable Sir Andrew Clow: (a) The total number of deaths reported to be due to tuberculosis since 1934 is eleven. Information prior to 1934 is not readily available.

(b) In 1934, the District Medical Officer, North Western Railway, Delhi, drew attention to the number of clerks in the Railway Clearing Accounts Office seeking his advice for tuberculosis of lungs or pleura. In consultation with him the Director, Railway Clearing Accounts Office, drew the attention of the staff to the need for paying more regard to ventilation and cleanliness in the office and later it was thoroughly fumigated and cleaned. No general examination of the staff was ever carried out by experts in the diseases.

(c), (f) and (g). There appears to be no increase in the incidence of the disease and I am not satisfied that any steps are necessary, but the medical authorities will be consulted regarding the question of the desirability of having a medical examination of the staff employed in the Clive Building.

(d) It cannot be said that the location of the Municipal Tuberculosis Clinic in close proximity to that office has enhanced the spread of the

disease; on the contrary, the number of deaths reported as being due to it amongst the staff during the period of three years before and after the opening of the Clinic in November, 1936, is seven and four, respectively.

(e) The matter was referred by the authorities of the Clearing Accounts Office to the Chief Commissioner, Delhi, in 1938 when the location of the Clinic was under consideration. The Director of Public Health expressed the opinion that there was no danger to public health from the location of the Clinic at its present site and explained that it was neither a hospital nor a sanatorium where patients are kept for a considerable length of time and that one of its main activities would be to educate the public in the methods of prevention of tuberculosis.

TONGAS PERMITTED TO RUN FROM THE MEERUT CANTONMENT RAILWAY STATION.

476. *Bhai Parma Nand: (a) Will the Honourable the Communications Member be pleased to state whether it is a fact that there is a tonga shed just outside the Railway Station, Meerut Cantonment? If so, is it taken on rent?

(b) Is it a fact that a special licence for running a tonga is needed by the tongawallas?

(c) Is it a fact that not more than 15 tongas are permitted to run from the Cantonment Railway Station, Meerut?

(d) If the answer to part (c) be in the affirmative, are Government aware that it causes trouble and annoyance to the passengers?

The Honourable Sir Andrew Clow: Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

NON-RECRUITMENT OF MUSLIMS TO CERTAIN POSTS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

477. *Maulvi Syed Murtuza Sahib Bahadur: Will the Honourable Member for Communications be pleased to state if it is a fact that no recruitment has taken place since 1922, of Muslims in the Bombay, Baroda and Central India Railway, as Assistant Signal Engineers, Signal Inspectors, Assistant Signal Inspectors, Head Mistries, Sub-Inspectors and Head Fitters? If not, why?

The Honourable Sir Andrew Clow: With your permission, Sir, I propose to reply to questions Nos. 477, 478 and 479 together. These relate to details of administration on a Company-managed Railway in regard to which Government have no information other than the communal returns of recruitment published in the Report by the Railway Board on Indian Railways. Under the terms of the contract, the Bombay, Baroda and Central India Railway has full powers in regard to recruitment of staff. It has agreed to conform to the principles of the Government of India's Resolution of 1934 on the subject of recruitment of minority communities; but the percentages fixed in accordance with that Resolution apply to the railway as a whole and not to particular categories of staff. I am, however, sending copies of these questions to the Agent & General Manager, Bombay, Baroda and Central India Railway, for such action as he may consider necessary.

Dr. Sir Ziauddin Ahmad: Do I understand from the Honourable Member that in this House we cannot ask any question about Company-managed Railways?

The Honourable Sir Andrew Clow: Honourable Members are entitled to ask questions, if they are admissible.

Mr. President (The Honourable Sir Abdur Rahim): The question has been fully answered. Next question.

NON-RECRUITMENT OF MUSLIMS TO CERTAIN POSTS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

†478. *Maulvi Syed Murtuza Sahib Bahadur: (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that there has been no recruitment of Muslims in the Bombay, Baroda and Central India Railway as Watch and Ward Inspectors, Sub-Inspectors, Chief Overseers and Office Clerks?

(b) If the answer to part (a) be in the affirmative, what is the reason?

(c) If it is a fact that some educated Muslims have been taken as watchmen on the understanding, after representation made to the Agent, that they will soon be promoted to higher grades and that the further recruitment of Gujratis and relatives of the Watch and Ward Assistant Superintendent would be stopped? If so, from when will this take effect?

MUSLIM WATERMEN ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

†479. *Maulvi Syed Murtuza Sahib Bahadur: Will the Honourable the Railway Member be pleased to state whether it is a fact that on the Bombay, Baroda and Central India Railway no Muslim waterman is given preference to become a permanent Muslim *bhishti* (waterman)? If so, why?

HOURS OF WORK OF THE STAFF ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

480. *Maulvi Syed Murtuza Sahib Bahadur: Will the Honourable the Railway Member be pleased to state whether it is a fact that the railway staff in the North Western and East Indian Railways works eight hours a day whereas all the railway staff in the Bombay, Baroda and Central India Railway has to work twelve hours a day? If so, why?

The Honourable Sir Andrew Clow: 56 hours per week may be taken as normal for many classes of staff on the North Western Railway. The facts are not as stated on the Bombay, Baroda and Central India Railway, to which also the Hours of Employment Regulations are applicable.

†For answer to this question, see answer to question No. 477.

PROVISION OF RENT-FREE QUARTERS TO BLOCK MAINTAINERS ON THE NORTH WESTERN RAILWAY.

481. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state:

- whether certain Block Mistries on the North Western Railway were promoted to the posts of Block Maintainers with effect from 1st May, 1931 or subsequent dates;
- whether it is a fact that they were allowed the privilege of rent-free quarters, if any of them was appointed to Railway service prior to 1st August, 1928, in any capacity in the inferior service;
- whether it is a fact that these Block Maintainers promoted from Mistries enjoyed the privilege of rent-free quarters till 31st August, 1931, when orders were issued by the Agent, North Western Railway, Lahore, depriving them of the privilege of rent-free quarters;
- whether it is a fact that deductions from the wages of Block Maintainers towards rent for occupying Railway quarters were made only on three divisions of the North Western Railway; if so, what was the reason for this discrimination;
- whether it is a fact that these men continued to send representations and as a result thereof they were told *vide* the General Manager, North Western Railway, Lahore's letter No. 540-E./104, dated the 27th January, 1936, that, with the concurrence of the Chief Accounts Officer, it had been decided that Block Maintainers whose original appointment was that of a Block Mistry, and if he had enjoyed the concession of rent-free quarters prior to 1st August, 1928, the date from which the Revised Rent Rules were brought into force, would continue to enjoy the privilege as Block Maintainers also;
- whether it is a fact that these Block Maintainers were again asked in May, 1939, to pay house-rent for quarters occupied by them; if so, what was the reason for this change, since their case was once decided with the concurrence of the Chief Accounts Officer;
- whether the Railway Board or the General Manager countermanded 1936 orders; and
- whether Government propose to allow the concession of rent-free quarters to this class of staff as decided in 1936; if not, why not?

The Honourable Sir Andrew Clow: I have called for information and will lay a reply on the table of the House in due course.

DEVALUATION OF ASSISTANT STATION MASTERS' GRADES ON THE NORTH WESTERN RAILWAY.

482. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state:

- whether it is a fact that Assistant Station Masters' posts on the North Western Railway have been devalued from grade V to grade IV as they fall vacant;

- (b) whether it is a fact that a very large number of Assistant Station Masters are officiating against these posts and drawing the pay of grade V owing to their being in continuous officiating service in these posts prior to their devaluation; if so, how many such persons are officiating in grade V;
- (c) whether it is a fact that, under the present rules, if an Assistant Station Master, officiating in any of these posts, proceeds on leave on average pay, or is taken ill and the period of such absence is treated as leave on average pay, and on resuming duty if he is put to officiate as senior Assistant Station Master, he is relegated to the scale of pay in grade IV Assistant Station Masters only, as the leave is considered to constitute a break in officiating service;
- (d) whether Government are aware that this has caused hardship on the employees and they cannot enjoy any leave on average pay for the fear of losing their grade in pay;
- (e) what steps Government propose to take to ensure that no hardship is caused on this account; if not, why not;
- (f) whether it is a fact that most of these Assistant Station Masters are officiating against permanent vacancies; if so, why they are not placed on probation and confirmed after the usual period of one year;
- (g) whether it is a fact that officiating service also counts towards probationary period, provided it is continuous; if so, whether Government propose to direct confirmation of such Assistant Station Masters who have been officiating against permanent vacancies for more than one year; and
- (h) if the reply to second portion of part (g) be in the negative, what steps Government propose to take to end the suspense of Assistant Station Masters officiating in these grades since long; if not, why not?

The Honourable Sir Andrew GLOW: (a) Posts of Assistant Station Masters, grade V, were abolished in October, 1938.

(b) Incumbents of grade V posts who had been confirmed or were continuously officiating prior to the abolition of the posts retain the pay of grade V as personal to themselves. There are 18 Assistant Station Masters officiating in grade IV who are drawing the pay of grade V.

(c) Yes.

(d) and (e). The matter is under consideration.

(f) As regards the first part, there are 10 permanent vacancies in grade IV. As regards the second part, the question of filling the vacancies is under consideration.

(g) The answer to the first part is in the affirmative. As regards the second part, I would refer the Honourable Member to the reply I have given to the latter part of part (f).

(h) Does not arise.

TREATMENT OF BLOCK MAINTAINERS ON THE NORTH WESTERN RAILWAY AS INFERIOR STAFF FOR PURPOSES OF LEAVE RULES.

483. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state:

- (a) whether Block Maintainers on the North Western Railway were treated as members of inferior staff for the purpose of leave rules;
- (b) whether it is a fact that the Railway Board were pleased to treat this class of staff as subordinate service employees for the purpose of leave, in 1934;
- (c) if so, whether this will have effect from the date these men were appointed as Block Maintainers; if not, why not;
- (d) whether it is a fact that this change would involve only book entries in the leave registers to permit Block Maintainers to accumulate leave as subordinates with effect from the date of their appointment; if so, what is the reason for admitting them to the subordinate leave rules only from 1st January, 1935, and
- (e) whether Government propose to give them the benefit of Leave Rules for subordinate staff with retrospective effect; if not, why not?

The Honourable Sir Andrew GLOW: (a) Yes, prior to 24th December, 1934.

(b) Yes.

(c) Yes, if their appointment is subsequent to 24th December, 1934.

(d) and (e). Government are not prepared to give retrospective effect beyond 24th December, 1934, to the change for the purposes of calculating leave, because they see no reason to credit men now with leave which, under the conditions of service as they then stood, these men did not earn.

COMMUNAL COMPOSITION OF JOURNEYMEN APPOINTED IN CERTAIN SHOPS ON THE NORTH WESTERN RAILWAY.

484. *Mr. H. M. Abdullah: Will the Honourable Member for Communications please state community-wise the number of journeymen appointed by direct recruitment after the issue of Government of India Resolution of 1934 on the North Western Railway in the following shops, separately:

- (1) Loco. Shops, Moghalpura,
- (2) Carriage and Wagon Shops, Moghalpura,
- (3) Mechanical Workshops, Sukkur,
- (4) Karachi Division Sheds,
- (5) Quetta Division Sheds,
- (6) Multan Division Sheds,
- (7) Lahore Division Sheds,
- (8) Ferozepore Division Sheds,
- (9) Rawalpindi Sheds, and
- (10) Delhi Division Sheds?

The Honourable Sir Andrew Olow: I have called for information and will lay a reply on the table of the House in due course.

COMMUNAL COMPOSITION OF TRAIN CLERKS AND TICKET COLLECTORS ON THE NORTH WESTERN RAILWAY.

485. *Mr. H. M. Abdullah: Will the Honourable Member for Communications please state community-wise the number of Train Clerks and Ticket Collectors in the following divisions of the North Western Railway:

- (1) Lahore,
- (2) Rawalpindi,
- (3) Ferozepur,
- (4) Delhi,
- (5) Multan,
- (6) Karachi, and
- (7) Quetta?

The Honourable Sir Andrew Olow: The returns submitted by Railways regarding communal composition of staff are not given either by particular categories or by divisions, and I understand that even in the returns sent by divisions to the Headquarters office separate particulars are not given of categories such as Ticket Collectors. I regret, therefore, that I cannot furnish the information desired.

RECRUITMENTS TO THE TELEPHONE REVENUE OFFICE, DELHI.

486. *Bhai Parma Nand: (a) Will the Honourable the Communications Member be pleased to state whether it is a fact that the Telephone Revenue Office, Delhi, is under the direct control of the Deputy Director General, Finance, Posts and Telegraphs, New Delhi, and that the recruitment to the latter office is based on the communal ratio fixed for the centrally administered departments?

(b) Is it a fact that the recruitment to the Ministerial Establishment of the Telephone Revenue Office is based on the Punjab Model Rotation?

(c) If the replies to parts (a) and (b) be in the affirmative, will the Honourable Member please state how he reconciles the position as regards the recruitment to the T. R. G. Office on the basis of the Punjab Model Rotation? How and when do Government propose to rectify the mistake?

(d) If the reply to part (b) be in the negative, will the Honourable Member please state how many appointments were made to the ministerial establishment of the T. R. G. Office in the years 1937-38, 1938-39, and 1939-40, giving the number of clerks so employed community-wise?

The Honourable Sir Andrew Olow: (a) The reply to the first part is in the negative. The office is under the Director-General who is assisted in its supervision and control by the Deputy Director-General, Finance: that officer has no separate office.

(b) Yes.

(c) This does not strictly arise, but I would observe that there has been no mistake. Recruitment to this office, as to other offices under the Director-General's control, (excluding his headquarters office) is made on the basis of the ratios fixed for the circle in which the offices are situated.

(d) Does not arise.

COMMUNAL COMPOSITION OF CERTAIN STAFF OF THE BROADCASTING STATIONS AT LAHORE AND PESHAWAR.

487. *Sardar Sant Singh: Will the Honourable the Communications Member be pleased to state the number of Hindus, Muhammadans, Sikhs and others, holding various posts carrying salaries of Rs. 100 or more per mensem at the Lahore and Peshawar Radio Stations of the All-India Radio?

The Honourable Sir Andrew Olow: 12 Hindus, 7 Muslims and 1 Sikh at Lahore, and 5 Hindus and 3 Muslims at Peshawar.

COMMUNAL COMPOSITION OF CERTAIN STAFF OF THE BROADCASTING STATIONS AT LAHORE AND PESHAWAR.

488. *Sardar Sant Singh: (a) Will the Honourable the Communications Member please state whether Government are aware that there is not a single Sikh employed as a Station Director, Programme Director, or Programme Assistant, anywhere in the All-India Radio?

(b) If not, will Government be pleased to state the number of Hindus, Muhammadans, Sikhs and others employed on these posts at the Lahore and Peshawar stations and the period of their employment?

The Honourable Sir Andrew Olow: (a) Yes.

(b) Does not arise.

Sardar Sant Singh: Is it a fact that there have been several applicants for these jobs when advertised, and no Sikh was ever taken?

The Honourable Sir Andrew Olow: I am not sure what job the Honourable Member is referring to. If he refers to the jobs mentioned in part (a) of the question, my answer was in the affirmative.

Sardar Sant Singh: Why were Sikhs considered to be disqualified for these jobs?

The Honourable Sir Andrew Olow: It is not a question of disqualification; these are selection posts and other candidates happened to be selected.

Sardar Sant Singh: How is it that during all these years that the department has been in existence, not a single Sikh could be employed or come under selection?

The Honourable Sir Andrew Olow: This relates to individual selections, and, without going back over these, I could not give the Honourable Member a categorical answer.

NON-BROADCASTING OF PROGRAMMES RELATING TO SIKH CULTURE.

489. *Sardar Sant Singh: (a) Will the Honourable the Communications Member please state whether Government are aware that a good deal of matter broadcast from the various Radio Stations relates to the culture of various communities?

(b) Are Government aware that there is a good deal of dissatisfaction among the Sikhs, because very little useful material is broadcast by the All-India Radio in the Punjabi language or concerning the Sikh culture?

The Honourable Sir Andrew Olow: (a) Yes
(b) No.

Mr. Lalchand Navalrai: In view of the fact that broadcasting is done in several languages, will the Honourable Member consider the claims of the Sindhi language also?

The Honourable Sir Andrew Olow: This question does not relate to Sindhi.

Sardar Sant Singh: What did the Honourable Member mean when he said that there was no dissatisfaction among the Sikhs for want of broadcasting in the Punjabi language? What inquiries did the Department make about this?

The Honourable Sir Andrew Olow: I did not say there was no dissatisfaction. The question was whether I was aware of a good deal of dissatisfaction, and I said that I was not so aware.

Sardar Sant Singh: Will the Honourable Member make an inquiry and propose some remedy?

The Honourable Sir Andrew Olow: I am prepared to take it that the Honourable Member is dissatisfied; I do not know about others.

UNSTARRED QUESTIONS AND ANSWERS.

CERTAIN DUTIES PERFORMED BY THE ENQUIRY CLERKS AT CERTAIN STATIONS ON THE NORTH WESTERN RAILWAY.

89. Mian Ghulam Kadir Muhammad Shahban: Will the Honourable Member for Railways be pleased to state:

(a) the number of (i) First Class and (ii) Second Class, tickets issued, (iii) Reservation coupons given and (iv) enquiries attended to at the following stations on the North Western Railway by enquiry clerks, from 1st July, 1939 to 31st December, 1939.

- (i) Amritsar,
- (ii) Peshawar Cantonment,
- (iii) Rawalpindi, and
- (iv) Quetta; and

(b) whether it is proposed to have separate Reservation Clerks at these stations?

The Honourable Sir Andrew Olow: (a) The information required regarding tickets and reservations is as follows:

Station	Tickets issued			Reservation Coupons issued.
	1st	2nd	Total	
Amritsar	186	2,416	2,602	181
Peshawar Cantonment	615	2,671	3,286	1,087
Rawalpindi	1,171	3,096	4,267	2,586
Quetta	444	1,157	1,601	841

Figures for enquiries in respect of Peshawar are not available; if reliable figures can be secured for other stations, they will be supplied at a later date.

(b) No.

TICKETS ISSUED FROM THE HYDERABAD (SIND) RAILWAY STATION.

90. Mian Ghulam Kadir Muhammad Shahban: (a) With reference to the reply to starred question No. 182, asked on 23rd February, 1940, will the Honourable Member for Railways be pleased to state whether the figures for tickets issued from Hyderabad (Sind) also include the figures of tickets issued to stations on other than the North Western Railway?

(b) If the reply to part (a) be in the negative, will the Honourable Member please supply this information also?

The Honourable Sir Andrew Olow: (a) No; I regret that further inquiries have shown that these were not included.

(b) 68 first class and 12,068 second class tickets were issued from Hyderabad for stations on other railways.

PROMOTIONS OF SHUNTERS ON THE NORTH WESTERN RAILWAY.

91. Bhai Parma Nand: (a) Will the Honourable Member for Railways please state how many grade III shunters on the North Western Railway have been promoted to drivers in 1939?

(b) Will the Honourable Member state whether only 22 grade III posts have been given instead of 33 as per answer to starred question No. 179 (c) put by Mr. Lalchand Navalrai on the 14th September, 1939, i.e., "33 vacancies in grade III held in abeyance in 1934 have been recently restored."

The Honourable Sir Andrew Olow: (a) and (b). 26 shunters grade III have been promoted to drivers' grade III, since the restoration of the 33 vacancies in grade III held in abeyance since 1934 referred to in the reply to part (c) of Mr. Lalchand Navalrai's question No. 179 on the 14th September, 1939. The promotion of a further seven men is under consideration.

POSTS OF DRIVERS HELD IN ABEYANCE ON THE NORTH WESTERN RAILWAY.

92. Bhai Parma Nand: (a) Will the Honourable Member for Railways state approximately how much monetary loss has been sustained individually by grade III staff (mostly Indians) on account of holding in abeyance 26 vacancies of this staff *vide* Agent, North Western Railway's letter No. 755-E./157-II, dated the 7th September, 1934?

(b) Does the Honourable Member propose to keep in view the loss sustained by 45 promotions of grade IV drivers (of whom 100 per cent. were Europeans) and compensate grade III Indians and sanction 11 more (as stated in part (b) of the preceding question) *plus* 26 drivers' posts (which were held in abeyance)?

(c) Will the Honourable Member please state how many grade III staff have been debarred from Loco. Shed Foremen and Locomotive Inspector's posts while holding 33 vacancies in abeyance?

(d) Is it a fact that grade IV drivers numbering nine have been promoted to Loco. Shed Foremen and Loco. Inspectors posts, instead of those being given to grade III drivers whose vacancies were held in abeyance?

The Honourable Sir Andrew Clow: (a) It has not proved practicable to calculate this as the assumptions which it would be necessary to make are too arbitrary to make accuracy attainable.

(b) The Honourable Member is referred to the reply to part (c) of Mr. Lalchand Navalrai's question No. 179 on the 14th September, 1939, and the reply to his own question No. 91 laid on the table today. It is not proposed to restore more than the 33 posts in grade III which were held in abeyance in 1934.

(c) None. Since posts of drivers, grade III, were held in abeyance, 11 drivers, grade IV, and six drivers, grade III, have been promoted to the posts of Shed Foremen and Loco. Inspectors.

(d) No. The Honourable Member is referred to the reply to part (c) above. The holding of posts of drivers, grade III, in abeyance has made no difference in respect of these promotions.

INDIANISATION OF THE POSTS OF LOCO. FOREMEN AND INSPECTORS ON THE NORTH WESTERN RAILWAY.

93. Bhai Parma Nand: (a) Will the Honourable Member for Railways please state how many Indians (Hindus, Sikhs and Muhammadans) are working as Loco. Foremen and Locomotive Inspectors over the North Western Railway?

(b) If the reply to part (a) be *nil* (as given by Sir Thomas Stewart to Mr. N. M. Joshi's starred question No. 80 on the 18th March, 1938), do Government now propose to change the policy and Indianize this department too, as promised, since qualified (*i.e.*, T. 13 Course) Indians on recommendation rolls for such posts on the North Western Railway are available?

(c) Is it a fact that all the senior posts of all the departments over the North Western Railway are represented by Indians except the posts of Loco. Foremen and Loco. Inspectors? If so, do Government now propose to take early steps to promote Indians to the above posts?

The Honourable Sir Andrew Clow: (a) On the 30th September, 1939, the last date for which information is available, there were none.

(b) No question of change of policy arises. There is no racial discrimination in the selection of staff to fill these posts, and when qualified Hindus, Sikhs or Muslims become eligible for promotion they will be promoted in due course.

(c) There are Hindus, Sikhs or Muslims in the senior subordinate grades of the North Western Railway in practically all departments. As regards the second part the Honourable Member is referred to the reply given to part (b) above.

FILLING UP OF VACANCIES OF FOREMEN FOR SHOPS BY INDIANS.

94. Bhai Parma Nand: (a) Will the Honourable the Railway Member please state whether it is a fact that Foremen for Shops are generally recruited direct from England?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state why Indians are not given a chance?

(c) Are the Railway Authorities now prepared to take Foremen for Shops from Sheds and vacancies thus occurring be filled by qualified Indians?

The Honourable Sir Andrew Clow: (a) No, but it has proved necessary to import a limited number of supervisory staff for the Mechanical Workshops of Railways, and I would refer the Honourable Member to the Proceedings of the Meeting of the Central Advisory Council for Railways, held in Simla on the 16th September, 1939, and the memorandum prepared for this meeting by the Railway Board.

(b) Does not arise.

(c) The class of work done in sheds differs from the class of work done in shops, and the transfer of foremen from sheds to shops, even if practicable, would not obviate the necessity for the importation of a limited number of foremen for shops until staff with experience in advanced technical processes become available from firms in India.

WORKING OF MAIL AND EXPRESS TRAINS BY INDIAN DRIVERS ON THE NORTH WESTERN RAILWAY.

95. Bhai Parma Nand: (a) Will the Honourable the Railway Member please state whether grade III Locomotive staff belonging to educated class of Indians are not given chances to work on mail and passenger trains on several divisions? If not, why not?

(b) Is it a fact that grade III drivers are senior in service and more experienced than grade IV drivers (Europeans) who were recently promoted?

(c) If the reply to part (b) be in the affirmative, how is it that grade III men have not been given equal chances to work on mail and express trains when they have already done so previous to the promotion of grade IV drivers?

(d) Is it a fact that in 1939 promises were made to fix percentage for working mails and express trains for grade III and IV drivers? If so, why has it not been given effect to?

(e) Since grade IV is an abolished grade and the present grade III is its equivalent, are Government prepared to fix a reasonable percentage for working mail and express trains over the North Western Railway?

(f) Are Government prepared to distribute grade III staff equally on all divisions of the North Western Railway, to give the benefit of the percentage mentioned in part (e) above?

The Honourable Sir Andrew Clow: (a) As regards the first part, the instructions are that grade III drivers on the maximum of their grade, viz., Rs. 180 (old scales), should be given preference over grade IV drivers drawing less than Rs. 190 (old scales) in the working of mail and other important trains. The second part does not arise.

(b) There are certain drivers, grade III, who have longer service than certain drivers, grade IV, but before a driver can be utilised on mail and other important trains, he must establish his ability to drive such trains.

(c) The Honourable Member is referred to the answers given to parts (a) and (b).

(d) Government are informed that no such promise is traceable. The second part does not arise.

(e) Grade IV has not been abolished, but is a diminishing cadre which has been amalgamated with grade III. No percentage can be fixed for the working of mail and express trains as this is dependent on the abilities of the drivers.

(f) This does not arise, but it should be observed that the distribution of running staff by Divisions is dependent on the requirements of each Division and cannot be made equally between Divisions.

DEPRIVING OF CERTAIN EMPLOYEES OF RENT-FREE QUARTERS ON THE GREAT INDIAN PENINSULA RAILWAY.

96. Sardar Sant Singh: Will the Honourable the Railway Member be pleased to state:

(a) whether the Great Indian Peninsula Railway Administration has recently issued instructions, vide Weekly Notice No. 28 of the 14th July, 1939, depriving its employees of the concession of rent-free quarters, or an allowance in lieu thereof, during the time they are away from duty owing to illness;

(b) whether it is a fact that such concessions used to be enjoyed by the employees all these years; and

(c) if the replies to parts (a) and (b) be in the affirmative, whether Government are prepared to cancel the orders?

The Honourable Sir Andrew Clow: (a) and (b). Employees on privilege leave, injury full pay or hospital leave, special casual leave or unrecorded sick leave admissible under the Great Indian Peninsula Railway Company rules, are entitled under the rules to get rent-free quarters or an allowance in lieu thereof. Employees on leave of other kinds are not entitled to this concession. It was noticed that certain staff falling under the latter category were getting the concession by mistake and contrary to rules. This mistake was corrected in the Weekly Notice to which my Honourable friend refers.

(c) This does not strictly arise; but Government do not propose to take any action.

NON-APPLICABILITY OF THE FUNDAMENTAL LEAVE RULES TO INFERIOR STAFF OF THE GOODS DEPOT AT WADI BUNDER ON THE GREAT INDIAN PENINSULA RAILWAY.

97. Sardar Sant Singh: Will the Honourable the Railway Member be pleased to state:

(a) whether it is a fact that certain members of the inferior staff employed at the Goods Depot at Wadi Bunder on the Great Indian Peninsula Railway, who were eligible for the Fundamental Leave Rules, were treated under other sets of leave rules;

(b) whether, as a result of this, the said staff were put to a loss;

(c) whether it is a fact that in 1939 it was decided that the mistake was to be rectified from 1st January, 1937 and not from the date of appointment of the staff concerned; and

(d) if the answer to part (c) above be in the affirmative, the reasons for not rectifying the mistake with proper retrospective effect?

The Honourable Sir Andrew Clow: (a) and (b). Yes.

(c) Effect was given to the change from the 1st January, 1937.

(d) I have called for certain information and will lay a further reply on the table of the House in due course.

LEAVE RULES CONCESSIONS GIVEN TO SHED STAFF AT WADI BUNDER ON THE GREAT INDIAN PENINSULA RAILWAY.

98. Sardar Sant Singh: Will the Honourable the Railway Member be pleased to state:

(a) whether it is a fact that (vide their letter No. 1243 E. G. of 2nd April, 1932) the Railway Board gave as a concession the Shed Staff at Wadi Bunder, Great Indian Peninsula Railway, who were engaged between 1st September, 1928 and 31st March, 1930, the option either of remaining under the Fundamental Leave Rules or the Revised State Railway Leave Rules;

(b) what was the ground, if any, for granting this concession;

(c) whether it is a fact that there were several other employees similarly appointed elsewhere during the period in question;

(d) whether the employees, referred to in part (c) above, were granted the concession given to the Wadi Bunder Staff; and

(e) if the reply to part (d) be in the negative, what are the reasons for making such discrimination between the different categories of staff?

The Honourable Sir Andrew Clow: (a) Yes.

(b) The reason given was that they were not appointed on the condition that when the revised leave rules for State Railway employees were introduced, they would be brought under them.

- (c) Yes.
 (d) No.
 (e) I understand that the railway regarded the case of the Wadi Bunder staff, who would not have secured the concession but for an oversight, as exceptional.

APPLICATION OF FUNDAMENTAL RULE 32 (a) (ii) TO THE COMMERCIAL DEPARTMENT OF THE GREAT INDIAN PENINSULA RAILWAY.

99. Sardar Sant Singh: Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that the Railway Board have decided that in the case of staff governed by the Fundamental Rules, all posts in the grades the maximum of which is less than Rs. 120 per mensem are held to carry equal responsibilities, and the fixation of pay in the higher grades at a stage above the substantive pay as a general rule is inadmissible and that the initial pay in such cases should, therefore, be fixed strictly in accordance with Fundamental Rule 32 (a) (ii);
 (b) whether it is a fact that, unlike any other Government Departments, there are several grades on the Railways up to the grade of Rs. 120;
 (c) whether it is a fact that in the Commercial Department of the Great Indian Peninsula Railway there are more than seven grades up to Rs. 120;
 (d) whether it is a fact that by reason of this Fundamental Rule an employee on the Railway would be required to go without increment for several years, as there are grades through which he has to work up his career unlike an employee in any other Department of Government Service;
 (e) whether it is a fact that representations in regard to the application of the Fundamental Rule were received from and on behalf of the staff concerned;
 (f) whether Government are aware that the Great Indian Peninsula Railway Administration had approached the Railway Board to seek an exception from this rule in the case of Railway workers;
 (g) what the outcome of the same was;
 (h) what the reasons were for non-compliance with the request in this connection; and
 (i) whether Government are prepared to review the position?

The Honourable Sir Andrew Clow: (a) No such general principle has been laid down by the Railway Board. A decision to this effect affecting certain staff on the Great Indian Peninsula Railway was taken by the General Manager, and the Railway Board, acting on this decision, gave instructions to him regarding the fixation of pay for such staff on promotion to a higher grade.

(b) There are several grades for the same type of work on the railways, but I am unable to assure the Honourable Member that this is not the case elsewhere.

- (c) Yes.
 (d) This is possible, but I doubt if it is peculiar to the railways.
 (e) No such representations have come to my notice.
 (f) Yes; for staff on the old scales of pay in two particular grades.
 (g) and (h). The request was not granted as it appeared that no sufficient case had been made out for the relaxation of the rule.
 (i) The question will be considered.

TRAIN COLLISIONS ON THE HARBOUR BRANCH OF THE GREAT INDIAN PENINSULA RAILWAY.

100. Sardar Sant Singh: Will the Honourable the Railway Member be pleased to state:

- (a) whether there were train collisions on the Harbour Branch of the Great Indian Peninsula Railway on 13th May, 1939;
 (b) if so, how many persons were injured as a result of these collisions;
 (c) what damage was done to the railway tracks in terms of money;
 (d) whether any claim was received from injured passengers and, if so, how the same was disposed of;
 (e) whether it is a fact that this section of the Railway is controlled by 'Automatic Signals' and not by 'Block System' as in the case of other sections;
 (f) whether it is a fact that these stations are manned only by Clerks-in-charge;
 (g) whether they know anything about train working;
 (h) whether they are responsible for the train working as in the case of Station Masters at other stations; and
 (i) whether it is a fact that the Guards and Drivers cannot get any assistance from the Station staff on the Harbour Branch owing to there being no Station Masters?

The Honourable Sir Andrew Clow: (a) Yes.

- (b) 22 persons were slightly injured.
 (c) Rs. 17-4-0.
 (d) Rs. 1,500 were paid in claims from six persons.
 (e) The section is worked under the Automatic Block system to which all rules appertaining to the Absolute Block System are applicable except as otherwise provided in the rules in Chapter XI of the General Rules for the working of Open Lines.
 (f) No. There are two signallers-in-charge, one at Reay Road and the other at Sewri, in addition to the Clerks-in-charge.
 (g) The signallers-in-charge are qualified in train working.
 (h) No.

(i) No. The train staff can obtain the assistance of the signallers-in-charge and the Controller.

TRAIN COLLISIONS ON THE HARBOUR BRANCH OF THE GREAT INDIAN PENINSULA RAILWAY.

101. **Sardar Sant Singh:** Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that the Home Signal at Reay Road, Bombay, which was the scene of accidents in Bombay on 13th May, 1938, stands at the end of a sharp gradient of 1 in 42 and that there is a curve also;
- (b) whether it is a fact that the rails on the curve are greased to facilitate easy negotiation for the moving wheels of the trains, but owing to which the trains could not be stopped all of a sudden to prevent an accident;
- (c) whether it is a fact that owing to these facts and also owing to an adjoining tree near the curve which was subsequently pruned, the train-staff were greatly handicapped;
- (d) whether it is a fact that the Guards and Drivers of some of these trains were removed from service only on the ground that they did not carry out General Rule 280;
- (e) whether it is a fact that Station Staff at Victoria Terminus, who were aware of the failure of the first train, did not take any precautions while allowing subsequent trains to leave the station;
- (f) what action, if any, was taken against Victoria Terminus station staff;
- (g) whether it is a fact that there are failures in the 'Automatic Signal' system;
- (h) what is the number of failures of this type during the year 1938-39 and what cost the Administration had to incur on that account; and
- (i) whether Government propose to get the question of replacing the system of 'Automatic Signals' by the 'Block System' examined on this service in the interests of public safety; if not, why not?

The Honourable Sir Andrew Clow: (a) I understand that it is some distance away from the end of the gradient but there is a curve. The accident occurred in May, 1939.

(b) The outer rail of a curve is greased on the running edge and not on the table of the rail. The reply to the second part of the question is in the negative.

(c) No.

(d) Yes.

(e) There was no failure on the part of the staff at Victoria Terminus to comply with any rules.

(f) Does not arise.

(g) Yes. The number of failures to the number of train movements is in the ratio of 1 to 19,000.

(h) 139. The small cost involved is not readily ascertainable.

(i) No. As the accident was the result of failure of the train staff to obey orders and not due to the failure of the automatic signals, the question does not arise.

PROMOTION OF FIREMEN ON THE GREAT INDIAN PENINSULA RAILWAY.

102. **Sardar Sant Singh:** Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that on the Great Indian Peninsula Railway Firemen have been engaged in class 'A' with qualifications distinct from those engaged in other lower classes and with prospects of their promotion as 'A' Class Drivers direct;
- (b) whether it is a fact that since recently this channel of their promotion has been affected and they are now being asked to seek promotion along with 'B' and 'C' Class Firemen;
- (c) whether any representations were made by these Firemen and the Great Indian Peninsula Railwaymen's Union in regard to restoration of their prospects in the light of which they were entertained in the service; if so, with what results;
- (d) what the present number of these 'A' Class Firemen is;
- (e) whether most of them are not Indians;
- (f) whether there was any racial discrimination practised by the Administration; and
- (g) whether Government are prepared to reconsider the question and allow these Firemen to enjoy the prospects that were open to them at the time of their engagement; if not, why not?

The Honourable Sir Andrew Clow: I have called for information and will lay a reply on the table of the House in due course.

STATEMENT OF BUSINESS

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Sir, as the House is aware, Tuesday, the 26th, is at present fixed for the transaction of non-official business (Bills). I understand that there is a general desire that that day should be fixed for the transaction of official business; and that being so, the Governor General is willing to allot in the following week a day for the transaction of non-official business (Bills) in respect of which the 26th was fixed, and the 26th may, therefore, be fixed for the transaction of official business. On the date which is fixed in the following week for the transaction of non-official business, Government propose to put on the agenda a certain amount of official business, so that if the non-official business is concluded before 5 o'clock, some of that official business may then be transacted.

NOTIFICATION RE CERTAIN AMENDMENTS TO THE MOTOR VEHICLES INTERNATIONAL CIRCULATION RULES

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, I beg to lay on the table a copy of the Department of Communications' Notification No. R.-63, dated the 21st February, 1940, regarding certain amendments to the Motor Vehicles International Circulation Rules, 1933.

"DEPARTMENT OF COMMUNICATIONS"

NOTIFICATION

Roads

New Delhi, the 21st February, 1940

No. R.-63.—In exercise of the powers conferred by sub-section (1) of section 92 of the Motor Vehicles Act, 1939 (IV of 1939), the Central Government is pleased to direct that the following further amendments shall be made in the Motor Vehicles International Circulation Rules, 1933, the same having been previously published as required by sub-section (1) of section 133 of the said Act, namely:

1. For sub-rule (2) of rule 1 of the said Rules, the following sub-rule shall be substituted, namely:

"(2) They shall extend to the whole of British India, including Berar."

2. In the Note to Annex. C. in the First Schedule to the said Rules, for the entries—

Colony and Protectorate of Kenya	} "E A"
Colony and Protectorate of Uganda	
Colony and Protectorate of Zanzibar	
Colony and Protectorate of Nyassaland	
Tanganyika Territory	
Northern Rhodesia	

the following entries shall be substituted, namely:—

"Colony and Protectorate of Kenya	EAK
Colony and Protectorate of Uganda	EAU
Colony and Protectorate of Zanzibar	EAZ
Colony and Protectorate of Nyassaland	NP
Tanganyika Territory	EAT
Northern Rhodesia	NR."

S. N. ROY,

Secy. to the Govt. of India."

THE EXCESS PROFITS TAX BILL—concl'd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Excess Profits Tax Bill. The question is:

"That Schedule I, as amended, stand part of the Bill."

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I move:

"That in sub-rule (2) of Rule 4 of Schedule I to the Bill, after the words 'received from investments' the words 'other than investments in companies the profits of which have been subjected to excess profits tax in British India' be inserted."

(1612)

The effect of this is to give relief to that portion of the income which has already been subjected to the excess profits tax in British India. It relates to the dividends received from companies by shareholders. The profits have already been subjected to the excess profits tax and the balance distributed to the shareholders as dividends should not be calculated for the imposition of this tax. In part (c) of sub-clause (2) of clause 27 relief is provided for by rules to be made by the Central Board of Revenue in regard to the very case I am referring in my amendment. I do not, however, like that it should be left on rules to be made by the Central Board of Revenue but that it should be made a statutory provision so that this income should not be taken into account for computing the excess profits tax. Once the principle has been accepted, I hope Government will see no objection to this amendment. Sir, I move.

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

"That in sub-rule (2) of Rule 4 of Schedule I to the Bill, after the words 'received from investments' the words 'other than investments in companies the profits of which have been subjected to excess profits tax in British India' be inserted."

Mr. S. P. Chambers (Government of India: Nominated Official): Sir, I oppose this amendment. As the Honourable Member has pointed out, the matter has been dealt with in clause 27, and an additional sub-clause has been added in Select Committee. The reason for putting this matter in clause 27 and for giving the Central Board of Revenue power to make rules for giving the relief and not putting it as a specific item in Schedule I of the Bill can be explained on these lines.

First of all, the excess profits tax is not like income-tax charged upon the whole income of any company. It is only a tax upon the excess profits in one period over the profits made in a standard period or over a statutory percentage. For that reason it is difficult to say that any particular item of income in one company's accounts is subjected to the excess profits tax although such can be said in relation to income-tax. For that reason any attempt to put the relief in a rule such as this would have very awkward consequences and would be very difficult to work in practice. Perhaps I can explain that point by an illustration. If the profits in the standard period of the first company, among whose investments there is an investment in a second company, is one lakh of rupees, and if the invested capital consists of investments some of which have suffered excess profits tax in the chargeable accounting period, and if in the standard period the profits of the investment company include profits from another company which has not suffered excess profits tax, then if one excludes from the profits of the chargeable accounting period the dividends which have been subjected to excess profits tax in the hands of the subsidiary company, we are not comparing like with like, even though the investment company may be making more profits. It will be necessary to take out of the profits of the chargeable accounting period a certain amount, and then also take out a corresponding amount from the profits of the standard period.

Babu Baijnath Bajoria: The Honourable Member's speech is very confusing.

Mr. S. P. Chambers: The Honourable Member has apparently not quite seen the point. I will state it again. The company which owns the

[Mr. S. P. Chambers.]

investments has in the standard period certain investments including investments in a company which in the chargeable accounting period will pay excess profits tax. When we come to the chargeable accounting period it is found that the amount coming from that company is greater, the amounts coming from other companies is less, but the total profits made by the investment company is much greater. If we attempt to exclude from the profits of the chargeable accounting period the profits of the company which has paid excess profits tax we must go back to the standard period and exclude correspondingly the amount received from the same company. But even if we do that, the results may be quite peculiar. You may get a large excess when there is no real excess profit, or you may actually get a deficiency even though the investment company is doing extremely well and is making large excess profits. The matter is entirely different from the position for income-tax purposes, where one is only taxing the profits of one period and we can say that the whole of the profits of that period have been subjected to income-tax in the hands of the first company. That is one point.

In respect of another point, I should like to draw the attention of the House to another difficulty. Even if some measure of relief can be granted, as the Bill provides for an allowance for deficiency if the profits of the company which has paid excess profits tax are smaller in a subsequent period, there may be a deficiency computed under the deficiency clause, and the whole of the excess profits tax paid by the subsidiary company may have to be repaid. We will then have the position that you have granted the relief to the investment company in respect of income from the company which has paid excess profits tax, but subsequently the whole of the excess profits tax has been refunded to the original company. That would make the position still more complicated. For that reason it has been found practically impossible to devise any rule to be put into the statute to give specific relief which will be equitable and which would not have quite absurd results. What we have done is to put into this rule-making clause a provision to give the Central Board of Revenue power to grant relief. The Central Board of Revenue can then draw up rules to deal with specific types of cases that may arise. The drafting of those rules will not be easy, but I may say that an attempt has already been made to draft a rule in such a way that relief can be given and can be given only in cases in which it is quite clearly due. As I say, the rule is a long and complicated one because the matter is long and complicated: and in practice when the rule is being worked it may be found to be working unsatisfactorily, and then the Central Board of Revenue may have to amend that rule. That is a much simpler process than coming to the Assembly with an amending Bill. I suggest that whatever can be done has been done in clause 27 and that this amendment is impracticable.

Babu Baijnath Bajoria: May I ask one question? In principle you have accepted that dividends received from companies which have been subjected to excess profits tax will not be again taxed in the hands of the shareholders. I have followed the speech of the Honourable Mr. Chambers—it is a long and complicated one and it will take me a long time to understand it; but I want to know specifically whether the principle has been accepted.

The Honourable Sir Jeremy Raisman (Finance Member): In the case of investment companies.

Mr. S. P. Chambers: The other companies are, of course, not affected, because their dividends are not included in their assessment for excess profits tax. So we are only concerned with investment companies. The principle that if one company receives dividends from another company which has paid excess profits tax some measure of relief should be given to the second company: but how much relief and how it should be given is a difficult thing to work out because it is quite clear that you cannot take out of the profits of the chargeable accounting period dividends from the first company without going back and taking something out of the profits of the standard period also. Otherwise, if both companies are making more profits you may have the absurd result that the second company, although both of them are doing well and both are making excess profits, you may have a deficiency shown because you are taking out of the profits of the chargeable accounting period without taking out anything correspondingly from the standard period. Of course, if we said, "take out exactly the same amount from both periods", then of course no relief would be given at all, because if you take out one lakh from the profits of the standard period and one lakh from the chargeable accounting period, that of course gives no relief. I think I have said sufficient about the difficulty of granting relief in this manner.

Babu Baijnath Bajoria: What about dividends received by persons and firms?

Mr. S. P. Chambers: As the Honourable Member will see in the clause to which he has tabled an amendment, dividends received in those cases are not chargeable to excess profits tax. Sub-rule (1) of rule 4 says:

"Income received from investments shall be included in the profits in the cases and to the extent provided in sub-rules (2) and (4) of this rule and not otherwise."

Some Honourable Members: Withdraw, withdraw.

Babu Baijnath Bajoria: In view of the explanation given, I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. F. E. James (Madras European): Sir, I move:

"That in sub-rule (5) of Rule 4 of Schedule I to the Bill, for the words 'as if the principal of the borrowed money were reduced by the value of' the words 'after setting off the gross income received from' be substituted."

This particular rule, rule 4, deals with income received from investments and explains in pellucid language which is very difficult for any one to understand the extent to which they are to be included in the profits in certain cases. This particular sub-rule is I think likely to be extremely complicated in practice, and the purpose of our amendment is to remove the complication attached to the estimate of the value of the investments. I have no doubt that my friend, Mr. Chambers, will rise and explain the complications with his usual clarity, and I should, if I may, acknowledge

[Mr. F. E. James.]

on behalf of this Group his graceful reference yesterday to something he had said on a previous occasion. We accept that explanation, and I should like here to express my own regret, and I am sure the regret of all of us in the House, at Mr. Chambers' impending departure. I think seldom has a civil servant combined with his competence in that direction the rare parliamentary gifts which Mr. Chambers possesses. (Hear, hear). He appears to be able to know the unknowable, explain the unexplainable and unscrew the inscrutable

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): And compute the uncomputable.

Mr. F. E. James: Now, Sir, coming to the particular amendment, under the rule as it stands in the Bill, it will be necessary to ascertain the value of investments. How is that to be ascertained? For instance, take the case of the cost of investments. Does the value mean the original cost or does it mean the market value on any given date,—either at the beginning of the period or on the date on which, for example, an overdraft may have been taken? Will it not be necessary also to ascertain the interest charged in the case of a running overdraft for such period as the overdraft exceeds the value of the investments? It also appears to be unfair that if an investment actually brings in no income, it should be treated as if it had brought in the same rate of interest as was paid on the overdraft. Perhaps my Honourable friend will explain precisely how it is proposed to compute the value of those investments. If his explanation is as clear as it usually is, perhaps we may not be obliged to press this amendment, but I do hope he will clear up our doubts.

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

"That in sub-rule (5) of Rule 4 of Schedule I to the Bill, for the words 'as if the principal of the borrowed money were reduced by the value of' the words 'after setting off the gross income received from' be substituted."

Mr. S. P. Chambers: Sir, this sub-rule was intended to have this effect that, if a company borrows more money than is required for the purpose of its business, the profits from which are chargeable to excess profits tax, then as it borrows partly for the purpose of the business and partly to invest in outside investments, such part of the loan as is for the purpose of investment outside shall be deemed to be no part of the capital of the business, and the interest is not to be allowed in arriving at the profits. Generally speaking, I think it is true that a company or an individual for that matter borrows from the Bank at one rate of interest with the object of investing and getting interest at a higher rate; that is to say, one does not borrow from a bank at six per cent. in order to earn three per cent. In business normally one does it the other way round, he borrows at four per cent. and gets six per cent. or seven per cent. So, I think in a normal case the sub-rule as worded in the Bill is somewhat more favourable to the assessee than the rule as it would appear if the amendment were accepted. But there is the difficulty of determining how much of the overdraft is to be cut out by reference to the value of the investment. I think in practice this is not likely to cause so much difficulty as my Honourable friend apprehends, because when one borrows from a Bank for

the purpose of making an investment part of the money borrowed is forthwith paid away as the cost of the investment, and I think the natural thing to do would be to deduct that amount, that part of the overdraft which has been applied to the purchase price of the overdraft. Subsequent fluctuations either up or down in the value of the investment would not have any effect on the cost of the investment or on the overdraft which was used for the purpose of buying that investment, and I think as the object is to determine how much of the overdraft or loan was taken out in order to invest in the business itself, once we have excluded that part which has been used to purchase an investment, then we have done all that need be done, and I don't think anything else is required or that subsequent adjustment is necessary. In cases where there is a fluctuating overdraft, I am afraid all that can be done is to trace it back to see how much of the overdraft was used for making the investment. I do not think the practical difficulty would be great in any case of any importance.

As regards the other point, some money may have been borrowed from the Bank and part of it put in investment which yields no income, but that is a point, I think, which cannot very well be taken into account. As I said the most normal case is that the amount of interest on the investment will exceed the interest on the loan, and as in the normal case the assessee is benefited by the rule as drafted, I think in the exceptional case nothing can really be done about it,—it is just that the assessee has been unfortunate; but with the rule as it stands, it does at least effect what is intended to effect, namely, to point out how much of the overdraft is used for the purpose of the business. Perhaps with this explanation the Honourable Member may see fit to withdraw his amendment.

Mr. F. E. James: After this explanation, I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Babu Bijnath Bajoria: Sir, I move:

"That for Rule 5 of Schedule I to the Bill the following be substituted:

"5. If the person carrying on the business proves to the satisfaction of the Excess Profits Tax Officer that the whole or any part of the borrowed money or debts which are required to be deducted from the average amount of the capital employed in the business, under the provisions of Rule 2 of Schedule II, are bona fide utilized for the purpose of such business only, and for no other purpose, the interest on so much of the borrowed money or debts as has been so utilized, shall not be deducted in computing the profits for the purposes of excess profits tax and, notwithstanding the provisions of Rule 2 of Schedule II, that amount of such borrowed money or debts, shall not be deducted in arriving at the average amount of the capital employed in the business."

Sir, though the amendment is rather a long one, yet it is much more clear that the explanation given by my friend, Mr. Chambers, on the last few amendments. The short and simple effect of my amendment is that all borrowed money bona fide for the purposes of business and utilised in the business should be counted as capital employed in the business. No differentiation should be made in favour of a bank or money raised on debentures. Though we very much value the addition which was made in the Select Committee, giving the assessee the right to compute as capital employed in the business money which has been borrowed from a bank or

[Babu Baijnath Bajoria.]

on debentures, I think that did not go far enough and there should be no distinction. All capital that has been borrowed,—if the assessee proves to the satisfaction of the Excess Profits Tax Officer that that money has been utilised for the purpose of the business, there is no reason why that amount should not be treated as capital of the business. I do not want to prolong my speech. I hope that my amendment will be given due consideration by the Honourable the Finance Member.

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

"That for Rule 5 of Schedule I to the Bill the following be substituted :

"5. If the person carrying on the business proves to the satisfaction of the Excess Profits Tax Officer that the whole or any part of the borrowed money or debts which are required to be deducted from the average amount of the capital employed in the business, under the provisions of Rule 2 of Schedule II, are *bona fide* utilized for the purpose of such business only, and for no other purpose, the interest on so much of the borrowed money or debts as has been so utilized, shall not be deducted in computing the profits for the purposes of excess profits tax and, notwithstanding the provisions of Rule 2 of Schedule II, that amount, of such borrowed money or debts, shall not be deducted in arriving at the average amount of the capital employed in the business."

The Honourable Sir Jeremy Ralsman: I must oppose this amendment. The point has had a very chequered history. It was the subject of a good deal of discussion in the Select Committee, and as most Honourable Members of the House know, it has been the subject of a good deal of discussion since. I have come firmly to the conclusion that I should stand on the Bill as drafted. The position is this. The effect of allowing increases in capital of the nature of loans to be treated in this way is that an allowance of the standard percentage of eight or ten per cent. is given as against the actual rate of interest which would normally be much less,—this higher allowance is given in computing the profits. Originally, there was no such provision in the Bill, and there is, as far as I am aware, no such provision in the English Act. But we were impressed with the desirability of making some concession in this direction if it could be done without greatly complicating the administration of the tax and opening a wide door to evasion. We advanced as far as it was possible to do without opening a wide door to evasion and I am quite convinced that if we advance a step further, we shall make it possible for loans to be given and taken and for the capital ranking for standard percentage to be inflated in an unwarrantable manner. This, no doubt, would be resisted by the officers administering the tax, but it would lead to a tremendous amount of argumentation and altercation and would very greatly complicate the administration of the tax. My own position was at one time that since the concession which was embodied in the Bill as it emerged from the Select Committee seemed to be causing a good deal of heart burning and since we were charged with discrimination as between banks and other people lending money,—my own feeling at one stage was that I ought to withdraw this clause altogether, but the objection to that was that, having put it in the Select Committee and the provision having been accepted, I felt that I was bound to stand by it provided that no attempt was made to extend it further in a way which I thought would be dangerous to the administration of the measure. I think I have explained exactly where I

stand on this which has been a very controversial point. I will neither go forward nor will I go back. I stand on the provision of the Bill as it is, and therefore I oppose the amendment.

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

"That for Rule 5 of Schedule I to the Bill the following be substituted :

"5. If the person carrying on the business proves to the satisfaction of the Excess Profits Tax Officer that the whole or any part of the borrowed money or debts which are required to be deducted from the average amount of the capital employed in the business, under the provisions of Rule 2 of Schedule II, are *bona fide* utilized for the purpose of such business only, and for no other purpose, the interest on so much of the borrowed money or debts as has been so utilized, shall not be deducted in computing the profits for the purposes of excess profits tax and, notwithstanding the provisions of Rule 2 of Schedule II, that amount, of such borrowed money or debts, shall not be deducted in arriving at the average amount of the capital employed in the business."

The motion was negatived.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, I beg to move :

"That in Rule 5 of Schedule I to the Bill, after the words 'banking business', occurring in the fourth line, the words 'or an individual carrying on ordinary business of a private bank,' be inserted."

My opinion was the same as that of the Honourable the Finance Member that the whole of Rule 5 should not have been there at all, but once you have given this concession to banks, then I think it is but just and equitable that it should be extended to private banks as well because we know that in the country a good deal of business is being carried on before the introduction of banking system by private individuals

Babu Baijnath Bajoria: Do you mean by a private bank or a private banker?

Dr. Sir Ziauddin Ahmad: I mean persons who really act as public banks so that anybody could go and get money, or bill of exchange.

Dr. P. K. Banerjee (Calcutta Suburbs : Non-Muhammadian Urban) : A moneylender you mean?

Dr. Sir Ziauddin Ahmad: No. Moneylending is only a part of the functions. They write *hundis*—those who carry on a regular banking business. There are certain individuals—I know one in Delhi, Ali Jan—though they are not registered banks, they carry on all the banking business in the same manner as a registered bank does. Once you have extended this concession to registered banks, it is reasonable to demand that it should be extended to a bank which is not registered, and is not of the nature described in the Banking Act, but which functions in the same manner as a registered bank. I do not mean that it should be extended to moneylenders of Shylock type. Moneylenders are not banks. Therefore, I think it is but reasonable that this principle should be extended to private banks as well. With these words I move.

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

"That in Rule 5 of Schedule I to the Bill, after the words 'banking business', occurring in the fourth line, the words 'or an individual carrying on ordinary business of a private bank,' be inserted."

Pandit Lakshmi Kanta Maitra (Presidency Divisions: Non-Muhammadan Rural): I want to know from the Honourable Member if an individual, who carries on banking business, is to be called a bank and brought under the provisions of this Bill?

Dr. Sir Ziauddin Ahmad: The transactions carried on by a person who under normal conditions carries on the functions of a bank should be included in this exception.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): I rise to support this motion, although ordinarily on most of the matters, so far as this Bill is concerned, I could not see eye to eye with Dr. Ziauddin. There are two kinds of banking in this country. So far as banking in the modern sense of the term is concerned, it is a new institution and it is a growing institution, not yet fully established in India.

Dr. P. N. Banerjee: And the other is indigenous banking.

Mr. Akhil Chandra Datta: There is another class of banking business in this country which has been in existence for a long time and which has up to now been financing all business and all industries. What is the attitude of this Bill so far as banking is concerned with regard to the first type of business? I had an amendment moved, but that was negatived by the Honourable the Finance Member. My real point in that connection was that banking business being new to this country, it is absolutely essential that for financing industries and business banking should be encouraged. Now, that was not accepted. At the same time indigenous banking is also being discouraged unless this amendment is accepted. On a superficial view this matter may be considered to be very unimportant, but the effect of this rule, as it stands, is to make a distinction between capital borrowed from a registered bank and capital borrowed from an indigenous bank. The result will be that this will hit hard so far as indigenous banking is concerned. I feel we are between the devil and the deep sea. When you talk of regular registered banking, it has no blessings from the Honourable the Finance Member. The question with regard to the indigenous banking is also not countenanced. The result will be that banking business in its entirety will be in jeopardy, and so far as this amendment is concerned, if that distinction is made, the result will be that all private banking by indigenous banks will be stopped altogether. The question is whether a revolutionary change like that ought to be made by a rule in this Schedule. That is the whole question. It is a very important matter, and I am strongly in favour of this amendment.

The Honourable Sir Jeremy Raisman: On the question of making any actual change in this provision I have already made my position clear. I do not think that I can advance further without positively endangering the

administration of the measure. I am not quite sure myself at this moment whether many of the cases which my Honourable friend has in mind would not be covered by the terms of the rule as drafted, namely, a bank carrying on *bona fide* banking business. At the moment I do not see why they should not be but at any rate I regret that in view of the danger of any further extension I cannot accept any amendment which would tend to widen the scope of the rule. I oppose the amendment.

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

"That in Rule 5 of Schedule I to the Bill, after the words 'banking business', occurring in the fourth line, the words 'or an individual carrying on ordinary business of a private bank,' be inserted."

The motion was negatived.

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

"That after Rule 5 of Schedule I to the Bill the following be inserted:

'5A. In the case of the business of shipping, to which this Act applies no deduction shall be made on account of allowance under section 10 (2) (vii) of the Indian Income-tax Act, 1922.

5B. In the case of the business of shipping, to which this Act applies, out of the amount carried to a special reserve fund for the purpose of replacing the amount lost during the war or tonnage in commission at the end of the war, the Excess Profits Tax Officer may allow such sum to be deducted out of the profits of any chargeable accounting period as he thinks reasonable."

This amendment relates to the shipping industry, and we have received many representations about the necessity of this amendment from interested quarters. The first part of the amendment, namely, 5A, refers to the question of the computation of standard profits. In computing the profits, question of the computation of standard profits. In computing the profits, certain allowances are made under the Indian Income-tax Act. For instance, depreciation allowance is deducted from the profits. Similarly, if any obsolescence allowance is granted to the business in question, the same is also under the Act liable to be deducted in arriving at the taxable profits. In the case of ships such obsolescence is bound to be considerable amounts, sometime running to lakhs, and if it is deducted from the quantum of profits in the standard period, the standard profit is bound to be depleted to an insignificant figure. In computing chargeable profits under the Excess Profits Tax, the principle of like for like may not be translated into actual practice if, in the computation of standard profits, large sums by way of obsolescence is allowed to be deducted. This is a peculiar position to the shipping industry alone; as the unit of asset in the industry, namely, a ship is of considerable value compared to assets in other industries. Moreover, in the chargeable accounting period, obsolescence may not be allowed, such an allowance or claim not being an annual feature, with the result that the chargeable profits in the latter period would show an artificially inflated position compared to the profits of the standard period. In a report submitted to His Majesty's Government by the Chamber of Shipping of the United Kingdom the above difficulties are pointed out and the position is summarised in the following words:

"E. P. T. being a temporary tax, obsolescence allowance made in the standard period should not be treated as a charge against trading profits. Such allowances may result from insufficiency of annual wear and tear allowances in previous years and it might be unfair that obsolescence should be deducted from the standard profits since it might so happen that there was no corresponding deduction in the chargeable accounting period."

[Sardar Sant Singh.]

In view of the special position of the shipping companies due to hostilities, I hope the Honourable the Finance Member will assure the industry and thus remove the apprehensions prevailing therein. Sir, I move.

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

"That after Rule 5 of Schedule I to the Bill the following be inserted :—

'5A. In the case of the business of shipping, to which this Act applies no deduction shall be made on account of allowance under section 10 (2) (vii) of the Indian Income-tax Act, 1922.

5B. In the case of the business of shipping, to which this Act applies, out of the amount carried to a special reserve fund for the purpose of replacing tonnage lost during the war or tonnage in commission at the end of the war, the Excess Profits Tax Officer may allow such sum to be deducted out of the profits of any chargeable accounting period as he thinks reasonable."

Mr. A. Aikman (Bengal : European) : Sir, I would just like to ask the Mover one question in order to enable us to understand more fully the motion which he has made. Perhaps he could explain to us exactly how obsolescence allowances are calculated in the case of shipping?

Sardar Sant Singh : I do not know how they are calculated, but if a ship becomes obsolete on account of wear and tear, no allowance will be made at all.

Mr. A. Aikman : Thank you very much.

Sir H. P. Mody : Sir, I am not expressing any opinion upon this amendment. All that I want to do is to emphasise the special difficulties of the shipping industry in times such as these. From such discussions as I have had it seems to be common ground between the Government and ourselves that the shipping industry stands in a peculiar position during times of war and that its particular difficulties have got to be taken into consideration. The object of my intervention in this debate is to invite Government to give us categorical assurance on the subject.

Mr. S. P. Chambers : Sir, there are really two points now at issue. The first one is the one which is specifically covered by the amendment which is now before the House. The position in the United Kingdom, as I explained on an earlier amendment, is that no obsolescence deduction can be given unless the asset is replaced. The position in India is quite different, and the allowance in respect of the residual value of the asset is given as and when the asset goes out of the business, whether by sale or by any other means, and it is not dependent upon the replacement of that asset. In the case of ships, it is quite clear that the replacement of ships in the normal course of peace time need not be delayed. But during war time if several ships are sunk at the same time, they will not be replaced in the same year. But, as I said, that is an important matter which has to be taken into consideration in the United Kingdom. But as replacement is not taken into account in India in fixing the deduction for the obsolescence allowance, the amendment is unnecessary.

Then, my Honourable friend, Sir Homi Mody, said, that shipping is in a special position, that is to say, there are special difficulties with regard to shipping and special difficulties with regard to the determination of the profits of shipping. Sir, these difficulties will receive very special consideration and if it is found, when the work of the assessment of the excess profits tax comes to be taken up, that some specific amendment is required to the Act, that amendment will be put forward by Government.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Will the Government put themselves in touch with those who are interested in the shipping industry before they make any rules on account of these special difficulties?

Mr. S. P. Chambers : No rules are necessary at the moment for this industry. If any special relief is required and it is not given in the Bill at it stands, then Government will come forward with an amendment to the Act.

Sardar Sant Singh : Sir, in view of the assurance given by Government, I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. F. E. James : Sir, I move :

"That at the end of Rule 8 of Schedule I to the Bill the words 'except where such remuneration is included in the profits of the managing agents' business for the purpose of Excess Profits Tax' be added."

Sir, I remember hearing from an eminent Parliamentary draftsman in England that one day he was asked to draft a particular Bill in more simple language. He expressed his horror at the suggestion. His grounds for opposing the idea were that if the Bill was drafted in more simple language, Members of the House of Commons would not understand it and its passage through the House would be delayed. Well, Sir, we have understood this particular rule and we suggest that it does, as it stands, inflict a hardship. Under the rule, an increase in the remuneration of the managing agent is not taken into consideration in arriving at the profits of the assessee, in this case the company: but it is taken into consideration in arriving at the profits of the Managing Agent. Hence the Excess Profits Tax is really charged twice on the amount of the increase. This, we suggest, is really inequitable and there would be a number of cases affected. The House will recollect that the Companies Act was passed in 1936 and, as a result of the passing of that Act, a large number of new agreements were entered into or a number of the agreements of managing agents were revised. I am thinking of the particular case of a company in connection with remuneration. Before the Act came into force, it was charged on the basis of a percentage of the dividends. When the Act was passed, the agreement was amended and the remuneration is now based upon the net profits. Similarly, there have been many other agreements altered in order to bring them into line with the provisions of section 87-C of the Companies Act. Then, again, a company, quite apart from the Companies Act, may take one of the earlier options provided in the Bill for the standard period. The agreement of the managing agent may have been terminated and may have been replaced by a new agreement on a different basis of remuneration. We suggest, therefore, that it

[Mr. F. E. James.]

is not equitable that the excess profits tax should be charged doubly on the actual amount of the increase which, we fear, will be the case if the rule stands as it is. It may be argued that if the amendment we have proposed is accepted, there will be a time when trade is bad and when the remuneration from other companies is reduced and thus the total assessable profits of the managing agents will be lessened. That, in our view, does not really justify a provision which involves taxing increased remuneration twice. I do, therefore, hope that my Honourable friends will be ready to accept this modification of the rule.

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

"That at the end of Rule 8 of Schedule I to the Bill the words 'except where such remuneration is included in the profits of the managing agents' business for the purpose of Excess Profits Tax' be added."

Mr. S. P. Chambers: Sir, I admit at once that the rule as provided would in some cases involve double excess profits tax, that is to say there would be a disallowance in the company's assessment and the same remuneration would appear in the managing agent's assessment and I admit that that is a hardship which should be remedied. On the other hand as the Honourable the Mover has himself pointed out this amendment has its dangers in that as worded if the profits are included in the managing agent's profits for the purposes of excess profits tax, that does not mean that the excess profits tax will in fact be payable on that remuneration. What I would like to suggest is that if the Honourable Member can with the permission of the House withdraw his amendment and substitute one which differs from it very slightly and which deals with the principle of his amendment, then it would be acceptable. The amended words would read like this "except where such remuneration is subjected to excess profits tax in the hands of the managing agents". The original wording is: "except where such remuneration is included in the profits of the managing agents' business for the purpose of excess profits tax". The substituted wording is more precise and does exclude the possibility of abuse.

Mr. F. E. James: I have supplied copies of the amendment to the amendment to the other Parties. I would beg leave of the House to withdraw my present amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. F. E. James: Sir, I move:

"That at the end of Rule 8 of Schedule I to the Bill the following words be added, namely:

"except where such remuneration is subjected to excess profits tax in the hands of the managing agents."

Sir, I move.

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

"That at the end of Rule 8 of Schedule I to the Bill the following words be added, namely:

"except where such remuneration is subjected to excess profits tax in the hands of the managing agents."

The motion was adopted.

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

"That Schedule II stand part of the Bill."

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, I beg to move:

"That after Rule 3 of Schedule II to the Bill the following be inserted:

"3A. Notwithstanding anything contained in Rule 3 in the case of the business of shipping, to which this Act applies, the sale proceeds of any tonnage sold or the amount of compensation in respect of loss of ships or the amount of accumulation of reserves, whether invested or not, shall be taken into account in computing the average amount of capital employed in such business:

Provided that any income received from investment of such funds shall be included in computing profits for purposes of the excess profits tax."

Sir, the position of the shipping industry, particularly the Indian shipping industry is of momentous importance during the war particularly. Ships are requisitioned for war services and if they are lost, it is difficult to replace them. It is also not always practicable to utilise the reserves for depreciation for replacement of old ships, the cost of replacement under conditions of war being a very important factor. It is therefore quite essential that funds lying with shipping companies either as cash or as investments being the proceeds of the sales or the amount of compensation for losses of ships or the accumulation of the amounts of depreciation should be treated as capital employed in the business. Unless such a consideration is shown, the position of the shipping industry will be rendered very difficult. It must be remembered that even after the war, for a few years at any rate, the cost of replacement is going to be substantially higher than it would be the case under normal circumstances.

In this connection the report of the Joint Taxation Committee of the Chamber of Shipping and the Liverpool Steamship Owners' Association is of interest. They say:

"A special reserve should be allowed out of profits to replace vessels lost during the war, or vessels in commission at the end of the war, which would have to be replaced at a cost which would exceed the cost of the fleet replaced and this is of paramount importance if the shipping industry is to be maintained after the war. The creation of any such reserve should not be confined to the excess profits tax provisions, but provided for if necessary against the national defence committee"

Sir, I move.

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

"That after Rule 3 of Schedule II to the Bill the following be inserted:

3A. Notwithstanding anything contained in Rule 3 in the case of the business of shipping, to which this Act applies, the sale proceeds of any tonnage sold or the amount of compensation in respect of loss of ships or the amount of accumulation of reserves, whether invested or not, shall be taken into account in computing the average amount of capital employed in such business:

Provided that any income received from investment of such funds shall be included in computing profits for purposes of the excess profits tax."

The Honourable Sir Jeremy Raisman: As far as I can see, the amendment proposed by my Honourable friend embodies a reasonable principle, and I am prepared to accept it.

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

"That after Rule 3 of Schedule II to the Bill the following be inserted:

3A. Notwithstanding anything contained in Rule 3 in the case of the business of shipping, to which this Act applies, the sale proceeds of any tonnage sold or the amount of compensation in respect of loss of ships or the amount of accumulation of reserves, whether invested or not, shall be taken into account in computing the average amount of capital employed in such business:

Provided that any income received from investment of such funds shall be included in computing profits for purposes of the excess profits tax."

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.

Schedule III was added to the Bill.

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

"That clause 2 stand part of the Bill."

Mr. S. P. Chambers: Sir, I beg to move:

"That in the first proviso to sub-clause (5) of clause 2 of the Bill, after the words 'company or' the words 'of a' be inserted."

Sir, this is a small drafting point. Sir, I move.

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

"That in the first proviso to sub-clause (5) of clause 2 of the Bill, after the words 'company or' the words 'of a' be inserted."

The motion was adopted.

Babu Baijnath Bajoria: Sir, I move:

"That in the first proviso to sub-clause (5) of clause 2 of the Bill, after the word 'property', where it occurs for the second time, the words 'other than, immovable property' be inserted."

The proviso runs as follows:

"Provided that where the functions of a company or society incorporated by or under any enactment consist wholly or mainly in the holding of investments or other property, the holding of the investments or property shall be deemed for the purpose of this definition to be a business carried on by such company or society."

It means that even income from immovable property held by a company will be treated as business carried on by the company and this income will be liable to taxation. The intention of this Bill, as I understand it, is to tax excess profits of business and not income derived from immovable property by way of investment. I move this amendment to clarify the point that property will mean only moveable property and not immovable property. Sir, I move.

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

"That in the first proviso to sub-clause (5) of clause 2 of the Bill, after the word 'property', where it occurs for the second time, the words 'other than immovable property' be inserted."

Mr. S. P. Chambers: Sir, I oppose this amendment. It was definitely intended, when the definition was put in the Bill, that in the case of a company which has as its only business the holding of investments or the holding of real property and the letting out of real property on hire, that that should be regarded as business for the purpose of the Act. And I can see no reason why, if there is such a company and if owing to the increase of rent in certain areas it makes excess profits, these profits should not be charged to the tax. This does not apply to individuals but only to companies and societies incorporated specially for the purpose. Sir, I oppose.

Mr. M. S. Aney: Will a house building society come within the meaning of this Act?

Mr. S. P. Chambers: A building society is in any case carrying on a business whether it is holding property or not. This deals with a different class of cases,—the actual holding of investments in real property and any other property for the purpose of the company's business. In the case of a building society the main source of income is interest although it does also hold property as part of its business. Both the cases are liable to excess profits tax.

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

"That in the first proviso to sub-clause (5) of clause 2 of the Bill, after the word 'property', where it occurs for the second time, the words 'other than immovable property' be inserted."

The motion was negatived.

Babu Baijnath Bajoria: Sir, I move:

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word 'September' the word 'October' be substituted."

When I was speaking on this matter in the general discussion the Finance Member remarked that half a loaf is better than no loaf. This amendment carries out that intention and gives half a loaf. The financial year is from April to March. So 1st October to March will give six months as the chargeable accounting period and April to September will not be

[Babu Baijnath Bajoria.]

so included. I also explained then that there will be difficulties of administering the Act and also harassment to the assessee if the 1st September is retained because most of the companies close their half-years in September and March. For that reason also October is better suited than September. Again, war was declared on 3rd September and the Government cannot go before that date. So it should be the 1st of the next month following the declaration of war. On these grounds I move this amendment. It will not make any heavy inroads on the Government revenues whereas it will be easier and simpler both for the assessee as well as for the department to administer the Act. Sir, I move.

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

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word 'September' the word 'October' be substituted."

The Honourable Sir Jeremy Raisman: Sir, I must oppose this amendment. The date which now stands in the Bill was the result of the deliberations of the Select Committee and in spite of the alluring arguments based on *a priori* ideas and symmetry and on some fractions being more aesthetic than others I regret I must accept the difficulties, such as they may be, of administering the 1st day of September rather than accept the postponement to the first day of October. Although war was declared on 3rd September we all remember that the 1st and 2nd September were for all practical purposes days of war. Sir, I oppose.

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

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word 'September' the word 'October' be substituted."

The motion was negatived.

Mr. Akhil Chandra Datta: Sir, I move:

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word and figures 'September 1939' the word and figures 'April 1940' be substituted."

My first ground for moving this amendment is that in the ordinary course the chargeable accounting period should begin from 1st April. For two reasons: it should not have retrospective effect—that is one reason. The second reason is that the 1st of April is not only the time when this will have been passed, but it happens to be the first day of the financial year. I do appreciate that a certain concession has been made by changing the date from 1st April, 1939 to 1st September, 1939; and although we are thankful for small mercies, I may point out that the concession is more illusory than real as was explained by my Honourable friend, Mr. Aikman. He said that it is only fair to point out that although the months from April to August are not now to be reckoned as coming within the first chargeable accounting period, this does not mean that in every case the assessee will pay a smaller amount of excess profits tax. I do not wish to say that that was the reason why Government made that concession, but I am only stating a fact that the concession is not so real as it might appear to be.

The Honourable Sir Jeremy Raisman: Then go back to April, 1939.

Mr. Akhil Chandra Datta: I should not be misunderstood. I do appreciate the concession so far as that portion of the period is concerned. Other grounds have been discussed on other amendments, and I do not like to repeat them now. Sir, I move.

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

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word and figures 'September 1939' the word and figures 'April 1940' be substituted."

The Honourable Sir Jeremy Raisman: Sir, I oppose the amendment.

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

"That in part (a) of sub-clause (6) of clause 2 of the Bill, for the word and figures 'September 1939' the word and figures 'April 1940' be substituted."

The motion was negatived.

Babu Baijnath Bajoria: Sir, I move:

"That for sub-clause (8) of clause 2 of the Bill the following be substituted:

"(8) 'Company' has the meaning assigned to the expression in section 2 of the Indian Income-tax Act, 1922."

I do not understand why a differentiation has been made in the definition of the word 'company' in this Bill from what it obtains in the Indian Income-tax Act. The difference is this: whereas company as defined in the Indian Income-tax Act includes a foreign association carrying on business in British India whether incorporated or not, and whether its principal place of business is situate in British India or not, the words "carrying on business in British India" and the words "whether its principal place of business is situate in British India or not" have been omitted from the definition as has been given in this Bill. I do not see any reason why the definition of company should be enlarged for the purposes of this Act and the word should not have the same meaning as is assigned to it in the Indian Income-tax Act, 1922, as amended by this House in 1939. In this connection I would like to refer to the Minute of Dissent of my Honourable friend, Sir Cowasji Jehangir. He would have explained this amendment in more details but, unfortunately, he is not with us here today. He says in his Minute:

"From the definition of 'Company' as given in the Income-tax Act, it is clear that a 'Company' which is incorporated in a Native State and which does not carry on business in British India, is not a 'Company' within the meaning of that definition. If such a company capitalises a part of its accumulated profits and reduces its capital by return of capital, then the amount of such capital received by a shareholder, who is a resident of British India, is not subjected to income-tax. From the definition of 'Company' as given in the Bill, the return of such capital received by a shareholder, who is a resident of British India, would be subjected to Excess Profits Tax. Whatever may have been the intention of Government when the Income-tax Act was amended last year, there is no reason why profits not legally subjected to income-tax should be subjected to Excess Profits Tax by this Bill."

For the sake of uniformity and in order that the meaning of the word "company" may not be enlarged, I would request Government to accept this amendment.

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

"That for sub-clause (8) of clause 2 of the Bill the following be substituted:

'(8) 'Company' has the meaning assigned to the expression in section 2 of the Indian Income-tax Act, 1922'."

Mr. S. P. Chambers: Sir, I oppose this amendment. My Honourable friend has said that he did not see any reason why there should be any differentiation in the definition of "company" in the Excess Profits Tax Bill and in the Income-tax Act of 1922. On that point I entirely agree with him. The definition in the Income-tax Act has been found to be defective and a suitable opportunity will be taken to put that right and to bring it into line with the definition in this Bill; and in that case I think that his first objection will fall to the ground . . .

Mr. F. E. James: Will that be in this Session too?

Mr. S. P. Chambers: No. I would like first of all to point out why a different definition was taken and in what way the definition in the Income-tax Act is defective. The principal difference is the omission of the words "carrying on business in British India". Under the definition in the Income-tax Act if a foreign association is carrying on business in British India, the Central Board of Revenue may declare it to be a company. That definition was put in when other sources of income available to a non-resident company were not chargeable to income-tax. But the Indian Income-tax Amendment Act of 1939 made chargeable certain items of income which were not formerly chargeable. It also provided for the deduction of super-tax from dividends paid to foreign associations; and we have found this difficulty in practice that the payment of a dividend by a British Indian company to a foreign company is liable to income-tax and super-tax at the rates appropriate to an individual, even though the company is quite obviously an ordinary public company registered in a foreign country. That was never the intention. Formerly there was no such liability to super-tax. And we have been faced with the difficulty that the super-tax will be deductible from such companies' dividends at a very high rate. That was never intended, and as I said, a suitable opportunity will be taken to put that right. At the same time, there was no reason why when we were drafting the Excess Profits Tax Bill we should carry into that Bill a defect which existed in the Indian Income-tax Bill. For that reason the definition in the Excess Profits Tax Bill was put in that form. That was the reason why we had the definition in this form.

Mr. F. E. James: Will it be precisely in this form?

Mr. S. P. Chambers: I cannot prophesy what this House will do, but the intention is that it will be in this form. Sir Cowasji Jehangir, however, has raised in his Minute a different point. It is a very interesting point. He says that if a company is registered in an Indian State and carries on business in an Indian State then it can either declare dividends, or capitalise its profits and pay those profits to a company in British India in a form which is not liable to income-tax or super-tax. That is a surprising statement, and it is argued in a rather peculiar manner. He does

it in this way. He says that dividend is defined in the Indian Income-tax Act as distribution by a company in a certain form. If a company is registered in an Indian State and does not carry on business in British India, it cannot be deemed to be a company for the purposes of income-tax, and then any dividend or distribution by a company would not be a dividend chargeable to income-tax and correspondingly it will not be chargeable to super-tax. Frankly, the object of putting in this definition of dividend was to prevent avoidance of tax—super-tax mainly, not income-tax,—by large corporations by distributing their profits in a capital form. This House passed that amendment, and it was generally agreed that an amendment of this kind declaring such distribution to be income was necessary and desirable. However, the Honourable Member comes along and says "we think there is a flaw because your definition of companies is defective, and as that is defective we think we can still get over your definition of 'dividends' in respect of companies floated in an Indian State"! That is precisely what he says in the words of his minute. He says whatever may have been the intention of Government when the Income-tax Act was amended last year, there is no reason why profits not legally subject to income-tax should be subjected to excess profits tax by this Bill. It is quite clear, therefore, that the object in trying to go back to the defective definition of 'company' is to utilise this defective definition for the avoidance of excess profits tax. Well, Sir, I find myself in a peculiar position, that having first of all suggested a definition of 'company', for one reason the Honourable Member shows me a much better reason. I think had I heard about it before, I would have welcomed the additional reason for making this definition different from that in the Income-tax Act. His reason is a better one even than mine, and I feel sure that this House will not wish to go back to a defective definition for the purpose of enabling corporations to avoid excess profits tax. Sir, I oppose the amendment.

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

"That for sub-clause (8) of clause 2 of the Bill the following be substituted:

'(8) 'Company' has the meaning assigned to the expression in section 2 of the Indian Income-tax Act, 1922'."

The motion was negatived.

Mr. S. P. Chambers: Sir, I move:

"That sub-clause (17) of clause 2 of the Bill be omitted,"—

and I would like, with the permission of the House, to add to that, Sir, the consequential words 'and the subsequent clauses be renumbered accordingly'. The object of this is to cut out a definition which is rendered unnecessary by another amendment.

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

"That sub-clause (17) of clause 2 of the Bill be omitted, and the subsequent clauses be renumbered accordingly."

The motion was adopted.

Babu Baijnath Bajoria: Sir, I move:

"That in the second proviso to sub-clause (22) of clause 2 of the Bill, for the word and figures 'December, 1938' the word and figures 'September, 1937' be substituted."

This proviso gives an additional percentage of two per cent. in the case of new companies, but the date that has been provided there is "December, 1938", and as such very few companies will be able to take advantage of this date. If the intention of the Government is that new companies should be given the benefit of this extra two per cent. then the date, as I have suggested in my amendment, that the companies which have been in existence only for two years before the date of the application of this Bill should be treated as new companies for the purposes of this Act. After all, companies of two years' standing are merely babies, and if babies are to be fed, nine months are not sufficient. Sir, I move.

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

"That in the second proviso to sub-clause (22) of clause 2 of the Bill, for the word and figures 'December, 1938' the word and figures 'September, 1937' be substituted."

Mr. F. E. James: Sir, I am afraid that the House should not accept this amendment, because if they did so they would be defeating the purpose of the Select Committee. The change made in sub-clause (22) of clause 2 was specifically made for the purpose of mitigating the hardship which might otherwise be suffered by new business which had no standard period. Now, if my friend, Mr. Bajoria's amendment is accepted, it would apply to companies which would have a standard period. Therefore, inasmuch as options were extended to include the year 1938-39, the real date must be the 1st July, 1938; any company started after that date has no standard period and has therefore this concession. Any company started before that date would have a standard period to refer to and, therefore, is not entitled to have this particular concession which is limited to businesses with no standard period. I would suggest, therefore, that my friend should withdraw his amendment, and that he should support amendment No. 22 which fixes the date as the 1st July, 1938.

Mr. S. P. Chambers: Sir, the amendment No. 22 which has been tabled by Mr. James and Mr. Chapman-Mortimer is consistent with the amendment (No. 112) as modified yesterday, which amended clause 26 sub-clause (2) (a) of the Bill, and I accept the Honourable Member's suggestion that if this amendment is withdrawn, Government should accept No. 22.

Babu Baijnath Bajoria: In that case there will be only one standard period and you cannot judge the company by the results of its working of only nine months.

Mr. S. P. Chambers: The Honourable Member accepted the amendment in the corresponding place yesterday.

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

"That in the second proviso to sub-clause (22) of clause 2 of the Bill, for the word and figures 'December, 1938' the word and figures 'September, 1937' be substituted."

The motion was negatived.

Mr. F. E. James: I move:

"That in the second proviso to sub-clause (22) of clause 2 of the Bill for the words and figures '1st day of December, 1938' the words and figures '1st day of July, 1938' be substituted."

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

"That in the second proviso to sub-clause (22) of clause 2 of the Bill for the words and figures '1st day of December, 1938' the words and figures '1st day of July, 1938' be substituted."

The motion was adopted.

Sir George Spence (Secretary, Legislative Department): I move:

"That in the second proviso to sub-clause (22) of clause 2 of the Bill for the words 'by two per cent. in each case' the words 'from eight, ten and six per cent. to ten, twelve, and eight per cent., respectively' be substituted."

This is a drafting amendment. The intention has always been as expressed in the amendment, but it is believed that if the existing wording stood the increase in the percentage could not be from eight to ten per cent. but from eight to eight plus two per cent. of eight per cent. which is not what is intended. Sir, I move.

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

"That in the second proviso to sub-clause (22) of clause 2 of the Bill for the words 'by two per cent. in each case' the words 'from eight, ten and six per cent. to ten, twelve, and eight per cent., respectively' be substituted."

The motion was adopted.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): I move:

"That to sub-clause (22) of clause 2 of the Bill the following further proviso be added:

'Provided further that in the case of business the profits of which accrue or arise without British India, the foregoing percentages shall be increased by two per cent. in each case.'

I do not entertain any hope that this amendment will be accepted, but the reason underlying the amendment is this. Unless we can provide sufficient incentive for those of our brethren who are trading outside India, there is no inducement for them to carry on trade in foreign countries and add to our national wealth.

Mr. F. E. James: Do you mean Indian States?

Pandit Krishna Kant Malaviya: I am talking of overseas. I, therefore, want that a concession of two per cent. which does not cost very much to the Government nor involve a big loss to the revenues of the Government, should be given to persons trading in foreign countries by increasing it by two per cent., that is, twelve instead of eight and ten. Sir, I move.

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

"That to sub-clause (22) of clause 2 of the Bill the following further proviso be added:

'Provided further that in the case of business the profits of which accrue or arise without British India, the foregoing percentages shall be increased by two per cent. in each case.'

Mr. F. E. James: I should like to accept this on behalf of the Chamber of Princes.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa Muhammadan): Sir, I rise to support the amendment. Its object is simple and it does not really interfere with any big amount in the matter of taxation. I think that people who are trading in foreign countries deserve some better treatment than those who are placed with better facilities in this country. Those people who are trading in foreign countries run greater risks than they do usually, and in the circumstances there is very good ground that an incentive should be given to our people to go and establish their businesses abroad. With these few words I support the amendment.

Mr. S. P. Chambers: I oppose the amendment. The second proviso which gave special relief to new companies has no application to businesses which are conducted abroad. In so far as those businesses are liable to income-tax and to excess profits tax, I cannot see any difference between them and the profits of anybody else ordinarily resident in British India, and if they are making excess profits I cannot see why they should not pay the tax in the same way as other persons.

Pandit Krishna Kant Malaviya: May I suggest to the Honourable Member that the difference between those who trade in India and those who trade in foreign countries is that those who trade in foreign countries run greater risk of life, greater risk of property, and a thousand and one other difficulties they have to face, which those who are trading in this country have not to undergo. What is demanded is only

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is making a second speech.

Mr. S. P. Chambers: May I suggest that we do not take into account elements of risk. Some people run a lot of risk in India, risks are much greater in some industries than in other industries, but the factor of risk cannot be taken into account.

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

"That to sub-clause (22) of clause 2 of the Bill the following further proviso be added:

"Provided further that in the case of business the profits of which accrue or arise without British India, the foregoing percentages shall be increased by two per cent. in each case."

The motion was negatived.

Pandit Krishna Kant Malaviya: I move:

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a firm is resident in British India in any chargeable accounting period (a) if the control and management of its affairs is situated wholly in British India in that period, or (b) if its profits arising in British India in that period exceeds its profits arising without British India in that period."

Mr. President (The Honourable Sir Abdur Rahim): Amendment moved;

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a firm is resident in British India in any chargeable accounting period (a) if the control and management of its affairs is situated wholly in British India in that period, or (b) if its profits arising in British India in that period exceeds its profits arising without British India in that period."

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I support this amendment.

Mr. S. P. Chambers: I oppose the amendment, but I would like to say this that I have some sympathy with a certain type of case which I believe may exist, but that type of case will not be dealt with by this amendment. The type of case I am referring to is where there is a firm in which the principal partners are ordinarily resident in British India, where the control is in British India, but where there are working partners outside British India who have profits which are, under the Indian Income-tax Act, liable to income-tax, because the firm is resident. I think there may be one or two cases in which the Bill may work a little harshly. This amendment, however, goes much further than that.

Mr. M. S. Aney: How are you going to meet those cases?

Mr. S. P. Chambers: The position with regard to those cases is somewhat obscure, because I believe that in many cases these persons have been called partners, but are not strictly partners. They are local non-resident managers. What I suggest is that this matter can be dealt with executively if there are cases of hardship of ordinarily non-resident manager partners or working partners who may be liable only if a very rigid interpretation of their partnership agreements is followed. That is, I think, as far as we can go. The amendment goes much further than that. I oppose it.

Dr. P. N. Banerjee: Will there be any general instructions?

Mr. S. P. Chambers: Yes.

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

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a firm is resident in British India in any chargeable accounting period (a) if the control and management of its affairs is situated wholly in British India in that period, or (b) if its profits arising in British India in that period exceeds its profits arising without British India in that period."

The motion was negatived.

Pandit Krishna Kant Malaviya: Sir, I move:

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a Hindu undivided family is deemed to be resident in British India in any chargeable accounting period if the control and management of its affairs is wholly situated in British India in that chargeable accounting period."

[Pandit Krishna Kant Malaviya.]

There are cases in which the *karta* of the family or the manager carries on trade in foreign countries and remains outside India all the year round or for years together. What would be the position of the members of his family? Will they continue to be taxed or will they escape from this Excess Profits Tax?

Mr. President (The Honourable Sir Abdur Rahim): **Amendment moved:**

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a Hindu undivided family is deemed to be resident in British India in any chargeable accounting period if the control and management of its affairs is wholly situated in British India in that chargeable accounting period."

Mr. Lalchand Navarai: I support this amendment. It is quite plain that the undivided Hindu family will be the loser and there will be great hardship if the manager is working outside. In that case, some convenience should be given to him and I hope that if this amendment is not accepted, assurance of some nature will be given.

Mr. S. P. Chambers: I oppose this amendment. I think there is some misunderstanding about this. A Hindu undivided family under the Income-tax Act is resident unless the control or the management is outside British India. If the manager is not ordinarily resident in British India, then in respect of the foreign income the family will not be liable to excess profits tax. I think in many cases the control of the affairs of the Hindu undivided family is in British India and if its manager is ordinarily resident in British India, I cannot see that there is any reason why we should exempt the profits from the Excess Profits Tax. Sir, I oppose the amendment.

Pandit Krishna Kant Malaviya: What will happen in the case of a manager who trades outside India and remains outside the country for a length of time, a year, four or five years together. Will the members of the family get relief. What will happen to the members of the family? Will they be liable to this Excess Profits Tax?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is making another speech.

Pandit Krishna Kant Malaviya: I am only putting a question. Will he be regarded as an ordinary resident of the country, while he is staying in foreign countries for four or five years?

Mr. S. P. Chambers: If the manager is outside British India for four or five years, he is neither resident nor ordinarily resident.

Mr. M. S. Aney: I think the Honourable Member should take time to think over this during the lunch interval.

Mr. S. P. Chambers: I am quite clear on the point.

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

"That after sub-clause (23) of clause 2 of the Bill the following be inserted:

"(24) for the purposes of this Act a Hindu undivided family is deemed to be resident in British India in any chargeable accounting period if the control and management of its affairs is wholly situated in British India in that chargeable accounting period."

The motion was negatived.

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

"That clause 1 stand part of the Bill."

Mr. Lalchand Navarai: Sir, I move:

"That after sub-clause (3) of clause 1 of the Bill, the following be added:

"(4) It shall remain in force only until the present hostilities cease."

This is a point which we raised at the time of the general discussion as well. In the Preamble it is not quite clear whether it is the intention of the Government that this Bill will last only till the end of the war. What I want is that this point should be made definite and clear. There are amendments Nos. 2 and 3, but my amendment is a very comprehensive one and makes the intention quite clear. If it is the real intention of the Government that this Bill should be in force only till the end of the war, nothing will be lost by making it clear. In all Acts, we find that the period is given and I do not know why the period should not be given clearly and why it should be left vague and indefinite. Therefore, I move this amendment.

Mr. President (The Honourable Sir Abdur Rahim): **Amendment moved:**

"That after sub-clause (3) of clause 1 of the Bill, the following be added:

"(4) It shall remain in force only until the present hostilities cease."

Mr. M. S. Aney: The main object of this amendment is that the operation of the Excess Profits Tax Bill should be confined to the war period and should not go beyond. I believe that is in consonance with the objects with which the Excess Profits Tax Bill has been introduced in this House. The idea is to make certain money to cover war expenditure. It may be that even after the war, we shall have to make some more money in order to finish off the various liabilities that we may incur during the course of the war. A period of a year or two may be required as we did find it necessary in the case of the previous war. Immediately after the expiry of the war, all expenditure in regard to the war will not necessarily be over. In that case, an enabling clause may be introduced to enable the Government to extend the operation of the Act by a year or two more if they think it necessary after the expiration of the war. But the main purpose of this Bill being to raise certain money to cover war expenditure,

[Mr. M. S. Aney.]

it ordinarily ought not to go beyond the period of hostilities. With that object in view, my Honourable friend, Mr. Lalchand Navalrai, has tabled this amendment. I know that we have already restricted the operation of this Bill to the end of the financial year. On that point I have already made my observations at the time of the general discussion of the Bill. I do not want to repeat them now. All that we are likely to gain by that is to consider the question of the rate when the specific clause in the Finance Bill relating to the extension of this particular Act for another year comes before us. What is now intended is that they need not have that kind of annual restriction at all if the period of the operation of the Act is definitely restricted to the period of hostilities. I, therefore, think that this is a more reasonable position and the Government should think over the matter before they give any reply off-hand.

The Honourable Sir Jeremy Raisman: Sir, I must oppose this amendment. There are a number of considerations to be borne in mind when determining the operation of a measure of this kind and many of those considerations operate in favour of the tax-payer. It is to be remembered that the exact date chosen on which the validity of this legislation should cease is one of great importance as between different assesseees. In any case, it will be quite impossible for this Act to cease on some date in the middle of the financial year because the position then would be that certain people who happened to have been assessed would have paid the tax and others would not. Therefore, the operation of the tax must be over a complete financial year. By the amendment which the Select Committee made in clause 4 and the amended definition of the accounting period, we have already secured that the measure comes under our consideration each time at the end of the financial year. If the war should have ceased by that time, obviously a new situation would have arisen which would have to be taken into account. It would be quite inappropriate to make the Act suddenly cease on the date on which the hostilities cease.

Mr. Lalchand Navalrai: Sir, in view of the explanation of the Honourable Member, I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

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

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

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. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That the Preamble stand part of the Bill."

Mr. M. S. Aney: Sir, I beg to move:

"That in the Preamble of the Bill, for all the words occurring after the words 'excess profits' the words 'which accrue in certain businesses as a result of the special conditions prevailing during the war' be substituted."

Sir, when this Bill was first introduced, the preamble stood like this: "whereas it is expedient to impose a tax on excess profits arising out of certain business". Now, that was later on altered in the Select Committee as it stands at present, "whereas it is expedient to impose a tax on excess profits arising out of certain businesses in the conditions prevailing during the present hostilities". These words have been added by the Select Committee to bring out what they considered to be the real objects of this Bill. I concede that it is certainly an improvement upon the original Bill and goes to some extent to meet the objections that the excess profits were intended to refer to the conditions of business prevailing during the hostilities. But I do not think it goes sufficiently far enough to achieve the real object which we ought to aim at or which the Honourable the Finance Member had declared in the first speech which he made while introducing this Bill. I may remind him of a very important admission made by him on the 13th March, 1940, when this Bill was under discussion. In justifying his Excess Profits Tax he gave the reason why the Government were entitled to claim a share on certain kinds of profits:

"The State, in a war emergency had the undoubted right to a very large proportion of profits which accrued—these are the important words to which I wish to draw the attention of the Honourable the Finance Member—demonstrably and directly as a result and in the conditions of war."

That is what has been stated there. Later on, of course, he has given some explanation about these matters. My amendment is really intended to bring about in the preamble with full force the import of what he has stated in explaining the object of this Bill in the statement which I have just read out. The words which I want to introduce now are "which accrue in certain businesses as a result of the special conditions prevailing during the war". The present wording is only "in the conditions prevailing during the present hostilities". Here we want to confine the profits to arise in the business as a result of the special conditions prevailing during the war. That is the only difference I have made. In justification of the change which has been made in the Select Committee in para. 8 of the Select Committee Report certain reasons are given which also in my opinion if properly read go to support the position which I have taken.

"Having regard to the professed objects of the Bill, to tax additional business profits which accrue as a result of the conditions prevailing during the war, we consider that the preamble should contain a definite reference to this aspect of the proposed legislation. We have therefore amended the preamble to indicate clearly that this new taxation is related to war conditions and we have altered the date on which excess profits become liable to taxation from the 1st day of April to the 1st day of September, 1939."

Of course, by making that change we have made the profits to have relation to war conditions. That is true. But we have not been able to declare properly. It is only profits arising out of conditions existing due to the war and war alone that we are going to tax. That position is not made perfectly clear in the preamble and this amendment is intended to do that. I have spoken about the matter before and the Honourable the Finance Member has also more than once given his reply to my criticism.

[Mr. M. S. Aney.]

in explaining his conception of excess profits etc., during the course of the debate on this Bill. I need not therefore repeat the grounds over now. This amendment is intended to bring about certain points of view which we have been pressing on the floor of the House since this Bill has come up for discussion here. I believe my amendment will be accepted. All that they wanted out of this Bill to come from the people will be secured by them. We are making their objects more clear and more intelligible and less equivocal. That is all we are doing by bringing about this change. I hope the Government will accept my amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved:

"That in the Preamble of the Bill, for all the words occurring after the words 'excess profits' the words 'which accrue in certain businesses as a result of the special conditions prevailing during the war' be substituted."

The Honourable Sir Jeremy Raisman: Sir, I am ready to admit that for all practical purposes, or for most practical purposes the amended words do actually describe the intentions which I have in mind, but my reluctance to accept an amendment of this kind is simply this: that if words of this kind are put into the preamble it will give ground for the possible argument that certain types of profits although they arise in the conditions of the war are not due to the special conditions prevailing during the war and therefore legal argumentation might result as to whether certain profits which are undoubtedly liable to tax fall within the scope of this measure. I explained at some length the other day that I was not prepared to leave scope for that type of argument. I felt myself that practically all cases of excess profits arising during the war are cases of excess profits arising out of the war. But it would not be desirable to leave a precise point like that to be open to doubt and argumentation and, therefore, I feel that it is the practical course to adopt a preamble which while it relates the measure quite definitely to conditions prevailing during the war, does not purport to establish a direct casual connection between every case of excess profits and the war. For these practical reasons, namely, to avoid litigation of this character, I must oppose this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in the Preamble of the Bill, for all the words occurring after the words 'excess profits' the words 'which accrue in certain businesses as a result of the special conditions prevailing during the war' be substituted."

The motion was negatived.

Dr. Sir Ziauddin Ahmad: Sir, I beg to move:

"That in the Preamble of the Bill, for the words 'in the conditions prevailing during the present hostilities' the words 'on account of war conditions' be substituted."

The object is that as soon as war ends, the operation of the excess profits tax will not end on that very day. Hostilities may end but war conditions may continue. Therefore my intention is to make it clear that the operation of the Bill will cease only on such day as the Governor General in Council may notify in the official Gazette. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendment moved?

"That in the Preamble of the Bill, for the words 'in the conditions prevailing during the present hostilities' the words 'on account of war conditions' be substituted."

The Honourable Sir Jeremy Raisman: Sir, I am afraid my Honourable friend was not in the House this morning when I spoke on Mr. Lalchand Navalrai's amendment No. 6. I then explained that it would not be possible for the period of the Bill to be determined automatically the moment war ceases. My main objection to Sir Ziauddin's amendment is the same as the one I have just explained, namely, that it implies direct casual connection between every case of excess profits and the war; and that would give grounds for legal arguments. Sir, I oppose the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That in the Preamble of the Bill, for the words 'in the conditions prevailing during the present hostilities' the words 'on account of war conditions' be substituted."

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That the Preamble stand part of the Bill."

The motion was adopted.

The Preamble was added to the Bill.

The Title was added to the Bill.

The Honourable Sir Jeremy Raisman: Sir I move

"That the Bill as amended, be passed."

On the motion for the consideration of the Bill I gave my view that the Bill as it had emerged from the Select Committee was a greatly improved measure and I indicated the various features of the Bill in which improvements had been effected in the Select Committee. The Bill has undergone a few changes in the course of the consideration stage, the two main ones being the raising of the exemption limit to Rs. 86,000 and the widening of the scope of clause 26 to cover certain additional types of cases. On these amendments I feel that the possibilities of genuine hardship have been very greatly reduced. It is true that the consideration stage of this measure might have been described as a debate as to whether Sindhi merchants should or should not be subjected to the Excess Profits Tax, because curiously and very disproportionately that aspect of the measure seems to have occupied by far the greater part of the time of the House during this stage. I trust that that microscopic fraction of the assesses who will be affected by the measure will feel that even they managed to carry off some victories at the consideration stage; in my opinion, they certainly got all that they were entitled to expect. But whether that is an adequate return for their enormous and persistent labours in the precincts of this House is a matter which I must leave to them to decide. Sir, I will not make a long speech at this stage. I move.

Mr. Deputy President (Mr. Akhil Chandra Datta): Motion moved:

"That the Bill, as amended, be passed."

Sir H. P. Mody: Sir, the battle is over, the ground is being cleared and the killed and the wounded will presently be removed from the field. This is the time in which to say a word or two about the principal combatants. The judiciousness of Sir Jeremy, the changelessness of Mr. Chambers, the levity of the Law Member, the cuteness of the Commerce Member, the dignity of Mr. Datta, the adaptability of Mr. Aikman, the jugglery of Mr. James, and last but not the least, the mathematical miscarriages of Sir Ziauddin have all left their impress upon the Bill. So far as I am concerned I would certainly have liked the Bill to be "mody-fied" a little further. However, the tax is there and we have got to put the best face upon it. I have too great a confidence in the judgment and fairness of Mr. Sheehy, who is the principal officer, who will be connected with the administration of the Act, to feel that in his hands it will be an instrument of oppression. Of course, it is a heavy impost and I shall look very indulgently upon the efforts of my ingenious friends in Calcutta and Bombay to get round it in some way or other.

Mr. F. E. James: It is like with like.

Sir H. P. Mody: So far as Madras is concerned, of course, it would not have the wits to do anything. At one time it occurred to me that I might as well get back to Bombay and start a society for the protection of Excess Profits Tax payers. However, I shall leave that alone. I shall be brief because I know to my cost how tiresome this Bill has been. I shall just refer to the Finance Member, the principal author of the measure, and, if I may say so, the principal culprit in this business. There will be many occasions on which we shall differ from him and differ, I expect, very violently. There will be many occasions, on which we shall feel he has been as misguided and wrong as he has been on the present occasion. But if I may have the presumption of speaking for the non-official Benches, I shall say that they could not expect to have a fairer or more straightforward opponent. If, as I think, this tax is going to bear heavily upon certain interests, if in the course of its operation it really comes about that a great many anomalies and instances of injustice are brought to light, I am certain, as I said on a previous occasion, that he will be the first to come to us and put them right. I would also repeat what I said on a previous occasion that I expect the department to set about its business in a spirit of fairness and reasonableness. The tax is going to cut very heavily into the profits of industries, and as I have said before, they may be forgiven if they object very strongly to it. Finally, I would like to say with regard to myself that it has been with a heavy heart that I have assisted at my own execution.

Mr. Deputy President (Mr. Akhil Chandra Datta): Mr. Aney.

(Mr. Muhammad Nauman also rose in his seat.)

Mr. Deputy President (Mr. Akhil Chandra Datta): If Mr. Nauman wishes to speak now, the Chair will allow him to speak, though Mr. Aney has already been called upon to speak.

Mr. Muhammad Nauman: Sir, I am glad that the Honourable the Finance Member has been able to pilot this Bill with the best possible support in this House. Although a measure of taxation can never be welcome in any country, we feel that faced as we are with a deficit budget and living as we do under conditions of world turmoil, we have to bear certain hardships, which certainly are not as much as in countries which are situated near the theatre of war, like England, France and others, where even rationing of food has been ordered. I am glad that in spite of their virtual majority, the Government have not coerced us: they have tried to meet the view points of the elected Members as much as possible, though not to the extent that we would have liked. They have met us on some of the most vital points that we urged. The Finance Member has on the whole been sympathetic. The absence of the Congress Party made the position of the Opposition very weak and left us in a very embarrassing position where we could not have compelled the Government to accept any of our amendments whatsoever. But I must say that the Government were fair in not accepting amendments designed to increase the yield of the tax, as for instance, the amendment moved yesterday which I supported regarding protected industries where we wanted that the statutory profit calculated on the recommendation of the Tariff Board should be taken as the standard profit and any profit over that should be considered as excess profit. Mr. Chambers explained that the preamble of their Bill did not aim at that sort of taxation, though he was rather loth to oppose the amendment which would have brought some more money. I mention this only to show that the Government were fair and tried to see that the rigour of the Bill did not affect too many people.

I am certainly glad that they accepted the suggestion to increase the limit from 30,000 to 36,000—as a matter of fact it was from 20,000 to 36,000, as the Select Committee had already raised it from 20,000 to 30,000. Our intention was to raise it to 40,000, as there was a feeling among some sections of the people that amendments in the Select Committee were made more in the interests of the bigger capitalists rather than the middle classes. I will not say that the burden falls on the poor because in the matter of direct taxation, normally, effort is always made to see that the incidence of taxation does not fall on the poor people and that is so in the case of this Bill as well. But it does to a certain extent fall on the shoulders of the middle class people because the limit is only 36,000. It would have been very much worse if the limit had been kept at 20,000 as originally proposed. However, we are glad that the limit has been raised and we hope that it will save a lot of merchants who may be called middle-class merchants. I again appreciate the fact that the Government have understood the difficulties of foreign merchants and of fluctuations in the foreign exchange and inflated currencies because of the depreciated value of the sterling, and they have accepted some of our amendments—such as the one saying that inflated currency will not affect those countries where there is an embargo and the profit will be re-estimated at the time they bring back the money. An assurance has also been given by the Government that no hardship will be caused in the matter of bringing the books in those cases. I pressed their case because I honestly believed that those merchants who are trading outside India run greater risks at this particular period of war than they normally do, and they do deserve a certain amount of encouragement and differentiation from the average trader in this country who has more security of life and property.

[Mr. Muhammad Nauman.]

Sir, I am sorry that my friend, Mr. Chambers, did not appreciate the point when Pandit Krishna Kant Malaviya brought an amendment to increase two per cent. statutory standard of profits in their case. However, I shall not stress this now, but I hope in the light of the assurances given to us, their difficulties will be minimised, and I am also glad that Government have been good enough to accept our amendments wherever possible. I am really glad, Sir, that the Bill as originally introduced has been modified in a manner which will be appreciated by every one in the country, and people will feel greater confidence in the Government now and will feel that they had no intention to strangle the industries. In fact, after we had gone through the Budget picture we were impressed with the position as it has arisen as a result of the war conditions, but we hope and trust that as soon as the budgetary position improves and as soon as the war is over, we will be able to repeal this law at the earliest possible moment. This is all what I have to say, and, with these remarks, I resume my seat.

Pandit Krishna Kant Malaviya: Sir, I was opposed to this Bill as it was originally introduced in the House, and I want to say that I am opposed to it even now, because, Sir, I feel even after all that has been done to mitigate its rigours, no case has been made out for the imposition of this excess profits tax. Even our business expert, Sir Homi Mody, although he does not say in so many words that our business and industries would be crippled, feels even today that the development of our industries will be hindered. I do not question the motives of the Honourable the Finance Member or those of his friends who are piloting this Bill in this House, but there is a feeling, not only here in this country,—we of course have no voice here,—but in the Dominions also that the mother country has been anxious to stop their industrial development during the war period. The fear is that the industrial development even in the Dominions might be so great that it would be impossible for the mother country to find an export trade. Whatever might be the reason behind the piloting of this measure, the fact remains that we are not yet convinced of the necessity for imposing this heavy burden on the industries when they were just expecting to have some prosperous times after they had met with great depression for some years. We would certainly have reconciled ourselves to the imposition of such a tax if, as we had suggested, the revenue out of this excess profit tax were to be earmarked for the development of our industries or for the creation and establishment of new industries in this country. But that was not done. I feel, Sir, that the Honourable the Finance Member was not free. He must have had instructions

The Honourable Sir Jeremy Raisman: Certainly not. I entirely repudiate any suggestion of that kind.

Pandit Krishna Kant Malaviya: I believe the statement of my Honourable friend. I did not want to hurt his feelings, and if I did so, I withdraw the words and apologise to him. What I meant was that he, not as an individual or in his personal capacity, but as a Member of the Government, naturally felt that he wanted money in the conditions that prevail owing to the war; and he wanted to have extra money in his exchequer to meet new contingencies that might arise in view of the hostilities prevailing in

Europe. I did not think, Sir, that he got orders from somewhere and he was going to carry them out in spite of himself, as individual, but as Finance Member he had to provide for contingencies that might arise owing to the prevailing conditions. I would make this difference. However, the Bill as it has emerged from the Select Committee, is a substantial improvement on the Bill as it was originally introduced, and I think that my friends, Mr. Chambers and Mr. Sheehy, deserve the thanks of this House for making concessions and for giving us certain assurances and for trying to be reasonable as far as they could be. But even acknowledging the fact that they have been reasonable much yet remains to be done. There has been cool and calm atmosphere during all the time the debate has been carried on in this House, we at times felt that it was a dull House, some people making a few speeches by saying 'I oppose, I support'; but there is no gainsaying the fact that the Bill, as it has emerged after consideration by this House, has some good things in its favour.

My friend, the Finance Member, referred to the Sindhi merchants. Naturally they can be called adventurers who at great risks leave the shores of this country and inhabit far off lands where they do not know anybody, and at the risk of their life and property, work hard to add a little more to our national wealth. Naturally we were and we are anxious that they should be given some more concessions as compared to those given to traders carrying on business in this country. As pointed out by the Honourable the Finance Member, they have been granted concessions which will go a long way to help them, but still something more remains to be done for them. For instance, if we could change the definition of a firm to a different form, it will be a great boon to those friends of ours who go and trade in foreign countries. Under section 4A of the Income-tax Act, a firm is defined to be "resident in British India unless the control and management of its affairs is situated wholly without British India". In other words, if only a part of the control and management of a firm is exercised in British India, it is held to be resident; and even non-resident or not ordinarily resident partners are taxed on their share of foreign incomes. The vague term "control and management" is in actual practice much misunderstood and misapplied and payment in British India of allowances to the dependants of staff and temporary residence of some partners have been held to be sufficient to constitute "control and management". As compared to this picture, the definition of residence is more favourable to a company which is defined to be "resident in British India in any year (a) if the control and management of its affairs is situated wholly in British India in that year, or (b) if its income arising in British India in that year exceeds its income arising without British India in that year."

The main distinction between a firm and a company as regards control and management lies in the fact that in the case of a firm slight exercise of control and management in British India make a firm resident, and therefore liable on its world income; whereas in the case of a company although major part of the control and management may be situated in British India, if only a part of it is exercised abroad the company is treated as non-resident, and is immune from taxation on foreign income. The difference is this. In case of companies, though 99.9 per cent. control is held in India but if one meeting of the board of directors is held in London, they are immune from taxation on their world income they are not taxed on their world income, whereas in the case of our traders trading

[Pandit Krishna Kant Malaviya.]

in foreign countries, if 99.9 per cent. of their business is controlled outside this country and if they pay even the salaries of their employees or their dependants here, they are liable to taxation on their world income. I hope that my Honourable friend, the Finance Member, and his philosopher, friend and guide, pilot of this Bill, Mr. Chambers, will see that this sort of distinction is removed, and Sindhi merchants who are trading outside should not be taxed on their world income simply because they have to engage men here or to keep their families here or to pay the salaries of their staff which at times remain here.

The other point to which I wanted to draw the attention of my Honourable friend, Mr. Chambers, is regarding the production of books. We have the declaration of Sir James Grigg while he was speaking on the Income-tax Act, but what I want is this. It has been held that the production of books is not necessary. We plead that they should be allowed to go to the income-tax officer with an affidavit of the profits and loss account and that affidavit should be treated as audited accounts. I know there will be loopholes and it might lead to dishonesty and various other things, but the difficulty in the case of these foreign traders is that they have their accounts in Sindhi, a language which is not known to auditors in foreign countries. If certificates of income-tax authorities in foreign countries could be accepted in lieu of the books, it will go a long way to meeting the demand of our merchants trading abroad. With these few words I resume my seat.

Mr. Lalchand Navalrai: As reference has been made to those who represented the case of the Sindhi merchants and Indian merchants in general trading abroad, I feel it my duty to speak on this motion. The Bill is now nearing its completion. I have from the very beginning opposed this Bill and have said that it should not be passed. Yet I believe in this dictum that it is no use crying over spilt milk. I think we should, on the contrary, make use of the little milk that has been left for us.

Dr. Sir Ziauddin Ahmad: Milk and honey, both.

Mr. Lalchand Navalrai: I do not know. It may be honey for you.

Dr. Sir Ziauddin Ahmad: For me nothing.

Mr. Lalchand Navalrai: I do not know.

Dr. Sir Ziauddin Ahmad: I will explain.

Mr. Lalchand Navalrai: Now, what we want is that the Act should be administered well. The whole responsibility for administering it will lie on the lieutenant of the Honourable the Finance Member, Mr. Chambers, and the Central Board of Revenue.

An Honourable Member: Mr. Chambers is going.

Mr. Lalchand Navalrai: I am very sorry. Anyway the responsibility for administering this Bill in a reasonable manner falls on the Central

Board of Revenue and Mr. Sheehy has been here helping in the piloting of this Bill. He has heard what has been said in the House and also knows the spirit in which these provisions have been passed, and I hope that the Central Board of Revenue will act according to the spirit in which this Bill is going to be passed. I hope that instructions will be given to the Excess Profits Tax Officers that they should not be too greedy to get as much as they possibly can. The past experience of the income-tax officers has been a sorry one. They know one thing and only one thing. They do not care for the public interests. Whether a poor man is going to be assessed or a rich man is going to be assessed their business is only to get money and they think—I do not think wrongly—that their promotion depends upon as much money as they can get for the Central Board of Revenue. That is a wrong view that they take. I do not say that the Central Board or the Finance Member wish that, but all the same that is a wrong mentality, a vicious mentality. In the case of the Excess Profits Tax which is a more onerous tax, the officers should show reasonableness and demonstrate that they are not only for the Government but for the public as well. I will start by stating that I thank Mr. Chambers for the courtesy he has shown in receiving a deputation of Sindhis and understanding and realising their difficulties. I am also thankful to the Honourable the Finance Member for showing sympathy towards them, though on the ground of their being too few their case is condemned. Because they happen to be few, is not a good ground for refusing relief to them. That ground does not appeal to me at all. Because they are few it is said they are negligible, but I do not think that in equity it is a proper view to take of the case. They went satisfied from here that they have put their case before the authorities and it is for the Honourable the Finance Member and his lieutenants to consider it in the best manner they could. I congratulate the Honourable the Finance Member on having excelled his predecessor. I shall explain what I mean by excelling his predecessor.

Mr. M. S. Aney: Excess profit

Mr. Lalchand Navalrai: That is one, but what I mean is this. I had been in this House during the time of his predecessor also. I congratulate my Honourable friend on so smoothly and dispassionately piloting this Bill through the House. There was no hitch or fight, there was nothing. Quietly he is taking away all the money from our pockets, and without showing any offence.

The Honourable Sir Jeremy Raisman: I was not offended.

Sir H. P. Mody: He means no harm.

Mr. Lalchand Navalrai: In that sense I should say that he deserves our congratulations but in taking this excess profit he should not go in excess. He should tell the Central Board of Revenue not to take the blood out of the people but to take some blood out of those capitalists who are fat.

Anyway, Sir, to proceed further, there were two important points in which the Honourable the Finance Member has yielded. Anyway he showed no obstinacy in that. He was moved in the Select Committee to some extent and then even in the House at least, with regard to the

[Mr. Lalchand Navarai.]

raising of the limit from 30,000 to 36,000, he has yielded. (Interruption.) He has raised it. This is very well done. Then, Sir, with regard to extending the scope of section 26 also, with regard to the interests of small merchants and my Sindhi merchants, he has at any rate shown sympathy and also included them for consideration under section 26 of the Bill. These are the two important points in which he has given relief. From that point of view also I must congratulate him. Then, Sir, coming to the question of the Sindis again, we cannot forget it. We live in Sind. I eat the salt of Sind. They bring money from foreign countries. They undergo so many difficulties. They live there under very difficult conditions. Our Sind is now very important. Sind will rule some day. At any rate you have seen how the Ministry is there now. We have got to the old Talpur days.

Sir H. P. Mody: Your Ministry has not resigned for a whole week!

Mr. Lalchand Navarai: We have now at the head a Mir, who is a ruling race man.

Mr. Deputy President (Mr. Akhil Chandra Datta): We are now in the third reading stage of the Bill.

Mr. Lalchand Navarai: By the by, some liveliness is necessary at the end of this Bill and I think up to 5 o'clock we can carry on. What I mean to submit is this, that so far as the Sindis are concerned, with regard to the exchange question that has been disturbing them and that might come in their way when excess profits tax is levied. With regard to the exchange question and the exchange difficulties it has been said and an assurance has been given that the question will be considered by the Central Board of Revenue under clause 26. If it is done in a sympathetic manner, certainly it would be doing them some good. But Sir, when I asked that that option of the exchange should be given to them, they as I said were in a better position to show to the Central Board of Revenue that the exchange that was at the time of the standard profits may be detrimental to them and the present exchange is favourable to them. That option has not been given to them but as that has not been given I again say that we must depend upon the sympathy or I might call the mercy of the Central Board of Revenue.

Then, Sir, with regard to books, they have real difficulty about the books. That has not been realised. When the Sind merchants explained this to me and I believe to Mr. Chambers also, it will be realised that they have really a difficulty. No one understands that they have a peculiar script. They don't get their books written by any man who knows English or French. They take away their own writers from here, their Mehtas as they are called. They live there for four or five years and they write the book in their peculiar script. Though my friend, Sir Abdoola Haroon, is a communalist in the sense that he is a member of the Muslim League, yet he keeps a Mehta who is a Hindu. The script is such that even he will not be able to read it. That being the difficulty, even if the Central Board of Revenue sends for the books, they will not be able to make head or tail of it. Therefore, the best course was to accept

my amendment that they should be believed on the affidavit or the sole testimony that they give, because Government can prosecute them for giving false affidavit.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member is going a little too far.

Mr. Lalchand Navarai: This is pertaining to the Bill. I am bound by what the Chair says but I am now speaking on the Bill itself. I am not speaking of Sind or the Ministry in Sind. I stopped there. So far as this Bill is concerned, I think I am within my rights but I will bow to the ruling of the Chair and if the Chair is anxious, I will finish it soon.

Then with regard to the Indian industries. The Commerce Member is looking at me. What I am submitting is this. If this is really a war measure and the money is being realised for war purposes, the articles should be purchased from India for war purposes and what I am submitting is this. If there are no such industries now, the money should be employed for starting those industries or if the industries are in an infant stage, the money from this excess profits tax should be utilised in helping those industries. For instance, if they are making small things, in their infancy they require subsidy. They require some help. Give them that help from this so that at the time the war is over, we shall have a substantial advantage from this tax, in the sense that at the time when war is over when there will be no need for the use of this money, we will have the satisfaction that our industries have been helped substantially and permanently. Sir, I do not want to take up any more time of the House.

Mr. A. Aikman: Mr. Deputy President, in one of my recent speeches I said that the Honourable the Finance Member had taken over the responsibilities of his important office in times of great difficulty. Whatever may be the tasks that lie ahead of him, I feel sure he will not regard the Excess Profits Tax Bill as a work of minor importance. I desire to offer the congratulations of my Party to him on its smooth conduct through this House. No such tribute would be complete which does not include Mr. Sheehy and Mr. Chambers to whose talents and experience as well as unfailing assistance and courtesy the House owes a very heavy debt.

Mr. Chambers will be leaving us within the next few days and we wish him a safe journey and the best of luck in his new appointment.

As I remarked on a former occasion this Excess Profits Tax is levied in a different manner from any other tax; it is very difficult to forecast exactly how it will affect different assessees. Much must depend on the options offered and the methods of comparing chargeable accounting period with standard period, matters very difficult to foresee.

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

My colleague in the Select Committee, Mr. James, and I, therefore, adopted from the outset in our consideration of all the important details of the Bill the principle of trying to ensure that the incidence of the tax would fall fairly and equitably on all assessees. The Honourable the Finance Member has co-operated whole-heartedly in this endeavour and even if he has conceded points with this end in view and reduced the

[Mr. A. Aikman.]

amount of tax he will receive, he has still cause to congratulate himself for I feel the entire House is of the opinion that the measure is now as nearly equitable as can possibly be foreseen at this stage.

Now, Sir, I am not a mathematician like my Honourable friend, Dr. Sir Ziauddin Ahmad, but I am an accountant of a sort and while I am not prepared to arrive at results without data I am prepared to recognise the very material difference which the amendments to certain clauses have made to the original estimate of the amount of tax the Bill would produce. Consequently, if ever the rate under clause 4 of the Bill has to be raised, I would like Honourable Members to realise that such rate would be applied to a very much smaller proportion of the profits of the businesses concerned than under the original Bill. What I mean is that 75 per cent. under the Bill as it now stands might be equivalent to 50 per cent. as it was originally drawn from the point of view of yield of tax or the cost to the assessee. I feel sure we shall all watch with interest the financial results to the revenues of this measure.

One small matter of detail, Sir, the Honourable the Finance Member has made perfectly clear his attitude to new Rule 5 of Schedule I, but I am sorry that in conceding a point to certain interests under this Rule, certain forms of finance have been put at a disadvantage. Under this provision bank finance is put in a better position than other forms of finance notably, that of managing agencies. I am sorry that my Honourable friend, Sir Abdul Halim Ghuznavi, is not present in the House now, for he accused me of not being sympathetic to Indian banks. I had hoped, Sir, to point out to him that we have refrained after consideration from any attempt to disturb the position created by this Rule. I always think it is a pity that those who have borne the burden of pioneer work should not be recognised. So, I feel that managing agencies were, therefore, entitled to more considerate treatment for they have been financing industry for well over a century, long before banks did so, when institutions like the Central Bank of India were unthought of and its distinguished Chairman no more than a gleam in his grandfather's eye.

Quite apart from this consideration, I feel that the provisions of the Rule must tend to encourage methods of finance which cannot but be regarded as unsound. Well, Sir, I hope in this matter as in other matters which are bound to transpire as the Act is applied, that the Government will not be slow in implementing the assurances given in the Select Committee, namely, that they will promote any legislation which is necessary to remedy the shortcomings which may reveal themselves in the working of the Bill when passed. Sir, I support the motion.

Dr. Sir Ziauddin Ahmad: Sir, I wish first of all to record our appreciation for the work which Mr. Chambers has done during his two years stay in this country. When his appointment was announced, one of the Parties in the Assembly did not hail the announcement with cheerfulness. But the experience of the past two years has changed the mind of every one and I am sure had they been here, they would have joined me in recording their vote of appreciation for all the work that he has done.

I will just tell him a little story which I hope he will carry with him and relate to his colleagues in the United Kingdom. Once a person cut a lemon into two and asked another man to squeeze out the juice. I, as an honest man, first made the attempt and squeezed out as much juice as I

possibly could and then I gave up the attempt and declared no more juice. Then came in Mr. James and with the skill and dexterity he possesses, he began to squeeze it at a proper angle and he got a few more drops out of it and then he declared 'no more juice in it'. Then followed Sir Homi Mody who is accustomed to take out the last drop of blood from out of the consumers and shareholders and he squeezed out some more drops from that lemon and, afterwards, he certified that no more juice was possible. Then followed a very big wrestler and he managed to take out several drops of juice from that lemon which was certified by three people as having no juice at all. We were all looking at each other and tried to find out who that man was and then, afterwards, we found that he was an Income-tax officer trained by Mr. Chambers.

Before I come to the subject matter of this Bill, I also wish to record our appreciation at the work done by the Honourable the Finance Member and his colleague Mr. Sheehy whose silent assistance at every stage was indispensable. We are now closing the drama and the tiger mentioned by the Honourable the Finance Member not only had the Finance Member inside, but the demon also had inside many other persons and in its insatiable greed began to bite all persons who stood in its way and I happened to be one of the unfortunate victims.

Now, Sir, Sir Homi Mody conceives his ideas very correctly but he always miscarries them by his wrong arguments. Now, Sir, as regards Mr. James, he showed good humour in using suitable words for everybody in his opening speech and had several pleasant hits on that occasion. Now, Sir, I was reading the debates of a previous year and one speaker, referring to Mr. James, said: "He is the *de facto* leader". I am sorry he is not present in the House. There was an interruption on this remark, and one Honourable Member who interrupted said: "No, not a *de facto* leader but self-elected leader." That was the remark made on that occasion. Whatever may have been said on that occasion, I believe that he is a gentleman and adorable gentleman. Now, Sir, we have heard a number of speeches from Mr. James. I have heard very humorous speeches from him and I have also heard very serious speeches from him and I have also heard very angry speeches from him. He is very humorous when he wants to gain some points from the Government Benches. He becomes very strong and serious when he has to disagree on any question with the Honourable the Home Member and he becomes very angry if his legs are pulled by some of his friends who are absent today. It was once asked, which of his speech belonging to these three categories is the best and a prize was offered to the man who could give the correct answer.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is delivering an after-dinner speech.

Dr. Sir Ziauddin Ahmad: So did Mr. James. The person who had the prize said that his speeches are always the best when he is out of gear. The runner-up also had a very good argument. He said: "He always has two speeches." He called him a double-dealer, because he has two types of speeches ready, but that is a bad word and can't be used on this occasion. Very often, when he ought to be very serious, he delivers a very humorous speech and *vice versa*.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should devote his attention to the motion before the House.

Dr. Sir Ziauddin Ahmad: Now, my friend, Sir Abdul Halim Ghuznavi, is not here today, so I leave him.

Now, Sir, I come to the Bill. I tried several times to put a knife in the hands of the Finance Member to tear the belly of the tiger under which both he and myself were being huddled, but he never tried to come out of it and remained inside it all the time.

Now, Sir, I wish to say a few words about my friend, Mr. Lalchand Navalrai.

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

Dr. Sir Ziauddin Ahmad: Now, Sir, coming to the provisions of the Bill, we tried, at least I tried and pressed very hard that we ought to modify sub-clause (2) (d) of clause 6 of the Bill and

should not give away a very large amount of the profits which we have lost under that sub-clause. I think it will be very difficult now to modify it even next year. If, unfortunately, the war conditions continue and if, unfortunately, the Finance Member may require larger amount, then it is impossible in the future years to modify this particular sub-clause because it will then be two years old. The only way in which he can get money in future years will be to increase the quantum of the excess profit and increase it as is done in the United Kingdom from 50 to 60. It will then rope in smaller people. Now, it was pointed out by one of the speakers, and I think the Honourable the Commerce Member took note of it, that those industries which make enormous profits during the war should not give them away to their shareholders but should keep a part of that amount in reserve. That is a very good advice and Professor Keynes put the same idea in another language. He said that we cannot trust these businessmen and we cannot expect that they will not be able to give larger dividends to the shareholders. He thought that the best way of securing this object would be to take away the money from them and put it in the custody of the Government and hand it over to them after the war was over, when the conditions will not be so lucrative and so good from their point of view. As we all know, after the war, as happened last time, we will have a period of depression and nobody can say that there will not be a similar period of depression after the present war. Therefore, the suggestion made by the Commerce Member is a practical one and the one given by Professor Keynes as a part of his theory of political economy deserve the consideration of the Government. The Government should see that those industries which make enormous profits and from whom we fail to collect the amount that we ought to have collected do not squander away their money by giving high dividends. Of course, they should give reasonable dividends to their shareholders but they should at the same time keep something in reserve either with themselves or under the custody of the Government of India or the Reserve Bank.

Now, Sir, coming to the other points of the Bill, I am sorry that I failed my colleagues in the Assembly to induce them to have a different

definition of standard profit for the 'protected industries'. That is the definition which I pressed hard, namely, that the amount of profit given by the Tariff Board ought to be taken to be a standard profit. I drew the attention of the House several times to the steel industry and also to the textile industry and I pointed out that the consumers of India, over and above the real price, pay thirty crores per annum to the textile industry of this country over and above the real price. It was but fair for the Government to take away some portion of this contribution at a time when it was in great need of money and when money is required for the prosecution of the war. I am sorry that I failed to assure the Government Members about the justice and equity of this particular proposal but I am sure time will come when people will recognise the wisdom of this suggestion and find out for themselves that the protection is given only in the interests of the consumers and in the interests of the smaller industries and not in the interests of the capitalists or shareholders.

Now, Sir, I wish to touch just a few other points in connection with the Bill. Another very important change—and I consider it to be the most important change—that we have made in the Bill is to raise the income-tax level of the excess profits tax from Rs. 20,000 to Rs. 30,000 per annum. This is a great concession for the smaller industries which will be highly appreciated. The loss under this head will be a few lakhs only and it is an important change.

The second important amendment is in regard to clause 26. In new sub-clause (c) of this clause we have provided both milk and honey for Mr. Lalchand Navalrai which he wanted, milk in the shape of relief to the capital which cannot be brought to this country and honey in the shape of relief in the matter of exchange. But I am sorry he paid no fee for all this. At one time I was sorry that I did not become a Barrister which I could easily be when I was an undergraduate at Cambridge. In this debate I found that a lawyer or a Barrister can plead on either side with equal magnanimity for his clients. Thank God I did not take up that profession. So I speak like an honest man and not pleading for my clients. The next important change is the relief to the subsidiary companies. At first there was some doubt as to whether the subsidiary companies and the parent companies will be charged this tax twice over, but now that doubt has been removed.

These are some of the important changes made. It is of course difficult to visualise the amount of financial loss which will result from the amendments carried here and in the Select Committee, but purely as a guess, I think it will come to approximately three crores in the full chargeable accounting period and about one crore during the half period, i.e., 1940-41. It is difficult to estimate the results of the smaller amendments made which can only be visualised by those who are actually in the trade, that is, what industries will be affected and to what extent, e.g., the change from September to February and from February to January. It is an important change the results of which can be understood only by those who are benefited.

Sir, we have fought a good deal for the benefit of the various bodies and all throughout I have adopted an attitude, in which I got no support, of supporting and safeguarding the consumers and small industries. The Deputy President also stood out for the smaller and nascent industries

[Dr. Sir Ziauddin Ahmad.]

but he also fell a prey to the combination of the bigger people. If he had not co-operated with these bigger business people and industrialists who are accustomed to swallow up the smaller industries he would have been much better off than he was with them. It is our duty to protect the smaller industries and though we have succeeded partially, we could have done much better if we had removed the sub-clause (d) to clause 2 of clause 6 because that would have helped the smaller industries largely.

Babu Baijnath Bajoria: Thank God you did not succeed in your amendments.

Dr. Sir Ziauddin Ahmad: Now the cat is out of the bag.

In the end I congratulate the persons who piloted the Bill and also my colleagues who helped to remove the difficulties in its working and also the difficulties of those who will be affected by it. Sir, I support the motion.

Mr. M. S. Aney: Sir, we have now come to the last stage of the Bill. Most of my friends who have preceded me have paid a well deserved tribute to the Finance Member as well as to Mr. Chambers and Mr. Sheehy and I shall not fail in my duty by not expressing my appreciation of all these three gentlemen who have shown a very accommodating spirit during the course of discussion of this Bill in the House as well as the deliberations in the Select Committee. I want particularly to say a word about Mr. Chambers. He has been in this House for the last few years and he belongs to that class of criminals who commit great offences and yet succeed in eliciting the admiration and appreciation of the world. He has committed two major offences. One is the perpetration of the offence of getting the Income-tax Bill through and the other is the one which he is inflicting now. But in spite of these big offences he has succeeded in securing a good deal of sympathy for himself from this House and I am no exception to it. It is really a matter of deep regret that the Honourable Member is leaving this country. I should have very much liked that the working of this Act and the Income-tax Act had been in his hands for some time more in order that the high principles which he enunciated in this debate may be properly carried out and permeated through the service which he would control from his place in the Central Board of Revenue. However, as my Honourable friend, Mr. Aikman said, I wish him a safe journey and a safe voyage and good luck in the new appointment which he is going to assume.

Sir, as regards the Finance Member I will not say much because we shall perhaps have to deal with him for some longer time yet. I can only say, without being presumptuous, that he has made a very commendable start and we hope the relations that he has succeeded in establishing in this House will continue hereafter and that they will give a very salutary tone to the discussions in this House. The bitterness has almost disappeared although his achievements do not give satisfaction to us. After having said that, I must emphatically state that I am one of those who have declared our opposition to this Bill on principle; and though I am not slow in appreciating the important modifications that have been made in the Bill in the Select Committee as well as on the floor of this House, I must say that certain objections which we have raised remain

practically unanswered there. That being the case, my Group shall have to oppose this motion. Anyhow, I must say this, that it was mainly left to my Group to move most of the amendments in this House and the brunt of the opposition was borne by them. There are now three non-official Groups here—my Honourable friends of the European Group, and my Honourable friends of the Muslim League Group and ourselves: but in this Bill we three Groups did not pull together, and though we succeeded on certain occasions, it was unfortunate that we found ourselves practically stranded most of the time; and in spite of our trying to make overtures to the other Groups, they successfully resisted us all along.

One of the things that struck me most during the course of the debate was the generous spirit of my Honourable friend, Dr. Sir Ziauddin Ahmad. He, with a few of his colleagues, was profuse with liberality and was prepared to offer much more than the Honourable the Finance Member demanded. When I saw this classical instance of liberality on his part and the other classical instance of the Finance Member rejecting his offer, I was reminded of an old incident narrated in Raghuvamsa. The story is narrated by the great poet, Kalidasa, of a mendicant Brahmin called Kantasa who went to King Raghu. Kantasa was asked by his preceptor to give him as his *dakshina* at the end of his period of tuition 14 crores of mohurs, because he had taught him 14 branches of learning. He said "All right, I will pay you 14 crores." Then he was thinking whom he should approach. He knew there was a very great and liberal king who was known for his generosity and patronage of learning, of the name of King Raghu; and he went to him and found that King Raghu had finished a big sacrifice called the Vishwajit sacrifice which was performed at the end of his conquest of the world; and one of the things that the conqueror had to do was that all the wealth owned by him or gathered in world conquest had to be distributed among worthy people and nothing should be left with him; and so when he went and saw King Raghu he found that King Raghu had nothing left except a few earthen pots—not a bit of gold or silver or any other metal. Then he said to himself what is the use of asking this man who had nothing left except earthen pots. But King Raghu saw him and asked him why he had come and he said "I came for something but now I see you cannot help me and I am therefore returning." Then King Raghu said "No beggar and no worthy Brahmin has ever come to my house and gone back without getting what he wanted. That is the tradition of my family and so I must know what you want." Then he reluctantly told the King that he wanted 14 crores of mohurs for his *Guru Dakshina*. The King said "Never mind; sit down." Then he thought he had conquered all the world and drained it of all its precious metals and whom could he approach. There was only one person left called Kubera and so he thought he would go and fight Kubera and get the money. But as soon as Kubera learnt of this intention of King Raghu he sent a shower of gold on the house of King Raghu and the house was full of gold and King Raghu sent for this man and said "All this gold is yours. Take it away." But the man said "I only want 14 crores and not a pie more." But King Raghu told him "I do not want anything for myself: I wanted 14 crores only for you, but somebody has sent something more: the whole thing is for you and you take it away." And on this, the poet Kalidasa says:

"Janasya Saketanivasinaston
Dwawapya bhutamabhinandyasatwon
Gurupradeyadhikanisprahorthi
Apyarthikamadadhikapradaashcha."

[Mr. M. S. Aney.]

Both the mendicant and the monarch were the subject of praise and compliments from the whole of the people of Ayodhya, for the beggar was reluctant to take a pie more than what was asked by his Gurd, and the King was reluctant to retain anything for himself out of what came voluntarily for the sake of that man. I have found that scene enacted on the floor of this House. I was reminded of that story.

Dr. Sir Ziauddin Ahmad: I will complete your story later on.

Mr. M. S. Aney: My Honourable friend, Sir Ziauddin Ahmad, has been very generous; but anyhow my friends there do not want a bit more. I have heard his speech now and he tells some stories and he calculates that the losses which the Treasury Benches will incur on account of not having accepted his suggestions on the one hand, and on the other for having yielded to the requests of others, will come to three crores. If that is so, I want to know what is left. The Government's calculations are that they will get three crores, and if they lose these three crores, the Government of India are practically left in the same condition in which we found King Raghu at the beginning and at the end of the above story a penniless King.

The only other point I would refer to at the end of my speech is this: I really feel that by putting such a heavy tax upon excess profits of certain businesses, we are probably creating a situation in which the development of new industries would be seriously handicapped. I regard this period as one of which it should have been possible for the industrialists of this country to take full advantage and to start on a systematic movement of establishing new industries and industrialisation of the country as much as possible. I feel that what should have gone to the reserve to strengthen old industries and keep them from demanding protection hereafter and what should also have gone back into the industrial activities in the form of starting new industries is being absorbed in the Government treasury and no real vitality is left for the country to enter upon a regular era of new industrialisation hereafter. That is the great difficulty I feel and I think that it means the great wrong. As I am labouring under this apprehension which I am afraid notwithstanding all the persuasive eloquence of my friend, Mr. Chambers, there, and all the serious and well-measured words of my Honourable friend, the Finance Member, they have not succeeded in removing from my mind; and so long as I feel like that I do not think I shall be justified in recording my vote for the Bill before the House. With these words I oppose the motion on behalf of my Group and myself.

Sir Abdul Halim Ghuznavi: Sir, I was one of those who opposed this Bill very strongly. As my Honourable friend, the Leader of the Congress Nationalist Group, has just said, our fear has been and still remains that the imposition of this tax will hamper the growth of the Indian industries. There will be a feeling in the minds of those who possess money that it is not worth while starting new industries, although the opportunity is present, because they will feel that the losses will be theirs, and if any profit accrues, excess profit or by any other name one may call it, that will be regarded as profit due to war conditions, and 50 per

cent. of it will go to the Government. That was the whole trouble, and that was why I made my speech, and in making that speech I was expressing the views of all the Indian Chambers in India. We are not unwilling to give all the assistance we can to the Government in the successful prosecution of the war, but the only apprehension in our minds was that if the measure was passed in the manner proposed it might affect the growth and development of our industries. Sir, in making my last speech I may have used words which I should not have used, and I hope Honourable Members of this House will forgive me if I said anything which I should not have said.

Sir, I will not make a long speech today, but I shall try to finish it in five minutes. At long last, this Bill is going to be passed, and it will become the law of the land. I say straightaway that the Indian commercial community will ever remain grateful to the Honourable the Finance Member for the consideration he has shown them. Both in the Select Committee stages as well as during the discussion of this Bill in the House, my friend, the Honourable the Finance Member, has acceded to many of our amendments and thereby, I am sure, has earned the lasting gratitude of the people of this country. Then my friend, Mr. Chambers

An Honourable Member: Dr. Sir Ziauddin Ahmad is behind you.

Sir Abdul Halim Ghuznavi: I find Dr. Ziauddin Ahmad is behind me.

Dr. Sir Ziauddin Ahmad: I am not your back bencher.

Sir Abdul Halim Ghuznavi: Then as I was saying, to my friend, Mr. Chambers, our thanks are due, and let me assure him that we all regret his departure from India. It is not flattery to say that although the two Bills he piloted were against the wishes of Indians, yet credit must be given to him for the able manner in which he piloted them. He has done his very best to meet the wishes of Indians. How far he has succeeded in achieving the objects of the Bills, it remains to be seen, but he is leaving this country when the Income-tax Amendment Act has just come into operation. We wish he was with us for sometime more to see how it works in actual practice. In this case, too, he has done everything possible to assist us, and all of us wish him God speed and good luck. We wish him a long life, and I am sure he will shine as a brilliant star even in his new sphere of activities. Sir, once more I thank the Honourable the Finance Member from the bottom of my heart for the very great consideration he has shown us in every respect, particularly to me by accepting my last amendment relating to the shipping industry.

The Honourable Sir Jeremy Raisman: Sir, I find that there has arisen or accrued to me in the course of this afternoon an excess of tributes of various kinds for which I am very grateful to my friends, but I feel that in accordance with the principles of the Bill I can only retain one half. I feel sure that the credit for the reasonable spirit which marked the progress of the proceedings both in the Select Committee and during the consideration in this House is as much due to Honourable Members who have been associated in the labour of enacting this measure as to myself,

[Sir Jeremy Raisman.]

or the new industries will not be able to respond to the stimulus of war, because instead of the prospect of possibly 50 or 60 per cent. they find themselves reduced to the prospect of 40 or even 30 per cent. I do not believe that the effect of this measure is so to reduce the prizes which will be available for commerce and industry to compete for, that they will lose heart in the process. On the contrary, I feel that their knowledge of what they will be expected to contribute to the country in time of war—their definite knowledge of the extent of their contribution at the earliest moment will help them in their policies.

I have only one matter more to touch on and that is the question of administration and the spirit in which this measure will be administered. To the extent that an important part of the administration of the Act will now be located at headquarters in that it will fall to the Central Board of Revenue to administer certain very important provisions of the Act, I can assure the House that that administration will be carried out in a spirit which will be tolerant and indeed sympathetic to the growth of industry and, particularly, of new and pioneer industries. I am myself exceedingly anxious that everything should be done to encourage industries to take advantage of the opportunities provided by the war

An Honourable Member: Thank you.

The Honourable Sir Jeremy Raisman: and it was with that in view that I was very happy to place at the disposal of my Honourable colleague the funds which could be used for research and pioneer work by the Board of Industries. In the same spirit I shall myself supervise the administration of the provisions which have now been included in section 26 of the Act and I hope to be able to secure that no damage will be done to the sensitive plants which may emerge in the course of the war period. I would add this. I have been asked for an assurance and I have given it in the Select Committee and I will repeat it now. If it should be found that in the working of this measure serious or unwarrantable hardship is caused to types of business, I shall make it my duty to promote the necessary amendments as soon as possible. With these words, I commend this highly important measure to the sympathies of the House.

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

"That the Bill, as amended, be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 21st March, 1940.

LEGISLATIVE ASSEMBLY

Thursday, 21st March, 1940.

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. Kodikal Sanjiva Row, C.I.E., M.L.A. (Government of India: Nominated Official); and

Mr. Parakat Madhava Menon, M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

EXPENSES OF THE CATTLE SHOW HELD IN NEW DELHI.

490. *Dr. Sir Ziauddin Ahmad: (a) Will the Secretary for Education, Health and Lands be pleased to state what were the expenses of the Cattle Show held in New Delhi in February, 1940?

(b) Who paid the expenses?

(c) Was any arrangement made to take the visitors round and explain the nature of the exhibits? If not, why not?

Sir Girja Shankar Bajpai: (a) The information is not available at present.

(b) The All-India Cattle Show Committee.

(c) No, Sir, except on special request. The objects for which the Committee was constituted do not include the entertainment and instruction of casual visitors.

GIVING OF REBATE ON INSURANCE PREMIUMS IN GENERAL INSURANCE.

491. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Commerce Member be pleased to state whether under the Insurance Act any company is allowed to give rebate on insurance premium in general insurance?

(b) Are the foreign companies exempted from this obligation?

(c) Have Government allowed any foreign insurance company to give rebate?

(d) If not, will Government be pleased to state under what authority the Lloyd underwriters are booking business and allowing substantial rebate?

(e) Have Government received any complaint against this action of Lloyd underwriters from any association or any individual?

(f) What action have Government taken against the breach of Insurance Law?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Attention of the Honourable Member is invited to sub-section (I) of section 41 of the Insurance Act, 1938, and to rule 11 of the Insurance Rules 1939.

(b) The provisions referred to above apply to all insurance companies including foreign companies.

(c) Government have not allowed any company to give rebates which are prohibited by the Act.

(d) Government have no evidence to show that any person, holding a standing contract with Underwriters who are members of the Society of Lloyds, is offering or allowing such rebates as are prohibited under section 41 of the Insurance Act.

(e) Some complaints were received but, on examination, no case was found in which a rebate prohibited by the Insurance Act could be held to have been offered or allowed.

(f) Does not arise.

Dr. Sir Ziauddin Ahmad: What kind of evidence does the Honourable Member expect because those who receive the rebate or commission will not reveal it, and those who pay it will not also disclose it?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The Honourable Member has stated his own problem.

Dr. Sir Ziauddin Ahmad: What kind of evidence does the Honourable Member require?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The evidence that will satisfy me that a secret commission or rebate is being given.

QUARANTINE STATION AT KAMRAN.

492. *Dr. Sir Ziauddin Ahmad (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): (a) Will the Secretary for Education, Health and Lands please state when the Kamran quarantine was first established, and which Government was responsible for its establishment?

(b) Is it a fact that at first the quarantine at Kamran was established by the Hedjaz Government for the protection of their own country from foreign infections? Is it a fact that after the Great War, the British Government took charge of Kamran Island?

(c) If so, is it obligatory upon the British Government to keep a quarantine at Kamran, and tax their own subjects?

(d) Have the Governments of Egypt, Syria, Palestine, Iraq, Tunis, Morocco, Yemen and Sudan kept any quarantines of theirs for the Haj pilgrims before entering Hedjaz? If not, why do Government feel this necessity for their subjects?

Sir Girja Shankar Bajpai: The information is being collected and will be supplied to the Honourable Member in due course.

QUARANTINE FEE CHARGED FROM HAJ PILGRIMS.

493. *Dr. Sir Ziauddin Ahmad (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): Will the Education, Health and Lands Secretary please state whether Government know that a fee of rupees three is charged from each Hajee as quarantine fee, and a good deal of time is spent in halting at Kamran?

Sir Girja Shankar Bajpai: Pilgrims sailing from Indian ports are charged a quarantine fee of rupees three per head. Each pilgrim ship usually stays at Kamran for about three hours.

Dr. Sir Ziauddin Ahmad: How much money have Government already collected as saving from the Kamran fund dues?

Sir Girja Shankar Bajpai: Actually the position at the moment is that the fixed rate of fee per pilgrim is rupees four and Government are contributing one rupee per pilgrim from their own pocket, so there is no kind of saving.

Dr. Sir Ziauddin Ahmad: Is there no accumulated account from the saving?

Sir Girja Shankar Bajpai: There is a balance, I think, of about Rs. 5,90,000 in the Kamran Fund, but that I think is expected to be swallowed up by the deficit which will occur in the income of the quarantine station as a result of the reduction of the fee from Rs. 4 to Rs. 3.

QUARANTINE STATION AT KAMRAN.

494. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Education, Health and Lands Secretary please state under what law, if any, has the quarantine at Kamran been established?

Sir Girja Shankar Bajpai: The quarantine station is maintained in accordance with the provisions of the International Sanitary Convention.

CONCESSION TICKETS ISSUED BY SHIPPING COMPANIES DEALING WITH HAJ TRAFFIC.

495. *Dr. Sir Ziauddin Ahmad (on behalf of Khan Bahadur Shaikh Fazl-i-Haq Piracha): Will the Education, Health and Lands Secretary please state whether it is a fact that the shipping companies dealing with the Haj traffic used to issue concession tickets in their last sailings, and that Government particularly ordered the Company (Mogul Line) not to issue concession tickets last season? If so, why was it done?

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

Sir Girja Shankar Bajpai: Government understand that tickets at reduced rates have been issued occasionally. They did not issue any order forbidding the issue of concession tickets during the last season.

TRAINING OF INDIANS IN SHIPBUILDING AND ENGINEERING COURSES IN GREAT BRITAIN.

496. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Commerce Member be pleased to state if his attention has been drawn to a message from Reuter from Ankara, dated the 28th February, that 40 Turkish students were going to Britain to take up Shipbuilding and Engineering Courses in British Shipyards under an agreement between the British and Turkish Governments?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to state whether they propose to arrange with the British Government for enabling Indian students for securing such training in Britain for the purpose of Shipbuilding and Engineering Courses? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Yes.

(b) Arrangements are already in existence which make it possible for Indian students wishing to obtain professional or practical training in the United Kingdom to secure facilities for such training through the good offices of the High Commissioner for India in London. It would, however, be premature, at the present stage of development of the Indian shipbuilding industry, to consider the question of providing special additional facilities for the training of Indians in shipbuilding and allied branches of marine engineering.

DEVELOPMENT OF THE SHIPBUILDING INDUSTRY IN INDIA.

497. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Commerce Member be pleased to state if it is not in the larger interests of India that India should have a shipbuilding industry of its own?

(b) If the answer to part (a) be in the affirmative, will he be pleased to state if Government have taken any steps, or propose to take any steps, to encourage and assist the starting of such an industry in this country?

(c) Are Government aware that the Australian Government have decided to give financial assistance for the purpose of developing the shipbuilding industry in Australia?

(d) If the answer to part (c) be in the affirmative, will he be pleased to state if the Government of India are prepared to give financial assistance on similar lines to the Indian shipbuilding industry in this country? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The attention of the Honourable Member is invited to the answer given by me to questions Nos. 422 and 423 on the 18th March.

COLLAPSE OF THE ROOF OF IDGAH AT AGRA.

498. *Dr. Sir Ziauddin Ahmad: (a) Will the Education, Health and Lands Secretary be pleased to state whether Government have seen a letter published in the *Hindustan Times*, dated the 1st March, 1940, under the heading "Dome and Taj"?

(b) Is it a fact that the roof of Idgah at Agra which was recently repaired by the Archaeological Department collapsed?

(c) Did it collapse at a time when the prayers were being conducted under the roof?

(d) Do Government propose to make enquiries about the cause of the collapse of the roof?

(e) Did the Archaeological Department make any inspection of the roof before it collapsed? If so, how many days before?

Sir Girja Shankar Bajpai: (a) Yes.

(b) The roof of the northern compartment of the Idgah has collapsed.

(c) No.

(d) Further enquiries are already in progress.

(e) The roof had been repeatedly inspected by the Archaeological Department since April, 1939, and a joint inspection by the Public Works Department and the Archaeological authorities was made in June last.

Dr. Sir Ziauddin Ahmad: After the collapse or before?

Sir Girja Shankar Bajpai: The collapse took place in January, 1940, the inspection was made in June, 1939.

Dr. Sir Ziauddin Ahmad: Have they submitted any Report to Government?

Sir Girja Shankar Bajpai: Not only did they submit their Report, but actually, in accordance with the recommendations made by the Central Public Works Department, repairs to the roof were effected.

PROMOTIONS TO ASSISTANT'S GRADE IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

499. *Dr. Sir Ziauddin Ahmad (on behalf of Maulana Zafar Ali Khan): Will the Education, Health and Lands Secretary please state:

(a) the total strength of the first, second and third division clerks, separately in the Department of Education, Health and Lands as it stood on the 1st May, 1930;

(b) the number of vacancies that occurred in the first division since 1st May, 1930;

(c) the number of new posts that were created in the first division since 1st May, 1930;

(d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;

- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the 1st May, 1930?

Sir Girja Shankar Bajpai: (a) Assistants, 35.

Clerks, Second division, 36.

Clerks, Third division, 11.

(b) and (c). Two new posts were created and in all there were twenty vacancies.

(d) and (e). Ten by departmental promotion and ten by external candidates.

(f) The Honourable Member's attention is invited to the reply I gave in the House on the 18th March, 1940, to part (d) of Haji Chaudhury Muhammad Ismail Khan's starred question No. 431.

PROMOTIONS TO ASSISTANT'S GRADE IN THE COMMERCE DEPARTMENT.

500. *Dr. Sir Ziauddin Ahmad (on behalf of Maulana Zafar Ali Khan): Will the Honourable the Commerce Member please state:

- (a) the total strength of the first, second and third division clerks, separately, in the Department of Commerce, as it stood on the 1st May, 1930;
- (b) the number of vacancies that occurred in the first division since 1st May, 1930;
- (c) the number of new posts that were created in the first division since 1st May, 1930;
- (d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since the 1st May, 1930?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The attention of the Honourable Member is invited to the reply given by me to starred question No. 429 on the 18th March, 1940. The permanent strength of the ministerial staff of the Department of Commerce on the 1st May, 1930, was the same as on the 1st May, 1929.

PROMOTIONS TO ASSISTANT'S GRADE IN THE LEGISLATIVE DEPARTMENT.

501. *Dr. Sir Ziauddin Ahmad (on behalf of Maulana Zafar Ali Khan): Will the Honourable the Law Member please state:

- (a) the total strength of the first, second and third division clerks, separately, in the Legislative Department as it stood on the 1st May, 1930;

- (b) the number of vacancies that occurred in the first division since 1st May, 1930;
- (c) the number of new posts that were created in the first division since 1st May, 1930;
- (d) the number of vacancies in the first division which were filled by promoting either second division or third division clerks;
- (e) the number of vacancies which were filled by appointing outsiders through the Public Service Commission or the Home Department, as the case may be; and
- (f) in how many cases a departure from the fifty-fifty per cent. rule was made in filling up the vacancies which occurred since 1st May, 1930?

The Honourable Sir Muhammad Zafarullah Khan: (a) 18, 34 and 2 respectively.

(b) Ten of which two have been left temporarily unfilled in pursuance of the economy orders.

(c) None.

(d) Five.

(e) Three.

(f) The Honourable Member is referred to my reply to Haji Chaudhury Muhammad Ismail Khan's starred question No. 430 on the 18th March, 1940.

CRITICISM OF THE WORK OF THE DIRECTOR GENERAL OF ARCHAEOLOGY.

502. *Dr. Sir Ziauddin Ahmad (on behalf of Maulana Zafar Ali Khan): (a) Will the Education Secretary kindly state if the work of the Director General of Archaeology has been severely criticised by Sir Leonard Woolley, the Archaeological Expert, who was deputed to examine it?

(b) Is it a fact that the Expert recommends that in future the excavation work should be conducted by an officer other than the Director General?

(c) Do Government propose to appoint an archaeologist over the head of the Director General?

Sir Girja Shankar Bajpai: (a) No. The report criticises the policy of the Department as a whole and not the work of individual officers.

(b) No. The report proposes the re-organisation of the Department so as to provide a separate specially trained staff for excavation. As hitherto the Director General would be in general control of the whole Department.

(c) The attention of the Honourable Member is invited to the reply given on the 8th of this month to part (b) of Mr. Muhammad Azhar Ali's starred question No. 305.

Dr. Sir Ziauddin Ahmad: I am authorised to put this question, Sir

Mr. President (The Honourable Sir Abdur Rahim): The Chair finds Member after Member is absent and has given authority to one Honourable Member to put his questions. This is not in accordance with the spirit of the practice, according to which an absent Member can be permitted to authorise another Member to put his question. The Chair trusts this sort of thing will not occur again.

Dr. Sir Ziauddin Ahmad: This is a very exceptional case, Sir.

Mr. President (The Honourable Sir Abdur Rahim): It must not become the rule.

CORK TREES GROWN IN INDIA.

503. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. Muhammad Azhar Ali): (a) Will the Education Secretary be pleased to state whether cork tree is grown in India? If so, where?

(b) Which parts of India are suitable for its cultivation?

(c) Have Government taken any special interest in cork cultivation? If so, what steps have been taken? If not, have Government any scheme in hand?

Sir Girja Shankar Bajpai: (a)–(c). The cork tree does not grow in India; nor is it likely that any considerable areas suitable for its growth could be found.

INCREASE IN THE PRICES OF OPTICAL GOODS AND CERTAIN OTHER ARTICLES.

504. *Dr. Sir Ziauddin Ahmad (on behalf of Mr. Muhammad Azhar Ali): (a) Will the Honourable the Commerce Member be pleased to state whether there is any increase in the wholesale and retail prices of the following articles as a result of war:

(i) Dental goods, such as, teeth and rubber used in making dental plates;

(ii) spectacle lenses, frames and cases;

(iii) medicines of all kinds;

(iv) glass, such as, sheets, tumblers, etc; and

(v) paper other than the type used by newspapers?

(b) If there has been an increase, what steps have Government taken, or propose to take, to stop further increase? Are Government aware that opticians have increased their wholesale prices by 100 per cent. to 500 per cent., including goods imported from Japan and made in India, and such increases are beyond the purchasing power of the masses?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) There has been some increase in the prices of articles mentioned by the Honourable Member.

(b) As regards the first part, I invite the attention of the Honourable Member to the Notification of the Government of India in the Department of Commerce No. 20 published in the Gazette of India Extraordinary, dated the 8th September, 1939, delegating powers to Provincial Governments for controlling the prices at which certain articles or things may be sold. The question of revising these orders in the light of experience gained is under consideration. As regards the second part I have no information.

MONOPOLY FOR THE PURCHASE OF WOOL GIVEN TO MESSRS. RELLIES AND BEINKEV'S OF MADRAS.

***Maufi Muhammad Abdul Ghani:** (a) Will the Honourable the Leader of the House please state whether it is not a fact that Government have given the monopoly of the purchase of wool to Messrs. Rellies and Beinkev's of Madras?

(b) Is it not a fact that Charles Lester Company, Bombay, strongly protested against the ruining of Indian trade by giving such a monopoly?

(c) Is it not a fact that Government would lose two crores or so, as they are not purchasing wool in the open market?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. But Messrs. Ralli Brothers have been appointed sole purchasing agents for areas north of Bombay, and Messrs. Binny and Company, for areas south of Bombay, for such Indian wools as are required by the mills for the execution of Government contracts.

(b) No.

(c) No. On the contrary, the burden of most of the complaints received by Government (the justice of which, however, Government do not admit) is to the effect that by the institution of this system of unified purchase, Government are making an undue profit at the expense of the middleman.

SUPPLY OF THE DEBATES OF THE CENTRAL LEGISLATURE TO PUBLIC LIBRARIES.

506. *Bhai Parma Nand: Will the Honourable the Leader of the House be pleased to state whether the Debates of the Central Legislature are supplied to any public libraries for the use of the public? If so, what are the names of such libraries?

The Honourable Sir Muhammad Zafrullah Khan: The answer to the first part is in the negative. The second part does not arise.

AFFAIRS OF THE DELHI IMPROVEMENT TRUST.

507. *Sardar Sant Singh: (a) Will the Education Secretary please state the amount loaned out by Government to the Delhi Improvement Trust and the rate of interest to be charged thereon?

(b) What is the amount of the annual establishment charges of the Trust?

(c) What was the yearly expenditure of the late Nazul office which performed functions identical with those of the Trust?

(d) Is it a fact that the expenditure of the Trust exceeds that of the Nazul office? If so, is it proposed to abolish the Trust?

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

(e) Is it a fact that the Trust has issued two different sets of lease deeds for the same class of people and for the same locality (Rehgaripura) one of which debars the lessee from transferring by sale or mortgage his materials and the right in the land to his best advantage, while the other places no such restriction on the lessee? If so, why?

(f) Are Government aware that the Trust has become very unpopular amongst the people of Delhi who have represented more than once against its highhanded policy?

(g) Is it a fact that the Trust acquired lands (e.g., situated at Pul Andha Mughal, Ajmere, Gate, Kars, Khar Garden, Sawai Bahillao, etc.) from owners at prices below the market rates and at less than the amounts actually paid by them, and earned huge profits by selling these plots by auction or otherwise at prices much higher than those paid for them?

(h) If the reply to part (g) above be in the affirmative, will Government please state if such acquisitions are for public purposes within the purview of the Lands Acquisition Act?

Sir Girja Shankar Bajpai: (a) to (h). I have asked for certain information and shall furnish replies in due course.

APPOINTMENT TO THE POST OF DEPUTY DIRECTOR GENERAL OF ARCHAEOLOGY.

508. *Shaikh Rafiuddin Ahmad Siddique: (a) Will the Education Secretary kindly state if the officer in charge of the Frontier Circle of the Archaeological Survey has been designated for the post of Deputy Director General?

(b) What literary work has that officer so far published and what work has the next 'junior' Muslim officer published?

(c) Is it a fact that one of them is a University examiner and is selected to preside over historical conferences held in this country? If so, which of them is he?

(d) If the Muslim officer referred to is not being appointed as Deputy Director, how does the Secretary reconcile his statement in the House on the 13th March, 1939 (page 1966 of the Proceedings) that the claims of the Muslim officer would not be affected for promotion to higher posts?

Sir Girja Shankar Bajpai: (a) I refer the Honourable member to the reply given by me to Mr. H. M. Abdullah's starred question No. 302 in this House on the 8th March, 1940.

(b) to (d). Do not arise.

GRIEVANCES OF MUSLIMS IN THE ARCHAEOLOGICAL DEPARTMENT.

509. *Shaikh Rafiuddin Ahmad Siddique: (a) Will the Education Secretary kindly state whether there had been any cases where the powers relating to establishment matters exercisable by heads of offices in the Archaeological Department have been interfered with by the Director General in the case of Muslim officers to the disadvantage of Muslims and/or to the advantage of Hindus?

(b) Is it a fact that *inter alia* the Director General has allowed appeals of Hindu officials even in cases where appeals did not lie to him under Rules? Is it a fact that in some of these cases the appeals were not even forwarded by the immediate officers of the officials concerned, i.e., orders were passed on advance copies of the appeals?

(c) Is it a fact that, further, in some cases where orders were passed on advance copies, orders accepting the appeals were communicated to the officials concerned direct by the Director General instead of through the heads of their offices as required under the rules?

(d) Is it a fact that some of the heads of offices concerned protested against this practice adopted by the Director General? Will Secretary please place a copy of those protests on the table of the House and of the connected correspondence?

Sir Girja Shankar Bajpai: (a) to (d). Government are not aware of any appeals against disciplinary action having been allowed by the Director General of Archaeology in India in circumstances in which appeals do not lie. The Honourable Member possibly has in mind certain representations made by ministerial officers in the Central Circle against orders of the Circle Superintendent requiring them to retire on reaching the age of 55. In the exercise of his general powers of supervision the Director General allowed extensions of service for one year each in two cases under Fundamental Rule 56(b). In both cases the final orders were communicated to the Circle Superintendent for informing the persons concerned, and only in one case the person concerned was informed direct when enquiry was made by him. So far as Government are aware, only in one of these two cases a Muslim subordinate was eligible for promotion to the post of the clerk who was due to retire. But it was necessary that the clerk in question should become familiar with accounts work of which he had no previous experience before he could be promoted. In the circumstances Government do not think that the extension granted to the Hindu clerk can be said to have affected the interests of the Muslim clerk adversely.

(d) It is a fact that the Circle Superintendent protested against the orders passed by the Director General in one of these two cases, but he subsequently withdrew his protest. Government are not prepared to lay copies of this departmental correspondence on the table of the House.

SHORT NOTICE QUESTION AND ANSWER.

ARREST OF ALLAMA-I-MUSHRIQI, LEADER OF THE KHAKSARS, UNDER THE DEFENCE OF INDIA ACT.

Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Home Member please state whether it is a fact that the Government of India arrested Allama-i-Mushriqi under the Defence of India Act?

(b) Has the action been taken on the ground that Allama-i-Mushriqi was about to act in a manner prejudicial to the efficient prosecution of the war and public order, as reported in the *Hindustan Times*, dated the 20th March, 1940?

(c) Are Government aware that Allama-i-Mushriqi offered fifty thousand Khaksars to fight on the Allies side in the war and also was willing to offer more Khaksars if needed?

(d) Will Government be pleased to state the information they have in their possession which made them come to the conclusion that Allama-i-Mushriqi was about to act in a manner described in part (b) above?

(e) Will he be detained in Delhi or sent to some other station?

(f) Will the Honourable Member be pleased to give a full statement, or as much as he would like to give, for taking such action?

(g) Have Government issued instructions to other Provincial Governments to ban Khaksar movement? If so, why?

(h) Have Government seen the press communique published in the newspapers on the 20th March, 1940, that Allama-i-Mushriqi has issued orders to his followers, opposing Khaksars massing in Lahore?

The Honourable Sir Reginald Maxwell: (a), (b), (d) and (f). The Government of India have detained Allama Inayatullah Khan Mushriqi under the Defence of India Rules with a view to preventing him from acting in a manner prejudicial to the efficient prosecution of the war, to the defence of British India and to public order. On the 28th February 1940, the Government of the Punjab issued orders under Rules 58 and 54 of the Defence of India Rules prohibiting, subject to certain exceptions, the performance of exercises of a military nature and the carrying of arms in processions. These orders did not specially refer to the Khaksars but that organisation regarded them in the nature of a challenge and the official party organ, the *Al-Islah*, in its issue of the 15th March condemned the orders as a threat to the movement and declared that even if all the leaders were arrested the movement would not subside until every Khaksar had bathed in blood. The same issue of the paper contained the following instructions under the title of "Orders from Headquarters":

"If the Punjab Government declares War, the Provincial leaders of 15 Provinces of India will send 30,000 Khaksar soldiers to Lahore within one week. All soldiers should remain peaceful and implicitly obey the orders of the Deputy Leader, Lahore Front, whose orders will be absolute and final. The number of 'Janbaz' (those pledged to give their lives) is 1,300. They should arrive as soon as possible. In case war is declared they should reach the bed of Sir Sikander within five days from every part of India, and surround it with corpses."

The inconsistency of the injunction to remain peaceful with the reference to a bath in blood and to corpses is too obvious to need any comment.

The issue of these instructions was closely followed by the serious disturbance which took place in Lahore on the 19th March as a direct result of the Khaksars defiance of the Punjab Government's orders and which, as the House is aware, involved serious casualties both among the police and the Khaksars. In the circumstances the Government of India are fully satisfied that Allama Mushriqi, the founder and leader of the Khaksar organisation, must be held largely responsible for the action taken by his followers, and that there was ample justification for his arrest which was necessary to prevent so far as possible further occurrences of a similar tragic nature.

(c) No such offer has reached the Government of India.

(e) and (g). I have no information to give at present.

(h) The Government have seen a press report to that effect.

Sir Muhammad Yamin Khan: The Honourable Member said that Allama-i-Mushriqi has been detained in order to stop him from interfering with the efficient prosecution of the war. The Honourable Member has not however explained how Allama-i-Mushriqi was interfering with the prosecution of the war or how his actions had that effect?

The Honourable Sir Reginald Maxwell: The Honourable Member has not evidently heard what I said. I said that he was detained under the Defence of India Rules with a view to preventing him from acting in a manner prejudicial to the efficient prosecution of the war, to the defence of British India and to public order. These are the actual words of the Defence of India Rules.

Sir Muhammad Yamin Khan: So far as stopping disorder is concerned, that has been fully explained, but the Honourable Member has not explained the first two points, namely for the proper prosecution of the war and the defence of British India. How are these two things affected with Allama Mushriqi remaining at large?

The Honourable Sir Reginald Maxwell: I think it should be obvious to any Honourable Member that anything that seriously prejudiced the public order and that would result in rioting in public, ending in a large number of casualties, would prejudice the efficient prosecution of the war.

Dr. Sir Ziauddin Ahmad: Do I understand that any kind of rioting that is carried on would interrupt the efficient prosecution of the war and will be dealt with under the Defence of India Rules?

The Honourable Sir Reginald Maxwell: Certainly, Sir, any serious rioting would prejudice the efficient prosecution of the war.

Mr. Lalchand Navalrai: Is the Honourable Member aware of the statement of the leader of the movement, Allama Mushriqi, in which he says that he had given no instructions to his follower Khaksars massing in Lahore? Is there any truth in that statement?

The Honourable Sir Reginald Maxwell: What I read out came from the official party organ of Khaksars, the *Al-Islah*, and was a signed article.

Dr. Sir Ziauddin Ahmad: The Honourable Member said that the Government of India were not aware that Allama-i-Mushriqi made an offer of fifty thousand soldiers. May I remind him that he sent a telegram to the Viceroy which was detained by the Provincial Government and sent after a considerable time and I myself sent a copy of the telegram to the Viceroy, and I did not know that the Viceroy was different from the Government of India?

The Honourable Sir Reginald Maxwell: If the telegram was detained that is why it did not reach the Government of India.

Dr. Sir Ziauddin Ahmad: I thought any telegram sent to the Viceroy in connection with the offer of soldiers would go to the proper authorities in the Government of India, and the Home Member ought to know something about it.

ELECTION OF THE STANDING COMMITTEE FOR THE LABOUR DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform the Assembly that upto 12 Noon on Wednesday, the 20th March, 1940, the time fixed for receiving nominations for the Standing Committee for the Labour Department only three nominations were received. As the number of candidates is equal to the number of vacancies, I declare Mr. C. C. Miller, Shaikh Rafiuddin Ahmad Siddiquee and Pandit Lakshmi Kanta Maitra to be duly elected.

STATEMENTS LAID ON THE TABLE.

The Honourable Sir Jeremy Raisman (Finance Member) : Sir, I lay on the table a copy each* of (1) Central Government Commercial Appendix to the Appropriation Accounts (Civil) 1938-39 and the Audit Report 1940, (2) Central Government Appropriation Accounts of the Defence Services for the year 1938-39, (3) Central Government Audit Report—Defence Services, 1940.

THE AGRICULTURAL PRODUCE CESS BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I present the Report of the Select Committee on the Bill to make better financial provision for the Imperial Council of Agricultural Research.

THE NATIONAL SERVICE (EUROPEAN BRITISH SUBJECTS) BILL.

The Honourable Sir Muhammad Zafrullah Khan (Law Member) : Sir, I beg to move for leave to introduce a Bill to make certain provisions relating to service by European British subjects in the armed forces of, or in a civil capacity under, the Crown.

Mr. President (The Honourable Sir Abdur Rahim) : The question is : "That leave be granted to introduce a Bill to make certain provisions relating to service by European British subjects in the armed forces of, or in a civil capacity under, the Crown."

The motion was adopted.

The Honourable Sir Muhammad Zafrullah Khan : Sir, I introduce the Bill. Not printed in these debates, but placed in the Library of the House.

THE PETROLEUM (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend to the Petroleum Act, 1934.

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

"That leave be granted to introduce a Bill further to amend the Petroleum Act, 1934."

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar : Sir, I introduce the Bill.

THE INDIAN TARIFF (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934.

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

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934."

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar : Sir, I introduce the Bill.

THE INSURANCE (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the Insurance Act, 1938.

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

"That leave be granted to introduce a Bill further to amend the Insurance Act, 1938."

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar : Sir, I introduce the Bill.

THE INDIAN TARIFF (SECOND AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934 (Second Amendment).

I should like to add that this Bill refers to the sericulture industry and I hope to place in the hands of Honourable Members tonight a copy of the report of the Tariff Board on that industry.

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

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934 (Second Amendment)."

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I introduce the Bill.

THE INDIAN FINANCE BILL

The Honourable Sir Jeremy Raisman (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 rate of excise duty on sugar other than khandasari or palmyra sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the rate of the excise and customs duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, and 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."

I shall not make a speech on this motion for two reasons. One is that the budget speech already furnishes the background and the reasons for these proposals, and the other is that in the special circumstances of this year this House has already been debating and dealing for several days with the Excess Profits Tax Bill which must be regarded as a part of the financial proposals of this year. Sir, I move.

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 rate of excise duty on sugar other than khandasari or palmyra sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the rate of the excise and customs duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, and 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."

Sir Muhammad Yamin Khan (Agra Division: Muhammadari Rural): Sir, this year after a long time we have a Finance Bill which will be supported on all sides of the House. It has been presented this year in exceptional circumstances of the war and I feel confident that there is no one here who does not desire the war to be conducted in the best manner and with victory for India which is a part of the Empire that is now at war against aggression. So there is no one who will refuse the supplies needed to meet the defence of the country and the defence of the principle for which the allies are fighting. A portion of the eight crores needed for that purpose has been met by the Excess Profits Bill which was passed yesterday. The other items chosen to meet the deficiency are sugar and petrol on which excess taxes have been proposed. I do not know why the Finance Member chose these two items. I do not of course say that these taxes should not be supported, at least for this year. I would like to know the reason why the Honourable Member has chosen these two taxes in view of the circumstances prevailing in the country. At least this House is entitled to have further elucidation of this point and also whether other avenues for revenue have been touched, because this tax is going to affect a large portion of the population of this country.

I will deal with these taxes item by item and the first item that I wish to take is sugar. Now, refined sugar is going to pay 50 per cent. more excise duty. As we all know, sugar is used by every individual in this country. It may be said that some people use raw sugar and gur, but nowadays it has become a fashion to use the refined sugar, because it is manufactured in India. There was some prejudice in the mind of a certain section of the population when sugar used to be imported from foreign countries because of their religious feelings. They suspected that it may have been refined through certain chemical processes which may be objectionable to their religion. But as sugar is being manufactured in this country, that objection has been removed. So, sugar has the same effect on the poor people as salt has. If you make sugar more costly, then the poor people will be affected by this tax. As I said in my speech on the Budget, the price of sugar has been increased by four times the increase in the excise duty. This may not be true of the manufacturers of sugar but the retail dealers are doing this. In either case the poor consumer has to bear the brunt of this increase in the excise duty. When the poor consumer is going to suffer economically in so many other ways, how is it that the Honourable the Finance Member has thought fit to increase the excise duty on sugar also? We would like to have some elucidation on this point. I know that it has affected beneficially a certain class of people because the price of sugar-cane has gone up. Sugar-cane used to be sold at five annas a maund in the United Provinces last year but this year the price has gone up and the cultivator will undoubtedly be benefited and some wealth will go into the villages which they would not otherwise have got. But what about the poor population living in the urban areas with fixed incomes and the labourers in the towns who have got very limited means? If they have to pay more for sugar, they will feel it very much.

Sardar Sant Singh (West Punjab: Sikh): They can eat gur.

Sir Muhammad Yamin Khan: But the price of gur will also go up along with the price of refined sugar. If you make the refined sugar costlier, gur will also become *ipso facto* costlier. Gur used to be sold at the rate of Rs. 5 a maund and now it will be sold at the rate of Rs. 8 a maund. The two things cannot remain aloof from each other. I do not mind if the price of sugar goes up because my personal consumption of sugar is very little as compared to the benefit which I will have by rise in price of sugar-cane. But leaving aside personalities, the general public will be very adversely affected by this tax. It may be said that since the last war the wages have been increased and the income of some people has gone up by 50 per cent. But we should not lose sight of the fact that their ways of living have also been changed. Once the labouring classes begin to earn more, their standard of living also goes up. Formerly labourers used to live very cheaply but now they want to go to the cinema once a week. Then, there are certain other things which have become part of their life. They have become used to dress themselves in a particular fashion. Their women folk were content with khaddar before the last war, but now they are wearing cheap Japanese stuff, such as, artificial silk. It may be said that that is not beneficial for India, but all the same these are the facts and we cannot ignore them. When a man is accustomed to live in a certain style and if he cannot live in that style, he is adversely affected.

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On many occasions my Honourable friend, Sir Henry Gidney, has said that he is an Indian and he would like to be treated as an Indian, but when the question of wages for his community came, he successfully persuaded the Government to pay higher wages to the members of his community for doing the same sort of work that an Indian does. The argument put forward was that he is accustomed to live in a certain way and, therefore, he cannot afford to live on a lesser salary than the minimum he mentioned. In the same way the argument can be advanced here that these people were formerly living on a lower salary and why should they not do so now? It can be argued similarly that my Honourable friend would not be content now with the salary on which he started his career; he cannot live on that salary now: probably he spends more on his house rent now than what he got as salary then. His life has become different and he is living in a different atmosphere. So the argument that these people can adapt themselves and live on lesser salaries will not apply. The minimum wage cannot be reduced: these people cannot live on the wages they used to get before. It will affect not only the ordinary employees but it will seriously affect the industries also. The industrialists will have to pay more wages to labourers. We have been hearing about strikes in Cawnpore, Bombay and other places. If their cost of living is increased, the result will be a serious impediment in the development of our industries, as the industries will not be able to pay more wages. Therefore one side only of the agriculturists' activity should not be taken into account; all other factors have to be fully considered; and this House is entitled to know when the Honourable Member says that this may be called a popular rather than an unpopular tax.

The Honourable Sir Jeremy Ralsman: Are there any popular taxes?

Sir Muhammad Yamin Khan: The excess profits tax is a popular tax, because it is based on justice and on an equitable principle. The test of popularity is this. If 50 per cent. of the people say it is not good and the other 50 per cent. say it is good, then it is not a popular tax. Even if 25 per cent. say it is unpopular, it is unpopular. I would go further and say that even if five per cent. of the people say it is unpopular, it is unpopular. But when two or three or five thousand people only are going to be affected out of a population of 36 crores, there can be no question about it, that it is a popular tax. Of course, you may listen to those five thousand people only, who may go and talk to you and want to impress on you that the tax is unpopular, while the others' voices cannot reach you; but that does not make it unpopular. It remains popular in spite of the drum-beating of those who are affected. The Honourable Member himself has clearly and lucidly explained the principle on which he wants to take away from those who have made money, on account of the war, a small proportion of their profits: it is a very good principle and even those who are affected cannot deny the justice of the principle. It is a popular tax. But here you find that the men affected are poor labourers. He might have seen them in the villages in his younger days and how they come and work in the towns and what they eat. Their breakfast consists of one roti or bread—probably cooked the previous night—with a small onion and a little salt. At mid-day if he gets anything he takes a roti with a small piece of ghee and a glass of water. During the winter months *gur* is a chief ingredient in his meal: and if there is a rise in its price, it becomes a luxury. Probably if you give him two annas as

bukhsheesh he buys a few sweets for his children and himself and it is a big feast for him and he enjoys the sweets much more than my Honourable friend enjoys a luxurious dinner with champagne: that is his champagne dinner—a few sweetmeats. That is his condition; and if you are going to affect that, it is to be seen whether it is a popular or an unpopular tax. For this reason I ask the Honourable the Finance Member to give full consideration to the matter without thinking that I am opposed to any kind of taxation during an emergency. But for the war I should have opposed this unpopular tax.

The other tax is the petrol tax. My Honourable friend, the Leader of the European Group, has spoken about this in a very guarded language. He said the limit was being reached when no further taxation could be imposed. He did not say frankly that this was a bad tax; he merely said: "All right, you have introduced it and we will support it because we cannot help it; but it is not a good tax and the limit has been reached or approached when the time will come for diminishing returns". Others may take it differently; but I take that as a serious warning from the Member who speaks on behalf of his Group which is mostly concerned in the production of petroleum.

There is the excise duty, there is the railway freight, there is everything which has to be taken into consideration, there is the road tax, then there are further taxes, and further taxes. Probably they do not get two annas per gallon. The people who sell it—their whole income is probably less than two annas in the gallon.

An Honourable Member: Who says that?

Sir Muhammad Yamin Khan: They do not make more than two annas, and the rest goes in railway freight, excise duty, road duty and so on. Ordinarily you should see that you do not make a commodity many times more expensive than it is in far distant countries. In London the petrol sells at one shilling per gallon.

An Honourable Member: Not now.

Sir Muhammad Yamin Khan: You are talking about the war, that is a different thing because it is controlled, but I am comparing the price which prevailed here before the war and the price which prevailed before the war in London. It was a shilling per gallon in London.

Mr. A. Aikman (Bengal: European): Never. About 1s. 6d., the equivalent of a rupee.

Sir Muhammad Yamin Khan: I stand corrected, but when I was in London, in 1933, it was selling at one shilling while it was Rs. 1, 6 annas here. In Bombay it was 15 annas per gallon when Russian petrol came in, but the Delhi people had to pay much more, something like Rs. 1-10-0 or Rs. 1-9-0. I am told by people who have visited other foreign countries—I have not visited those countries recently—that it sells at less than a rupee per gallon. The motor car is as much a necessity to a man in the interior of this country as in any other part of the country. About 20 years ago it was considered to be a luxury, but, surely, it is not a luxury now-a-days. It is a necessity. It does not affect merely one or two persons. Even the poorest man is affected because the

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bus travel is a necessity for coming from the village to the town. It is the duty of Government to follow such a policy as to keep the price of petrol on the same level more or less. It may be that the freight from Delhi to Karachi or Bombay causes difference in price, but why should a man simply because he lives in a coastal town be in a better position than the other man who lives in the interior—why should there be a big difference in the prices that they pay? I do not mind a little difference, but the policy should be that the price should be kept on the same level in the case of petrol. If a man in Bombay or Calcutta spends Rs. 50 on a motor car, the man here has to spend Rs. 150, though his requirements are the same and the conditions are the same.

The Honourable Sir Jeremy Raisman: Sea bathing is cheaper in Bombay too.

The Honourable Sir Muhammad Yamin Khan: Sea bathing is not available in Delhi at all. Here bathing in the well is cheaper than in Bombay. Here we have got the river Jumna where you can go for a swim.

As regards taxation, we should see that the taxation is such that the living is not made too costly for the poor people. It may be said that when they increased the railway fare they must also increase the price of petrol in order to see that the buses do not compete unfairly with the railways. But the tax should be one which is not resented by the masses of the people who practically do not understand what the tax is really, excepting when they have to pay a direct tax. The railways have increased the fares by one anna in the rupee but the bus owners cannot raise their charge by even two pies in the rupee and the result is that the bus owner will be losing and, ultimately, he will stop the running of buses and a smaller number of buses will run to the great disadvantage

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): of the travelling public but to the great advantage of the railways.

Sir Muhammadan Yamin Khan: Railways would not gain because the buses run only in those places where the railways do not go or where there are not proper railway timings. If people want to go to Delhi from a small village to attend the court, they may have no railway running from that place to Delhi or the railway timing may be inconvenient. Supposing the train came here at 11 o'clock and the man has to be present in the court at 10 o'clock, he cannot come by that train. If he has to come to Delhi he must reach here before 9 o'clock to be present in the court at 10 o'clock. He has got summons to be present there and litigants must present themselves in proper time. Therefore, they have to take the buses. If you make the buses costlier, it will greatly affect the poor consumer who as I said before, will not be able to afford to pay the extra charge, or he may grumble, which may ultimately affect the prosecution of the war. The Honourable Member today gave a reply that because there may be a riot in one town here, it may adversely affect the prosecution of the war in France. I could not understand the relationship of the two things. I could not for a moment connect the two things—namely, that a riot in one place which can be controlled easily,—of course I do not mean to say that I can support what Allama Mashrafi said—that there

should be people who should come there to fight, and all that nonsense, to lay down their lives or anything of that kind—but at the same time I could not connect the two things. If the Honourable Member can connect these two things, that a mere riot can affect adversely the prosecution of the war, I think that the rise in prices can seriously affect the proper prosecution of the war, because I do not want at this time that there should be engendered any kind of feeling of suspicion that the Government are out to take the money from the poorer people. I do not want to strengthen the hands of those people who are not helping the Government for the prosecution of the war—to make mountain of a molehill. No weapon should be given which they may use to create discontent in the country and any kind of duty, even excise duty on the smallest industry which affects the poorest people would not be desirable. In the special circumstances as I have explained in the case of sugar, simply to balance our budget we will give our support to the petrol tax but we want to make it quite plain and clear that this increase is not a desirable one. Far from approaching the limit, it has far exceeded the limit and this limit should be lowered down.

On account of the war many industries might be developed in this country by the starting of the manufacture of many things which we used to import but which cannot be imported now from other countries. First of all, prices have gone up very high and India should take advantage of that. The second thing is that we may not be finding shipping facilities so well as we used to get for the competition of the commerce and both these things must be taken advantage of at this time and for this purpose every kind of facility should be given to the manufacturers of this country. I would not allow them to say that they would not start these industries unless they can get a very high rate of profit. That is not patriotic. If any Indian wants to say this, that he will not invest any money in the development of the resources of this country unless he gets a very high rate of interest or profit, I would say that he has no patriotism in his mind at all. If he wants this House to help him he must show patriotism himself and he should be content to take smaller profit, the profit which he used to get before and to increase the output. Instead of raising the prices, he should try to manufacture more goods which may bring, ultimately, a higher return and with this object I would suggest to the Honourable the Commerce Member and the Honourable the Finance Member that every kind of facility should be given to those industries and those concerns which are ready to come in the proper spirit of patriotism to develop this country at this time.

We have known that the prices of medicines have gone very high. Now, we find that prices have come down to a reasonable level and the reasons are two. The first is that medicines which we used to get from Germany were stopped and people had a kind of panic that prices will be increased but now the prices have come down on account of two reasons. First of all, these medicines are found to be in great stock either in India or in England and they have come in. The second thing is that India has started manufacturing medicine and they are taking this seriously. India cannot become absolutely independent. In fact, even many of the European countries cannot become self-sufficient. They cannot do it and India is only in infancy in this respect as far as chemical knowledge is concerned. There are many graduates, M.Sc.s. and D.Sc.s. in Chemistry who can be employed with greater advantage for the manufacture of

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medicines and we should take advantage of the German Jewish doctors who have been forced to leave Germany and take refuge in this country. They are great experts in this and they can be asked to give the necessary help in teaching and training young Indians for this work. Government should take full advantage of them. I find that in Bombay there is a factory of which there is also a branch here. It is doing very good work and it should be the duty of the Government to help these people, at least in the manufacture of those things which we used to import from Germany; because we find that every 25 years the German nation comes up and involves the whole world into a war and that may dislocate many things in ordinary Indian life. Therefore, if any goods used to come from Germany and they can be manufactured in this country, Government should give subsidies and encourage the manufacture of those things and I would suggest that if any extra money is gained by the Government—more than what they require—from these three taxes, that should be utilised for improvements in this direction and India should be made self-contained so far as these German goods are concerned.

I would also suggest in this connection—though it may be thought that I am taking a too serious view about it—that scholarships may be given to boys to go to England even during the present war. It is not unsafe to live in England. They have got their works going on and many things are made there which are not made in peace time and those subjects and those things may be found out and promising students might be sent there to learn those things, so that after the war, full advantage may be taken here of their studies. I do not want to go into details by suggesting different concerns in which they can be properly educated because I am sure the Honourable the Commerce Member is fully cognisant of it and he has got more material before him than I have as to what would be the proper subjects in which young Indians can be educated and they can become a great asset to the country in the near future.

Sir, I should like to suggest that sufficient encouragement should be given for the development of cottage industries. These cottage industries do not require much capital, and if a little encouragement is given to cottage industries, India will soon become self-supporting. Many things which we cannot obtain in this country can be manufactured in the villages, but the difficulty is that India has begun to think itself to be a mill making industrial country, because those who are interested in manufacturing goods in mills consider that milling is the only industry that should be developed. These people have enough capital behind them, and they can make their voice heard in the right quarters; and they can agitate for their privileges and rights, while people engaged in cottage industries, in our villages are not sufficiently educated, and so they do not understand what will be good for them. So, I feel that it is the duty of the Government, when they take taxes from the villagers, to encourage them by providing them enough facilities to develop cottage industries. It must not be thought that in the villages the population is interested only in agriculture; they are also interested in the manufacture of many small things like shoe making and the like, but these industries receive little patronage from the Government nowadays. We have village blacksmiths and village artisans who are entirely dependent upon the manufacture of their wares. Therefore, sufficient encouragement should be given to these people so that they may continue to live upon their own work and find enough employment.

Now, Sir, before the Education Secretary leaves, I should like to say one thing. The subject of Taj Mahal was introduced in this House only a few days ago by means of a question. I am interested in the Mausoleum, because I naturally like to take interest in our old and ancient monuments like the Taj Mahal. Another point is that as I represent the Agra Division in this House, and as Taj Mahal happens to be in Agra, I feel it my duty to bring this matter to the notice of the Honourable Member. Taj Mahal is a very important monument as it attracts people to India from far off lands, and, therefore, as a representative of Agra Division, I am interested in this monument more than any other. It was brought to the notice of the Honourable Member that there was some defect in the dome of the building, and the Honourable Member replied that he was looking into the matter and that the Public Works Department have already taken up the work of repairs in hand by putting up a scaffolding to find out the exact defects. I am aware that the Archaeological Department is fully alive to the needs and requirements of Taj Mahal and that it should not be endangered in any manner, but, Sir, one thing has come to my notice recently after that question was put in this House. The Dome of the Mausoleum has two parts, one inner part and the other outer part or upper part. The internal side of the upper Dome is made of red stones. Till now it was considered that it was made of bricks, but it is not the case. We find it is made of red stones, and above it there is marble. These red stones have left their places in some cases as much as 1½ ft. and if, unfortunately, one of the stones happens to give way from the arch, it will practically mean the collapse of the whole dome. I hope the staff which is engaged in detecting the defect will be able to discover the exact mistake and set it right without much delay. I have heard of this defect from the authority of a person whose veracity I can vouch for, and he took the trouble to go to the roof and examine the whole thing for himself. Therefore, if one of the red stones were to give way, it will cost the Government an enormous amount of money to replace it. Therefore, Sir, it is high time that proper precautions were taken to see that the dome is properly repaired. It is, of course, a difficult task, because one has to climb up like a monkey to see what exactly is wrong. I trust the Honourable Member in charge will see to it that if there is any real danger of that kind, he will be good enough to depute qualified engineers to examine the position and to set right the defect in time, so that he may not come before this House and ask for a bigger supplementary sum. The Taj Mahal is an asset to India and cannot be allowed to tumble down. I understand that when the Taj Mahal was built by Shah Jahan, several expert engineers from all over the world were invited to carry out the work, I, therefore, think that the Honourable Member in charge will take the help not only of his own Department but also of the Department over which the Honourable Sir Andrew Clow presides and put right this defect.

Sir Gija Shankar Bajpai (Secretary, Department of Education, Health and Lands): The Central Public Works Department has already been asked to look into the matter.

Sir Muhammad Yamin Khan: I am very glad to hear, Sir, that the Central Public Works Department is taking up this matter, and they will be quite competent to execute this work.

[21st MAR. 1940]

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As far as archæology is concerned, I may inform the House that I visited some places round about Delhi and I found that though the Government are spending large sums of money to keep them in good repairs, still there is room for spending larger sums of money. I do not know how much is really spent on salaries and how much on repairs. There is great danger to many of the old buildings like the Qutub. I need not go into details. I simply draw the attention of the House that in any case larger sums should be spent. I know that the present time is not very opportune for spending more money. But even in these times of financial stress, we cannot allow our assets in the shape of architectural works to go to ruin. These works really beautify India and show to the world at large what great engineers India produced in the past who could also give lessons to modern engineers.

Dr. P. N. Banerjee: What about fresh excavations?

Sir Muhammad Yamin Khan: I have been pressing this point here for a long time and I think if we excavate a place like Hastinapura, it would really add to the knowledge of history. Pandavas ruled over the place and what little we know of their civilization is only from one book, the Mahabharata. This book reveals to some extent the glory of the ancient civilization of the Pandavas, but if we want really to know everything about this civilization, they lie buried in ruins underground. We cannot know the real history unless the excavation of this place is undertaken.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is roaming from the Taj Mahal to Mahabharata. He ought to consider that there may be other speakers who might wish to take part in this debate.

Dr. Sir Ziauddin Ahmad (United Provinces: Southern Divisions: Muhammadan Rural): Not many speakers.

Mr. President (The Honourable Sir Abdur Rahim): The Chair knows there are several Honourable Members who wish to take part. The Honourable Members have been putting questions on the subject and there have been demands for grants for the Archæological Department when he could have spoken.

Dr. Sir Ziauddin Ahmad: I rise to a point of order. This has been the practice, Sir.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not want any explanation from the Honourable Member.

Dr. Sir Ziauddin Ahmad: I rise to a point of order, Sir. It has been the practice in the case of the Finance Bill that Honourable Members are allowed to have their full say on every branch of the Government of India, except Railways.

Mr. President (The Honourable Sir Abdur Rahim): The Chair is perfectly well aware of the practice, and it does not want to discontinue this practice. At the same time, the Chair would ask all Honourable Members to bear in mind that no undue advantage should be taken of this practice by any particular Honourable Member.

Sir Muhammad Yamin Khan: I hope I am not taking any undue advantage. I hope the Honourable the President does not think that I am doing so. I am the last person to do so.

Mr. President (The Honourable Sir Abdur Rahim): The Chair only reminded the Honourable Member that there are other Members who wish to speak.

Sir Muhammad Yamin Khan: Because a question was put to me by an Honourable Member about fresh excavations, I had to reply to the interruptor.

Mr. President (The Honourable Sir Abdur Rahim): It is not for any single Honourable Member of the House to take up the entire time of the House in order to discuss all sorts of matters.

Sir Muhammad Yamin Khan: Over the Finance Bill there is no time limit fixed for speeches.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not go solely by that. There are other opportunities for dealing with the subject he is referring to.

Sir Muhammad Yamin Khan: I shall conclude, Sir, shortly. I am saying that from a historical point of view, it would be as well that these excavations take place and correct information gathered to rewrite Indian history of the ancient period for which at present there is only one book, the Mahabharata. We must find out by other ways how these ancient people lived and for this there must be excavation of Hastinapura. I do not want to press this point too much if there is no money forthcoming in the present budget. I should like this to be taken up the very first thing whenever money is available.

As far as the Education grant is concerned, it should not be curtailed even during the war. I should like, however, something more substantial being budgeted.

I will finish now, Sir, because I take the hint of the Honourable the President. There may be other speakers. In conclusion, I should like to say that these taxes which are being proposed will be fully supported by this House on the distinct understanding that they will remain in force only during the war and no more. I shall be glad if the Honourable Member will find some substitute for these taxes in the coming year, if he can do so easily. With these words, I give my support to the consideration of the Finance Bill. I hope it will be passed unanimously.

Mr. A. Aikman: Mr. President, it is not often that on the occasion of the Finance Bill, a Party Leader unlike my Honourable friend, Sir Muhammad Yamin Khan, finds himself in a position in which he has so

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little to talk about as is my happy lot today. This is even more remarkable when the Finance Bill is one that imposes additional taxation. At the time when the Honourable the Finance Member introduced his Budget I expressed the view of my Group that his Budget and the Finance Bill, that is, its child, can only fairly be judged against the background of war. In our opinion the additional taxation imposed is such that by its very nature will fall on the shoulders of those best able to bear it. We can only hope that untoward circumstances in the coming year will not so seriously upset the revenues of the Government of India as to force the Honourable the Finance Member to bring yet another Finance Bill before this House as he has warned us might in certain circumstances be necessary. Here, in Delhi, it is sometimes difficult for all of us to appreciate that the great struggle in which Britain and France are now engaged is one in which this country is vitally concerned. I sometimes wish that more Honourable Members could have had an opportunity of seeing Britain and France at war today as some of us have had the opportunity of doing. The attitude of a great political party in absenting itself from this House and in withdrawing from office in the Provinces is one that I feel that party would not have taken had the Working Committee of the Congress shown any appreciation of realities. It is to the interest of India no less than of Britain that the Allies should emerge triumphant from this war; and to the extent that the Congress Party by non-co-operation is preventing India from making the great contribution that she might to the success of the Allied powers, to that extent they are doing incalculable harm to the country.

In those circumstances it is a matter of satisfaction that where one party has so lamentably failed there are others in India more alive to the great deciding factors at work in the world politics. The Government of India by reason of the action it has taken in various directions since the outbreak of the war have shown how much they appreciate that whatever the war effort that India has to make there are two paramount considerations they must always keep before them. The first is that the mass of the people should enjoy the benefits of the slight rise in prices that is bringing added prosperity to the cultivating classes. The second consideration is that stability of the price structure is of vital importance to the well-being not merely of the industry but of the country as a whole. There is no factor more important to the maintenance of that stability than a balanced Central Budget. This the Honourable the Finance Member has sought to achieve by means of the new taxation imposed in the Bill now before the House. As regards that Bill itself I desire to comment on two points and refer to a third. The first is the provision in the case of an association of persons being a co-operative society of certain concessions in regard to the rates of super-tax applicable to them. This is a valuable concession to societies supported mainly by relatively poor people, and as such it should be welcome to every one. The second point, Sir, relates to the compounding of the surcharge on motor spirit, which has now been merged in the ordinary excise duty. Here, as in the case of the balance of the surcharge on income-tax, an emergency duty levied in 1931 has been converted into an ordinary tax. No one will quarrel with the Government at this time in respect of such a matter, but a passing comment upon it seems called for. The third item concerns the increase in sugar excise. As regards the increase in this tax my Group are unanimous that it is a sound way of

filling part of the gap between revenue and expenditure. My colleague, Mr. Ramsay Scott, however, holds divergent views as to the date when the levy should commence and I shall leave him to put his point of view before the House.

Now, Sir, I have been listening to some of the arguments of my learned friend, Sir Yamin Khan. I believe I am complying with convention when I refer to him as learned, but some of his arguments I have been unable to follow, particularly with regard to output and costs; and I am reminded of a story which with your permission I should like to tell the House. It concerns a farmer who used a number of draught horses on his farm and who specialised in having always either black horses or white horses; he continued to do this for many years. But a visitor went to see him one day and he found that he had only black horses. He commented on it and asked him why he now used only black horses, instead of having some white horses. So he explained to his friend that he had discovered that the white horses ate more than the black horses and so he had got rid of the white horses. This struck his friend as being very extraordinary and he asked him if he had any idea why it was that the white horses ate more than the black horses. The farmer's reply was that he had gone into the matter and discovered that the reason was that he had had more white horses than black horses! Sir, I support the motion.

Dr. F. X. DeSouza (Nominated Non-Official): Sir, the discussion of the Finance Bill is, according to the theory of the Constitution, an occasion for the Honourable Members of this House to voice the grievances of the people and to pray for redress. The theory of the Constitution is that no supplies are to be voted unless grievances are redressed. Agreeably to this theory the Members of the Executive Government sit in open durbar at any rate in spirit to give ear to our prayers and to explain to what extent they are prepared to grant redress. The Members of the Government to whom I address myself today are the Honourable the Home Member and the Member for Communications, I trust that at the close of the debate I shall be favoured with a reply from them.

The other day, in the course of a discussion of a cut motion during the Railway Budget debate, I brought to notice the wholly inadequate representation of the Indian Christian community in the railway services, but as the time allowed was very short, I had necessarily to be very brief, and I mentioned that the subject was too important to be dropped, and I would re-open it during the discussion of the Finance Bill.

Recruitment to all the services under the Government of India, including the Railway services, is regulated by the Government of India, Home Department, Resolution No. 14-17/B-38, dated the 4th July, 1934, which is known as the Appointments Award. Shortly after the issue of that Resolution I moved a Resolution in this Honourable House on the 26th of July, 1934, in which I summarised the net result of that Resolution in so far as the Indian Christian community is concerned in the following words:

"While since 1925 we had a fair field with other minorities to compete for 33 per cent. of the vacancies, under the new scheme we have to compete with Sikhs, Parsis, Jains, Anglo-Indians and others for 8 per cent. of all-India appointments, and with Sikhs, Parsis and Jains for six per cent. of the local appointments."

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No separate quota is fixed for the smaller minority communities *inter se*. The Indian Christian community being the most peaceful and the least aggressive of all the minority communities, I forecasted that we shall be gradually elbowed out of our lawful share of representation in the race for jobs and the result will be that the economic structure of our community, which depends so largely on employment in Government service, will be seriously dislocated.

This forecast has been amply justified. If we look at the statistics of our population, we find that at the last census we numbered approximately seven million people. We form nearly two per cent. of the total population. Our people are most numerous in southern India, where 60 per cent. of the total Christian population resides. In British districts in Madras we number 3.5 per cent. of the population, and in the Madras Indian States we number as many as 27 per cent. of the population in Cochin and 31.5 per cent. of the population in Travancore. Allowing for our normal rate of increase during the last two decades, our numbers will in all probability not fall far short of ten millions at the next census. We form the second largest minority community in India.

How does our representation stand in the Railway services in different parts of India? From the Report of the Railway Board on Indian Railways for the year 1938-39, I have compiled certain statistics from which our proportion can be seen at a glance. I crave the indulgence of this House to them through these tedious statistics which are absolutely necessary to my case, and unless the Honourable the President permits me to take my speech as read, I shall have to go through the numbers. I dare not ask him for such permission and so I will place the statistics before this House. In the subordinate railway services our percentage in State and Company-managed Railways is 2.8 per cent. and not 3.4 per cent., as stated on page 110, being 2.65 in State Railways and 3.14 in Company-managed Railways (page 108). Our deficiency is specially noticeable on the railway systems in Madras where our community preponderates. Thus in the Madras and Southern Mahratta Railway, in the subordinate services there are only six Indian Christians (2.2 per cent.) out of a total strength of 284 while in the South Indian Railway we have just 13 (5 per cent.) out of a total strength of 256 (*vide* page 108).

No compensation appears to have been attempted to make up for this deficiency while recruiting during the year 1938-39. Even in those railway systems where we have considerable numbers, our recruitment was inadequate. Thus, in the Madras and Southern Mahratta Railway, among the new recruits for the year 1938-39, we had only 4.6 per cent., while the Muslims had 8.1 per cent., and Anglo-Indians 23.1 per cent; and in the South Indian Railway though the Indian Christians had 12.8 per cent. of the recruits (*vide* Appendix G-II, page 172), we still fall far short of our legitimate percentage of the total strength.

Turning now to the superior services, our strength on State-managed Railways in the year 1938-39 was 1.93 and in Company-managed Railways 2.13, and even in the Madras and Southern Mahratta and the South Indian Railways, our relative strength was just seven out of a total of 142 (4.8 per cent.) in the former, and four out of 135 (2.8 per cent.) in the latter (*vide* page 107). As to the figures for recruitment in 1938-39 the State Railways recruited one Indian Christian out of 17, and in 1937-38, there

was no Indian Christian recruit out of a total of 30, while in the Company-managed Railways in the year 1938-39 no Indian Christian was recruited out of a total of 36 (*vide* page 105 and Appendix G-I, page 169). The Madras and Southern Mahratta and the South Indian Railways show up no better. In the former in the year 1938-39 there was but one Indian Christian recruited for the superior services out of 10, and in 1937-38 one out of 16, while in the South Indian Railway no Indian Christian was recruited out of a total of ten in 1938-39, and only one out of eleven in 1937-38. Our microscopic proportion in the superior services is specially noticeable both in the State as well as the Company-managed Railways. Even in these railway systems where they have considerable numbers.

Mr. M. S. Aney (Berar: Non-Muhammadan): On a point of order, Sir, may I just inquire of you whether after the discussion of all these subjects on the railway budget on the days allotted for such discussion, it is in order to rake up all the Railway Budget discussion now, when we are discussing the Finance Bill and the general budget.

Dr. Sir Ziauddin Ahmad: Before you give your ruling, Sir, may I say that the railways contribute somewhat to the general revenues and our contention has always been that they ought to give a little more money to the general revenues.

Mr. President (The Honourable Sir Abdur Rahim): The Chair thought the Honourable Member was addressing the Chair on the point of order.

Dr. Sir Ziauddin Ahmad: So in this way it comes in.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member was not asked to give his ruling. As regards the point of order raised, there is no doubt that the Railway Budget has been passed in this House and is no longer under discussion; but so far as the Chair recollects, the practice of this House has been that on the Finance Bill the Honourable Members are at liberty to ventilate any grievance not only as regards the Executive Government.

Mr. M. S. Aney: Including railways?

Mr. President (The Honourable Sir Abdur Rahim): . . . but including railways. It must, however, be understood that the latitude that is thus given to Honourable Members is really limited by other considerations. It is for Honourable Members to remember all the time that there must be reasonable limitation in matters that can be brought forward, if for no other reason than this, that it will not be possible for the Government Members to reply to all sorts of questions within the time at their disposal.

Dr. F. X. DeSouza: Sir, I will bear your instructions carefully in mind in my speech.

Since the Resolution of 1934 there has been a steady retrogression in our numbers both in the subordinate and superior services. In the subordinate services in 1935-36 our proportion was 3.49, in 1936-37 it was 3.1, in 1937-38 it was 2.8 and in 1938-39 it was 2.8; and in the superior services

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we had a proportion of 1.8 in 1938 and 2.02 in 1939 (*vide* pages 110 and 107). At this rate it is no exaggeration to say we shall soon cease to be a minority: we shall become a nonentity.

As I have already stated, I forecasted a steady reduction in our numbers in the public services as the result of the Appointments Award, and in the Resolution which I moved in this House, I put in a plea for a reservation of a minimum of five per cent. as the only means of retaining an adequate representation for our community. This claim was strongly supported by the Leaders of every community in the House. I would specially invite a reference to the speeches of Sir Henry Gidney on behalf of the Anglo-Indian community, Mr. F. E. James on behalf of the European Group, Sir H. S. Gour and Mr. (now Sir) Ramaswami Mudaliar on behalf of the Hindus and Dr. (now Sir) Ziauddin Ahmad on behalf of the Muslims. I would lay special stress on the strong championship of our cause by my Honourable friend Sir Ramaswami Mudaliar, who, I have no doubt, though now in a position of greater responsibility and less independence, will be able to influence the decisions of Government in our favour. The only dissentient voice on that occasion was that of the spokesman of the Government of India, to whose speech I shall refer later. The House, with the exception of the Treasury Benches, unanimously voted for my Resolution. No attempt has, however, been made by the Government of India to implement that Resolution—a striking proof that we merely render lip-service to democracy in the governance of this country.

When in the course of discussion on Sir Raza Ali's *out motion* the other day I urged a similar plea for reservation of 5 per cent, my Honourable friend, the Member for Communications, bluntly said that we should be satisfied with our numerical percentage, and there was no reason why we should claim weightage. Now, Sir, while before the Round Table Conference every minority community asked for recognition of its past services to Government as the *raison d'être* of their claim for employment in Government service, while the Muslims based their claims on the ground of their well-known past loyalty to Government, their non-participation in the Civil Disobedience Movement and the Terrorist Movement, while the Sikhs demanded their share on account of their past military services, especially during the Great War, while the Europeans demanded commercial and trade protection on account of millions of pounds they had in the past sunk in India, and the Anglo-Indians demanded protection on the ground of their devoted and loyal past and present services to the country, are we the Indian Christians, the third largest community in India, not to be given any protection whatever and to be confined within the narrow limits of our numbers? Are our past services during the early struggles of the British power in India to be forgotten—how our ancestors financed General Baird in the Second Mysore war and suffered in consequence the demolition of our churches and the deportation of our people to Seringapatam at the hands of Tippu Sultan? Can we not point with a justifiable pride to the great services we have been rendering in more recent years to the uplift of India, to which with missionary leadership and capital we have contributed by maintaining more than 20,000 Church of England schools and a much larger number of Roman Catholic schools and colleges giving education to over a million and a half of people including thousands

of non-Christian Indians, many of whom today are among the political leaders of India? Can we not point to over 1,000 hospitals treating over four million people which our community maintain for ministering to the suffering humanity of every caste and creed? We have no sect and no caste. As neutrals in inter-communal clashes we have rendered great services to Government to which Government have frequently borne testimony. In inter-communal disputes, Government select magistrates and judges from the Indian Christian community to adjudicate the differences between rival sects and castes and creeds. The Indian communities themselves have recognized the value of a neutral community like ours to act as arbiters free from bias. In the Presidency of Madras two Indian Christians were elected as successive Presidents of the Legislative Council. Lastly, all through the period of grave unrest and political upheaval through which we have been passing our community has religiously abstained from participating in any unconstitutional movement. We have followed the Biblical injunction of submission to lawfully constituted authority. Under the British Government our loyalty has been its own reward. But under the Congress Government our loyalty has been flung in our face and we are suspect because we are supposed to lean upon a foreign Government for support.

If we cannot lay claim to protection on account of our past services, can we not at least rely upon our superior efficiency to demand a larger share in the services? According to the figures of the last census we have three times as many literate persons per mile as the Hindus, four times as many as the Muslims and as to literacy in English for every 10,000 of the population we have 1,174 males and 649 females literate in English while the Hindus have 204 males and 16 females and the Muslims 164 males and 11 females. There are in India, I believe, according to the last census, about one and a half million persons educated up to and beyond the secondary standard, and of this total nearly 270,000 are Indian Christians. There are approximately 400,000 appointments in both central and provincial services of the class now under contemplation, and what percentage should we, who claim 270,000 out of one and a half million English-educated persons, obtain of these appointments? If merit and merit alone is the test for appointment, as the Nationalists insist, we certainly are entitled to claim reservation of as many as 15 per cent. of these appointments.

The spokesman for the Government of India turned down the claim for reservation of a fixed percentage on four grounds. *First*, he said we are already represented in the public services well in excess of our population ratio to the total population of British India. *Secondly*, unlike the Anglo-Indian community we are employed in all branches or grades of the public services, while reservation for the Anglo-Indian community is made only in certain departments where they have been employed in large numbers. *Thirdly*, while, no doubt, the Indian Christian community like any other community in India is to a certain extent dependent on Government employment, the Anglo-Indians are very largely dependent on employment in certain branches of the public services, and it was, therefore, necessary to reserve a fixed number of vacancies for them to prevent a violent dislocation of the economic structure of their community. *Fourthly*, even if we are meagrely represented in other provinces, we shall be amply represented in those parts of India where we have a considerable strength in numbers—a statement which has been falsified by the figures I

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have quoted regarding our percentage in the M. & S. M. and S. I. Railway systems. And lastly, that the Indian Christian community is already well represented in the services, and will continue to be so represented, and even if a weightage of percentage is fixed, it might be even less than the percentage of posts, the Indian Christian community holds at present. I don't think I need attempt any elaborate refutation of this reasoning. Anybody can see with half an eye that they are flimsy grounds to bolster up a predetermined conclusion.

Was the Honourable Member right when he said that the Indian Christian community will always continue to have a reasonable representation in the services? From the figures which I have given at the outset of my speech I have shown that our position is steadily deteriorating, and the reasons for this state of things will be obvious to anyone on a little reflection. Everyone knows that in these days of unemployment there is a keen struggle for jobs in the public services. Men belonging to our community have rarely, if ever been appointed to key positions where they can exercise patronage. Persons belonging to other minorities have not infrequently been appointed to key positions and while in office they make hay while the sun shines, to improve the position of the community to which they belong in the departments of which they are appointed the heads. Again, persons belonging to other minorities have occupied and still occupy seats of the mighty and a word from these becomes a command to the dispensers of patronage. While under the rules canvassing from below is rank soliciting and punishable, canvassing from above is a meritorious testimonial. Then again, the Indian Christian community, numbering seven million souls, has but one representative in this Honourable House to voice their grievances. Other minorities with a larger voting strength are in a position to enforce their demands for more jobs by threatening to cast their votes against the Government.

What is the attitude of the Government of India towards the claims of the members of the Indian Christian community to preferment in the services, especially to positions of trust and influence? The spokesman of Government, as an answer to my charges in 1934, pointed out that out of 395 Indians in the I.C.S. 23 or about 5.8 per cent. were Indian Christians, and that the number of Indian Christians in the Indian Police had increased from two in 1925 to five in 1933. But is it any thanks to the Government of India? They got in by the door of open competition; but when once they were in how have they been treated? Has any of them been appointed to a key position or given a Secretariat appointment? An officer was sent round the other day to select from the Provinces junior Civilians to form a pool from which to recruit for the Imperial Secretariat; but has a single Indian Christian been selected for the pool? Again, there is a special Establishment Officer to see that minorities obtain their due share in Secretariat appointments. Has a single Indian Christian been appointed to the Imperial Secretariat as a Secretary, a Deputy Secretary or even an Under-Secretary?

The Honourable Sir Andrew Clow: One was a Member of Council.

Dr. F. X. DeSouza: I will tell you all about him. I have a reference about him here. So marked is the callous indifference of the high officers

of the Government of India to our claims that we have begun to feel that when an important vacancy is advertised there is a tacit reservation that no Indian Christian need apply. We were told as much by a Departmental head the other day when two highly qualified Indian Christian candidates applied for a vacancy which had been advertised. They were told that it is useless their aspiring to be appointed. If a Hindu were appointed, said he, the great Hindu community would be pleased; if a Muslim were appointed, the great Muslim minority would be satisfied; but if a Christian were to be appointed, neither the Hindus nor the Muslims would be satisfied. I ask, Sir, in all seriousness, is this parliamentary democracy? Or is it reminiscent of the rule of Tammany Hall? I respectfully hope that the Government of India will disown such an attitude on the part of their officers.

So much for openings in civil employment. As for the Army the door has been bolted and barred against us since the year 1819. In that year one Prabhuddin Naik, a sepoy of a Brahmin regiment in the Bengal Army, was converted and baptised by a Company chaplain and was dismissed from the Army in consequence. Since then the Government was not prepared to tolerate Christianity in the Army. We rendered help to the British power in the early struggles of the East India Company. We financed the British troops in the Second Mysore War. Our sepoys did yeoman service in the Madras Army in the Sappers and Miners, the Supply and Transport Corps and new regiments of artillery which happen to be the only avenues open to us. But in the Regular Army we are not allowed to enlist. Is it not an irony that our community, among whom loyalty to the Crown is bred in their bones, are debarred from enlisting to defend their King and Country? Now that there is a likelihood of the Army being expanded in consequence of the war, will not the Defence Department give a chance to our people to enlist in the service of the Crown? There is ample material among the Christians of southern India, and I earnestly trust the Defence Department will give every opportunity to our people to join the colours.

If our claims to adequate employment in civil and military service are so utterly disregarded, our claim to share in the public life of the country are even more grievously ignored. Several important committees have been sitting in recent years to deliberate on the future constitution, but to the most important of these committees no member of our community has been appointed. To the Third Round Table Conference, to the Joint Parliamentary Committee, to the Lothian Committee no Indian Christian was admitted. A momentous change in the constitution is now impending. But the third largest community in India has not been consulted as to how the interests of the community should be safeguarded. The spokesman for Government on the last occasion naively explained to me that these committees merely advise but do not decide. But is there no Indian Christian competent to give advice? In the recent pronouncements of the Secretary of State and His Excellency the Governor General the very existence of our community as a distinct entity with conflicting interests with other communities is ignored.

I must mention that there has been but one exception to this tale of unrelieved gloom. One member of our community was recently selected for a position of responsibility and trust. I refer to the late Sir A. T. Pannirselvam to whose career a melancholy interest attaches. He had

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been appointed Home Member to the Government of Madras and had just been selected to the responsible position of Adviser to the Secretary of State. A cruel fate snatched him away when he was flying to take charge of his high office and a career which would have been of great public usefulness to our community came to an untimely end. May his soul rest in peace! Nevertheless, let me be permitted to say that one swallow does not make a summer. My earnest prayer to Government is that they will now for all time lift the ban hitherto imposed on our community and give us our rightful place in the public services, in the Army, and the public life of the country.

What is at the bottom of this studied neglect of our claims? It is possible that Government have a shamefaced feeling that having been responsible for our change of religion through the work of their missionaries they owe us a duty which they have failed to discharge?

The same feeling which, according to my Honourable friend, Sir Henry Gidney, makes the Englishman disown his own progeny in the Anglo-Indian makes him disown those who have embraced his religion in the Indian Christian. Be that as it may, when in the course of the debate on the cut motion in the Railway Budget debate I asked the Honourable the Communications Member as the most Christian member of a Christian Government to do justice to the claims of the Christian minority in the railway services, the Honourable Member turned round and asked me whether because we were Christians we demanded from him as a Christian representation in the services in excess of our numbers. Sir, great as is my regard for the Honourable Member, I protest against this as an unworthy suggestion. When I appealed to him as a Christian I appealed to his Christian attribute of justice and not to any sentiment of religious favouritism. We wish to enter public service in our own right by the front door and not by backstairs influence, and we claim our right to reside in the dwelling house and not to be relegated to the outhouses.

Against the demand for the grant of independence to India the objection of the Government is that they have to remain in power as the protectors of minorities. Can the Government of India honestly say with their hand on their heart that they are the protectors of the Indian Christian community? On the contrary, has not their attitude during the last four years shown that they are more ready to barter away our rights in order to placate other minorities politically more aggressive than ours? Truly it is not the meek who shall inherit the earth. I refer to the extraordinary proviso in the Appointments Award, para. 7 (iii), that if there is no qualified person in our community the reversion is to go to a Muslim. To suggest that a qualified candidate will not be found in our community, which has the largest proportion of literate persons of any community in India and at least ten times as many literate persons in English as the Muslim community shows what was at the back of the mind of the Government of India when they inserted that proviso. I was referred by the spokesman of Government to the Governor's special powers which would always safeguard the rights of our community. The Honourable Member must have said this with his tongue in his cheek. No Governor has lifted a finger to protect our rights either to representation in the services or in the defence of our religion and culture during the last

four years. It is melancholy to think that in the absence of contact with realities the judgment of the acutest thinker in the councils of Government is liable to be warped.

It is in no spirit of self-aggrandizement that I urge the claim of my community but in the spirit of service. We ask for opportunities to serve the motherland. We ask for living room. We demand our place in the sun. We depend largely on employment in the public services for our means of subsistence. We are being gradually ousted. Unemployment has become acute amongst us. Our economic life is being undermined. The iron has entered into our soul.

I ask, is it in the interest of good government to have a very enlightened minority driven to desperation and vainly sitting at the door, demanding redress? It is easy to level a taunt of communalism against our demand, but it is a taunt which is levelled by members of the majority community who now are in possession of a monopoly and are unwilling to be dislodged. The Christian element in the personnel of the Government of the country is being gradually eliminated, and the duty will devolve on the small Indian Christian community to maintain Christian standards and Christian principles in public life. Our Master came to be the servant of mankind. He came not to be ministered unto but to minister and to give his life a ransom for many. In the new India the motherland will have the first claim to our ministry, and it is to attain a position in the public service such as will enable us to maintain Christian standards in public life that we most earnestly plead for our adequate share. With all the earnestness I can command I pray that my plea may not go unheeded.

The Honourable Sir Andrew GLOW (Member for Railways and Communications): We have listened to a very eloquent and earnest plea on behalf of the community which my Honourable friend, Dr. DeSouza, represents. No one will deny the important part it plays and has played in India and the possibilities that it holds out, with its ministry of reconciliation, of bringing all persons in India into closer harmony, but I am afraid that in the course of his plea he misrepresented the attitude I had taken up on the Railway Budget. He said, for example, that I wanted to limit the representation of Indian Christians to the percentage of their population. I made no such statement, I have no such desire. What I was dealing with was reservation, which is quite a different thing. There is an immense number of unreserved vacancies in practically all the services, and if, as Dr. DeSouza asserted—and I do not question his assertion—his community is well above the average in education in India, I should have thought it was to their advantage to have that unreserved mass as large as possible. In fact, in suggesting that we should reserve for Indian Christians—I think he said at one time, 15 per cent.—what he is doing is, is to impose a large limitation on the number of posts open to all communities generally, in other words, to reduce the number of unreserved posts. The reservations for minority communities only give them a minimum. It is open to them to secure posts that are open to all communities, and where the community is well in advance of the average in education, the need for reservation is surely rather less than more, and the possibility of their securing representation in excess of their numerical proportion is obviously considerable.

Then, again, I think Dr. DeSouza was led away by possibly a deficient memory, into exaggerating the extent to which his community had been,

[Sir Andrew Clow.]

I think he said, excluded from appointments. He said that there was not even an Under Secretary in the Government of India who was an Indian Christian.

Sardar Sant Singh: Are not all Christians?

The Honourable Sir Andrew Clow: The Honourable Member was talking of Indian Christians. That, of course, is not the position. He did acknowledge that there was one distinguished gentleman who, unfortunately, has lost his life recently, who was drawn from his community. But I can think at the moment of two members drawn from the services who are both Indian Christians, one of whom held the position of Railway Member that I now hold, and another was Home Member in the United Provinces. I can think of a gentleman, having the same patronymic as my Honourable friend, who held the high position of a Member of the Railway Board and is still in railway service. I can think of one or two officers at the moment in the Government of India holding posts of responsibility.

Sir Muhammad Yamin Khan: The Chief Justice of the Lucknow High Court.

The Honourable Sir Andrew Clow: I have no doubt that Honourable Members can supply other examples. All I wanted to say was, there has certainly been no prejudice against Indian Christians in selecting them for posts which they are qualified to hold, and I hope that in the future also they will produce men of distinction, who will emulate the services of those who have come before.

Dr. P. N. Banerjee: At a time when heavy financial burdens are being imposed on India, it is desirable that we should review briefly the financial history of the country in recent years. If we take the last twenty-five years, we find that during this period additional taxation was resorted to on no less than 14 occasions. If we take the period of twenty years beginning from 1920-21, that is to say, the commencement of the Montagu-Chelmsford Reforms, we find that fresh taxation was levied on no less than eleven occasions. Now, what is the cause for this state of things? The real cause is that expenditure is not sufficiently controlled in this country, and the result is what was described by Sir Basil Blackett, a predecessor in office of our Honourable friend, Sir Jeremy Raisman, as the progress of a rake.

Sir, the total tax burden of the country has been greatly enhanced during this period. And what are the taxes which were freshly levied or increased? They are income-tax, super-tax, salt duty, customs duties, and postage rates. All these expedients were resorted to. The burden fell on all classes of the population from the very rich to the poorest. When normal times returned, was all this additional taxation removed? Only a portion of the additional taxation was removed when better times came, but a large proportion of the additional taxation was allowed to continue. Sir, this can hardly be regarded as a satisfactory state of things. What we want today at the present moment is to stop this rake's progress.

But how can this be done? It can be done by introducing a greater measure of control over expenditure. The other day a suggestion was made that certain committees should be appointed to watch over expenditure and during the discussion of this matter we pointed out that two committees might be appointed,—one the Finance Committee and another the Estimates Committee. The Honourable the Finance Member objected to both the committees being appointed and agreed to the appointment of only one committee. His ground for objecting to the appointment of two committees was that the Government could not afford the time necessary for the discussion which would take place in these two committees. But is that a sufficient ground? What is the state of things in England? The other day I pointed out that in England in order to consider the estimates every year, the committee of the House of Commons.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is repeating the discussions that have taken place already.

Dr. P. N. Banerjee: I am merely referring to it. I am leading up to certain other things.

Mr. President (The Honourable Sir Abdur Rahim): Yes, so long as the Honourable Member does not repeat himself.

Dr. P. N. Banerjee: I suggested the other day that there was greater control over expenditure in Great Britain. Sir Hilton Young, who is an eminent authority on the British financial system, says: "At the point at which we have arrived in the procedure of the House, the estimated expenditure has been approved in Committee of Supply and reapproved on the Report of Supply and approved a third time in Committee of Ways and Means and a fourth time on the Report of Ways and Means, and yet it has still a long road to travel before it is out of the wood."

Mr. President (The Honourable Sir Abdur Rahim): Before the Honourable Member proceeds further, the Chair would remind him that it is not open to him to revive discussion on a subject which has been debated in this House and on which the House has given its verdict.

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.

Dr. P. N. Banerjee: Sir, before the House rose for lunch, I was contrasting the system of control over expenditure in India with that which exists in Great Britain. I pointed out that the machinery of control was very ineffective here. On two occasions Retrenchment Committees were appointed in India during the last quarter of a century, and these Retrenchment Committees did, on the whole, good work. Their recommendations were to a considerable extent accepted by Government. But on each of these occasions, as soon as the crisis was over or about to be over, the expenditure again showed a tendency to increase.

[Dr. P. N. Banerjee.]

Now, Sir, my complaint is, not only is the machinery for the control of expenditure defective, but the whole system of financial administration is wrong. The constitution and powers of the Central Legislature are such that no adequate popular control is possible. That is my chief complaint. And what is the result? The result of the present system is that there is no balance between the different categories of expenditure. While a large proportion of the resources of the country is expended on purely administrative services, a comparatively small proportion is spent on what are known as the nation-building departments of Governmental activity. This state of things can be remedied only by a radical alteration in the constitution of the country. But there are minor defects which can be cured even under the present system. The administration, as is known to everybody, is top-heavy at the present moment, and there are many posts which can be dispensed with at the top. The salaries which are paid to the high officials are inordinately large compared to the paying capacity of the people of India.

Sir, so far as the present year's Budget is concerned, I do not find in it any proposals for economy or retrenchment, although it proposes to lay a heavy burden of taxation on the people. I will not repeat what I said in the course of the general discussion on the Budget, but I will remind the House once more that this is not the first measure of taxation that we are considering during the present Session. This is the third—or rather the fourth—measure of taxation which we are considering. The first measure was the increase in the Railway rates and freights; the second was the excess profits tax, the third was the taxation of the provinces by an amendment of the Niemeyer formula, and we are now discussing the fourth set of proposals. As regards the Niemeyer formula, I think I ought to say a few words on it. This amendment of the Niemeyer formula has deprived the provinces of a considerable part of their legitimate share in the income-tax revenue, and the result of that will be that many of the provinces will be compelled to levy additional taxation. So, although directly the Central Legislature and the Central Government are not levying any further taxation on the provinces, the result of their action in amending the Niemeyer formula will be that it will lead to further taxation of the people. Therefore, I think that this is the fourth taxation measure of the Government in the present Session.

Sir, the other day the Bengal Legislative Assembly considered the Niemeyer formula and unanimously agreed to a Resolution protesting against this amendment, and pointed out that the position of the Government of Bengal would be very serious unless the *status quo ante* was restored immediately. As regards the amount involved in the amendment of the Niemeyer formula, it was pointed out that Bengal would lose several crores of rupees a year.

The Honourable Sir Jeremy Raisman: That is not correct. Bengal could not possibly lose several crores a year.

Dr. P. N. Banerjee: Not during this year. But during this year it will perhaps lose 30 or 40 lakhs.

The Honourable Sir Jeremy Raisman: No.

Dr. P. N. Banerjee: Then how much would the loss be?

The Honourable Sir Jeremy Raisman: Bengal's share is one-fifth of the total, and it is not yet known what the total is.

Dr. P. N. Banerjee: It is not yet known, but it will be something like a third of a crore this year.

The Honourable Sir Jeremy Raisman: It is still very doubtful how much it will be.

Dr. P. N. Banerjee: How much will Bengal lose next year?

The Honourable Sir Jeremy Raisman: As regards the future I cannot tell what the figures will be. I can only say what Bengal has gained, and not what it lost.

Dr. P. N. Banerjee: By the amendment of the formula?

The Honourable Sir Jeremy Raisman: By getting larger sums than it got before.

Dr. P. N. Banerjee: That is a different matter. That is not due to the generosity of the Honourable Member, but due to other circumstances.

The Honourable Sir Jeremy Raisman: Due to war.

Dr. P. N. Banerjee: May be due to war conditions. That is true. But certainly Bengal is entitled to protest against this change in the Niemeyer formula.

Sir, as regards the necessity for levying additional taxation, I said something in my speech when I discussed the general budget. But I should like to point out, on this occasion, that it is a mistake to suppose that the burden of this additional taxation will fall only on the richer and the more well-to-do classes. The burden will fall on almost all the classes of the population. So far as the increase in the sugar duties is concerned, this burden will fall not only on the rich but also on the poorer middle classes, because for the poorer middle class of the population sugar is a conventional necessity. The additional duty on petrol will fall on the rich, on the middle classes, and on the poorer classes of the population because all these classes nowadays use motor vehicles. In this connection, I wish to point out that it was in 1917 that the duty on motor spirit was first imposed. When it was first imposed the then Finance Member said that it was being imposed not for revenue purposes but for reducing consumption, that is to say, for preserving as much as possible of petrol for the purposes other than ordinary consumption during the war. Now, since then, several additions have been made to this duty until it has reached the present high figure. I am afraid it will affect adversely not only all classes of the population, but also to some extent the trade and industry of the country.

[Dr. P. N. Banerjee.]

This brings me to the question of the burden which the taxation policy of the Government of India places on industry and commerce. If we carefully examine the effect of additional taxation during the last twenty-five years, we find that it has been very prejudicial to industrial development. It may be argued that industry has considerably advanced during this period. That is true, but it has advanced in spite of the handicaps. As an instance how taxation has rendered difficult for the industries I may mention that in the Indian States where the taxation is less, industries prosper more than in British India. This is a state of things which requires serious consideration. The predecessor in office of the present Finance Member was a free trader of the die-hard type. But there was one good quality in him which we all admired. He was very frank,—brutally frank. Now, during the last five years, it was his policy which was responsible to some extent for hampering industrial development.

The Honourable Sir Jeremy Raisman: No.

Dr. P. N. Banerjee: Our new Finance Member has begun well, as has been apparent from his methods and manners. What his economic policy is we do not yet know. But in the course of his budget statement he said that India was the country of his adoption. I hope and trust that he will regard India as his motherland and be true to the salt he has eaten and is still eating.

Sir, the only satisfactory industrial policy for India is what was laid down by a distinguished Englishman about 40 years ago. Sir Frederick Nicholson said:

"I beg to record my strong opinion that in the matter of Indian industries we are bound to consider Indian interests firstly, secondly and thirdly. I mean by firstly that the local raw products should be utilised; by secondly that industries should be introduced; and by thirdly that the profits of such industry should remain in the country."

As regards the first and second points I must admit that India has made considerable progress, but it is very unfortunate that the pursuit of the policy of discriminating protection has taken a somewhat wrong line in regard to the third point mentioned by Sir Frederick Nicholson. Behind the tariff wall many industries have now raised their heads, of which the profits do not remain in the country but go out of it. The time has come when we should take this matter into our serious consideration.

Dr. Sir Ziauddin Ahmad: Make some suggestions.

Dr. P. N. Banerjee: My friend asks me to make some suggestions. When this policy of discriminating protection was adopted at the instance of the Fiscal Commission of 1922 it was never contemplated that non-Indian industries would get the advantage of the sacrifices which are made by the people of India. Now we should examine the whole question thoroughly and try to prevent this undue advantage being obtained by non-Indians; and by non-Indians I mean not merely Britishers but also foreigners. Sir, in this connection I am very glad to notice that an Industrial Research Board is going to be established soon. This will be of some help to industrial development in this country if this new policy is carried

on proper lines. So far as the composition of the Board is concerned, I find that some of the most eminent scientists find places on this Board and several well known industrialists are also members of it; but I am sorry to notice a very glaring omission. I do not find the name of a man like Sir M. Viswaswaraya. He is a practical industrialist, a great engineer, and a man endowed not only with an uncommon measure of foresight but an uncommon measure of insight into the present economic situation in India. A man like him would have been a source of great strength to this Board. I also find that there are no economists on this Board. Industrialists are apt to look at questions from their own point of view and not from the point of view of labour or of the consumer or of the country as a whole. Therefore, the addition of a few economists to this Board would have made the Board a much stronger body than it is. But however good the composition of the Board may be it is necessary to lay down a proper policy for its working; and what is the policy which is to be placed before this Board? It is all very good for us to say that we should avail ourselves of the opportunities which the state of the war affords. But that would be a temporary policy and in order to render lasting good to the country we should have in view not only the present conditions but also the conditions of the future. This Board which is a consultative body should also be allowed to consider whether there are any impediments at the present moment in the working of the policy of discriminating protection.

It is said in many quarters that the conditions which the Fiscal Commission laid down for fulfilment are somewhat stringent and it is time to consider whether it is desirable or not to mitigate this stringency to some extent. In this connection, I should like to invite the attention of Government to the manner in which industrial development has advanced in Japan. There the manufacturer, the labourer, the banks, the insurance companies, the railways, the shipping companies, and the State co-operate in making Japan a great industrial country. If a broad policy is adopted for this country in which all the different factors will take their proper places in advancing the interests of the country, India can become industrially great within a very short time. Japan was a country of small industries half a century ago, but today she is in the front rank of industrial countries throughout the world. She is in advance even of some of the countries which were regarded as the foremost in the industrial race. The secret of its success lies in the cooperation amongst the various factors, not the least important of these factors being the State itself. What is the position in India at the present moment? It is true that during the last 17 or 18 years a more enlightened view with regard to industrial development has prevailed among Government officers than had prevailed before, but even now I must say that their vision is limited.

My Honourable friend, Sir Abdul Halim Ghuznavi, has been trying to get a Bill to control coastal shipping passed. It is a comparatively small measure, but even this small measure has not found support at the hands of Government. This is to be greatly regretted. The railway policy of the Government of India has not so far been such as to aid the industrial development of the country. So far as banks are concerned, these are mostly in the hands of private persons. A State Bank was demanded by this country, and twelve years ago in this Assembly it was urged that the composition of the then proposed Reserve Bank should be such that it should for all practical purposes be a State Bank. But this suggestion was vetoed by Government, and the absence of the more

[Dr. P. N. Banerjee.]

advanced section of the popular representatives was availed of by Government to have a Reserve Bank Bill passed which was not calculated to promote the best interests of the country. These are the various handicaps under which industrial development progresses in this country very slowly. If these handicaps are removed, then and then only will industrial development be more rapid.

Now, it has been asked, why is India not prepared to contribute to the expenses of the war or to the expenses even of her own defence? I am one of those who think that India should contribute, and contribute adequately, towards the cost of her own defence. But there are various factors which should be taken into consideration in this regard, the most important factor being what may be called the political factor. In these days politics and economics go together, and you cannot entirely divorce economics from politics. I would, therefore, urge Government to take proper steps to satisfy Indian aspirations. If they think they would gain the moral support of the world—and I saw yesterday in the report of the speech of the Prime Minister of England that he wanted the moral support of the world and wanted to create a moral force in the world—if that is to be obtained, then India should be treated in a manner different from the treatment which is being accorded to her at present. Britain must accept India's demand for freedom and self-determination. The other day some of my friends objected to the establishment of a machinery for framing the future constitution of India. They said that a Constituent Assembly was not the proper machinery for framing a new constitution of India. But I hold in my hand the report of a statement made by no less a person than Professor Laski, who says that this demand of India should be conceded. Professor Harold Laski, asked about what would be the best way of tackling India's affairs now, said:

"I would suggest that Britain should immediately and unequivocally declare that the Canadian procedure should be adopted in India, within twelve months from the date of the conclusion of the present war. In the meantime a Constituent Assembly be framed with the existing members of the provincial councils."

This was the suggestion which I made a few days ago but it did not appeal to the Treasury Benches. He further says—and Professor Laski, as we all know, is a great authority on the subject—that Constituent Assemblies have played an important role in recent political life throughout the world since 1884. He points out, in Canada this method was availed of, and then in Australia, and lastly in Southern Ireland. Therefore, the objections which have been raised to the formation of a Constituent Assembly for framing the future constitution of India do not stand on any firm ground. Time is passing and it is already very late. But before it is too late, let the Government of India and the British Government take courage in both hands and do their duty towards this country.

Mr. J. Ramsay Scott (United Provinces: European): Mr. Deputy President, we have already in the course of this debate roamed from the dawn of civilisation to the dome of the Taj. We have hiked from Australia to Japan and Japan to Ramgarh and Ramgarh to London, and so I hope I may be excused if I remind you that Timur invaded India—at least one of his reasons was—for sugar. I recently put before you the position of the sugar industry at the time of the introduction of the budget, and stressed then the effect of central and provincial legislation on the industry. I now

propose to put before you other considerations, namely, the effect of the Finance Member's proposals for 1940-41 which take effect from the 1st of March. Some of the statistics which I shall give you are mere guess-work, but they are all that I have at my disposal. I am sure that the production of better and as accurate figures as possible would be of great service to the industry and of benefit to the Finance Member when reviewing the situation.

The figure of the consumption of sugar in India is one which it is very hard to estimate accurately and I have given the Finance Member a figure from November-October 1937-38 of 1,150,000 tons and for November-October 1938-39 of 1,036,000 tons and I expect a somewhat similar consumption for November-October 1939-40 period. The first two figures for November-October 1937-38 and November-October 1938-39 are confirmed by those given by the Sugar Technological Institute, which puts them at one million one hundred and fifty-nine thousand tons and one million and eighty-three thousand tons respectively.

The higher price of sugar would seem to have reduced consumption by ten per cent. and I am not at all sure that we shall not see a further reduction in consumption this year. A reduction of consumption will not be good either for the Finance Member or for the industry. Sugar production this year is high one, I estimated at one million tons and the Sugar Technologist at 1,300 tons less, but the latest estimate received today puts the sugar factory output at one million one hundred and fifty thousand tons or about 15 per cent. more. To these figures have to be added the figures of sugar produced from Gur and that of the Khandasari producers. The former can be taken at round about 15,000 tons and the latter at a figure which is purely guess-work but Government statistics say 100,000 tons. The Indian production from all sources on the lowest estimate is therefore about one million, one hundred and fifteen thousand tons. To make matters worse, we had a carry over from the previous season of 70,000 to 100,000 tons. The total amount to be sold if I take this at 85,000 tons is therefore one million, two hundred thousand tons or perhaps even 1,350,000 tons and our consumption is just over one million tons. What is going to happen to the balance of 200,000 to 350,000 tons? What is Java going to do? There is no room for any Java imports, and if she imports even small quantities she will depress the market, while if she dumps to get rid of her surplus there will be a slump in sugar prices and crashes all round. As sugar is a Tariff Protected Industry, I know I can rely on the Government to step in at the earliest possible moment to prevent dumping even to the extent of the prohibition of imports of sugar. Java's production this year will be 1 3/4 million metric tons or a quarter of a million tons more than last year. At the present moment the surplus production is worrying the industry for there is need of cash to finance stocks and capital expenditure for the cost of godowns to store stocks over the monsoon period. I have endeavoured, Sir, to give you a fair and moderate view of the situation and I have no intention to exaggerate the position. The figures used are those provided by Government wherever possible.

Sir, the Finance Member's story the other day of the Lady and the Tiger reminds me of another Tiger story. He looks like the Station Master who wired Sir Andrew Clow of one of his illustrious predecessors "Tiger on Roof what can do!"

[Mr. J. Ramsay Scott.]

One remedy would seem to be curtailment of production but that will affect Provincial revenues and the United Provinces Government representative, Mr. N. C. Mehta, is reported to have said at the Indian Sugar Syndicate meeting held at Calcutta on 1st March that the United Provinces Government will not on any account countenance any steps for curtailing sugar production in his province. So, again, what can do! Curtailment of sugar production might lead to serious agrarian trouble unless there is control of cane production similar to that of jute.

I should like here to suggest that the Commerce Member might help you. I am very sorry he is not here. I understand he has had a motor car accident, but I hear that he is not badly hurt.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions, Muhammadan Rural): I have made inquiries on the phone. My information is that the accident has not occurred.

Mr. J. Ramsay Scott: I am glad to hear that. A Tariff Board inquiry is due to be made this year as the Sugar Protection at the present rate expires on the 31st March, 1941. If the Government think that the present moment is inopportune for such an inquiry, will they consider another Committee to take its place to consider and investigate the effects of Central and Provincial taxation and excises on the industry and to stabilise sugar prices with a view to all interests getting a fair return. The canegrower should get a fair profit on his cane, the wage-earner a fair wage, the factory a fair profit, for the consumer a fair rate, the Provincial Government a fair revenue and, last but not least, the Central Government its fair share. In its composition the Investigation Committee might include the Finance, the Commerce and the Department of Education, Health and Lands representatives and I would add two Provincial Governments' representatives and two or three gentlemen from the industry itself. Whatever Committee is chosen by Government should, however, sit at once for there is no time to be lost. I would further suggest that an immediate announcement of your protection policy for the remaining five years should be announced as it is the uncertainty of life and conditions today that have a depressing effect on the industry. Every year there is speculation in sugar. I would remind the Commerce Member that it may be good to dig up a plant occasionally but continually digging it up is apt to damage the roots and arrest the healthy development of the plant.

I have another suggestion which I hope the Honourable the Finance Member will consider carefully and I shall ask him at a later stage to bring in his increased excise on sugar manufactured only after the 1st March. In the 1939-40 Budget, sugar was expected to produce Rs. 420 lakhs made up of 20 lakhs from customs at Rs. 175 per ton on about 11,400 tons, and excise at Rs. 40 per ton on one million tons. You have now revised your figure of expectations to Rs. 590 lakhs made up of excise on 500,000 tons of sugar at Rs. 40 per ton or Rs. 200 lakhs, and customs on 220,000 tons at Rs. 175 per ton, or Rs. 390 lakhs. I am not taking into account the increased rates for March at the moment. You have at the end of February received Rs. 895 lakhs from imports, so that with still one month to go you were slightly in excess of your estimated receipts. Now, as regards excise, the figures I have to the end of February are receipts Rs. 168 lakhs, so that you are only Rs. 27 lakhs

short with one month to go. On the 29th February the amount of sugar in stock at factories in the United Provinces and Bihar was 318,340 tons, and 87,000 tons for the rest of India, making a total of 405,340 tons, and if this is charged to excise at Rs. 2 per cwt. it will bring you in another Rs. 140 lakhs, or you will be over a crore up on your estimates. If you still insist on getting your extra rupee you will be another Rs. 70 lakhs to the good. I, therefore, ask you to give this request your consideration and to bear in mind that this sugar was produced when cane cost ten annas per maund, whereas on sugar produced after the 1st March the cane will cost Re. 0-9-3. The cane producer is bearing about two-thirds of the increase in excise. Sugar prices cannot go up, for nobody would pay an extra one rupee for old sugar produced before 1st March when they will be able to buy new sugar at only five annas more, that is, when they will be able to put the price up to the consumer. That does not, if the factories can put the price up to the consumer. That does not, however, seem at all likely, so the whole incidence of the tax falls on the factory.

No doubt, in your reply you will ask me how you are to balance your budget in 1941 if there is no room for imports from abroad. I have told you that you will get something more than a crore extra this year from sugar and this windfall should be set against next year as the customs figure of 1½ crores from the imports of 77,000 tons of sugar at Rs. 195 per ton may be reduced by half to one-third, as I believe there are still 34,000 to 50,000 tons due on old contracts, so that you may not lose more than 50 to 75 lakhs. As regards excise you have taken 540 lakhs at Rs. 60 per ton on 900,000 tons. This figure seems reasonable, but there may be an under-estimate of 50 to 90 lakhs, and unless curtailment of production is necessary, or there are bad crop conditions or a bad monsoon or floods, this estimate will be fully realised. Curtailment of production may be brought about by the Honourable the Finance Member's action and I would ask him to realise that this is not a threat but a possibility, and I give him this opening for a further expression of his policy with regard to the sugar industry. The Honourable the Finance Member will, I know, like a good shepherd, look after his sheep at "Shepherd Time" and will endeavour to do his best after the shearing to protect them from the icy blasts of the March Budget winds.

Dr. R. D. Dalal (Nominated Non-Official): Mr. Deputy President, in these days of a deficit budget it behoves us to cast about for ways to effect an increase in revenues. Sir, nobody ever likes taxation of any character. We all dislike it, but Government has to be carried on, and money has to be found. So, we must explore and tap the different sources. I deeply regret that the salt duty has been reduced from Rs. 2-8-0 a maund to Rs. 1-9-0 a maund. Purely for sentimental reasons the salt duty has been reduced and the reduction of salt duty has made no difference whatsoever in the standard of living. I think the present grave emergency demands that the salt duty should again be raised to Rs. 2-8-0 a maund.

Dr. P. N. Banerjee: The whole country will be up in arms against you.

Dr. R. D. Dalal: Every citizen, poor or rich should contribute something, however little, to the expenditure of the State. Salt tax is an old tax, and from sheer habit the masses do not think of it as a hardship.

[Dr. R. D. Dalal]

Now, Sir, I shall just say one brief word as regards protection. Now-a-days protection is unalterably the national policy. I agree that protective duties for infant industries to support them in their initial stages may be imposed, but directly they are able to stand on their own legs without State crutches, these protective duties should cease. Protection in the long run is mischievous and prejudicial to the interests of the consumer. So, it is the masses—the poor who live from hand to mouth—the patient humble millions, toiling at the well and at the plough, knowing little of budgets, but very painfully aware of the narrow margin between sufficiency and indigence, that suffer.

Sir, in view of the present financial situation, I think it is desirable to revive the stamp duty on cheques. I referred to this matter as long ago as the Budget Session of 1932. The stamp duty was abolished in order to develop banking in the country, and to encourage the rural population to make interest-bearing deposits of their savings in the Banks instead of investing them by purchase of precious metals. About 18 years have elapsed since the abolition of the stamp duty; and an examination of this question has shown that the actual results have not been encouraging.

Mr. M. S. Aney: Does not the Honourable Member know that gold worth Rs. 300 crores and over has gone out of the country?

Dr. R. D. Dalal: It is the illiteracy of the people that is the most serious obstacle to the growth of the cheque habit, and many Banks have complained that the abolition of the stamp duty has the effect of making people draw cheques for very small sums of money. Thereby the work of the Banks has increased considerably. I am fully conscious that the re-imposition of the stamp duty will not help central revenues much; but it will afford some relief to the provinces, particularly the Bombay Presidency, where the bulk of stamp duty was collected.

Now, Sir, I pass to a very important point. The Honourable the Finance Member is keen on the financial health of India, but I hope he is keen also on the physical well-being of the people of this country. It is universally recognised that the greatest capital of a country is its human capital. So, Sir, with your permission, I wish to avail myself of this opportunity to bring to the notice of this Honourable House one important point. The suggestion I desire to submit to the House is directed to physical education. Physical education is itself a branch of education, without which education is maimed or stunted. It is a matter of urgent national importance that physical fitness movement should be established in all schools and colleges in the whole of India. The award of badges and certificates for attaining a certain standard of physical fitness should be an accepted part of the educational system. Standards of ability and knowledge are certified; these certificates are valued by pupil, teacher, and employer. Why then, should not physical fitness and training of body be placed on a level with general education? Why should not the time come when the child leaving school takes away not only certificates of character and education of mind, but also badges of physical fitness and a certificate recording health and development made under medical supervision, which the pupil can show with pride to parents and employers? A permanent headquarters is essential, whence the main-spring of national physical fitness movement should operate, and generous grants should be made in providing facilities for physical training. The

fundamental need appears to me to be the creation of a Physical Education Department. The officer in charge of that department should be designated as Director-General of Physical Education, whose duties would be to organise and to supervise physical training, and to arouse, to stimulate, and to concentrate public opinion upon the value of physical education. An adequate supply of fully qualified instructors is the key to the success of the national physical fitness movement. So, a National College of Physical Training should be established for training instructors. A good instructor communicates his own vitality to his pupils, and if the instructor is an example of physical perfection, the pupils perceive the image of what they wish to become, and are led by a process of emulation. Illness, under-nourishment, and mental shock are the thieves of strength and may suddenly plunge a person into staleness, i.e., diminished power of reaction to stimuli. An experienced instructor keeps a watchful eye for signs of staleness. So, it is desirable that the instructor should be a medical man. The school medical officer should keep an eye on pupil's physical development, and should guide it throughout school life. He should submit each pupil to a physical overhaul, and any defects which he may elicit should be communicated to the physical instructors. The period between the ages of 14 and 16 is physically the most formative period, when health in later life can be made or marred. So medical supervision at this age period is all the more necessary. There is a general agreement that the present average standard of national physique is far from satisfactory. Here comes the question of better diet, and better nutrition. Food is fundamental in all questions of physical fitness, and scientific inquiry places milk at the top of the list of foods, which are protective to health. So the milk-in-schools scheme should provide the school population with a ration of milk free of charge or at a very cheap rate.

Khan Bahadur Shalkh, Fazl-i-Haq Piracha (North-West Punjab: Muhammadan): Sir, I take this opportunity of drawing the attention of the Government to an important matter that vitally concerns the Mussalmans, and that is the troubles, inconveniences and the difficulties to which the pilgrims to the Hadjaz are subjected, both before and during the voyage to Jeddah and back. I hope that the Government will take a keener interest in this matter, and provide the Haj pilgrims with the ordinary traffic facilities and conveniences during their voyage for Haj. The tale of woe of the Haj pilgrims has been narrated more than once every year on the floor of this House, either in the form of speeches or in the form of questions. I would at this time mention a few of the many troubles that require an immediate remedy.

During the last Haj season the pilgrims had to face great inconveniences and troubles so much so that many of the intending Hajis were even denied the opportunity to perform the Haj owing to the lack of steamers going to Jeddah. Hundreds of intending pilgrims after staying at the ports of Bombay and Karachi had to come back to their homes most disappointed. Sir, due to the absence of the Scindia Steam Navigation Company in the Haj traffic business, in the last season, for which the Government itself is rightly to be blamed, the arrangements of the Moghal Line were the worst. As stated by the Honourable the Education Secretary the other day, in reply to my question, Government allowed ten per cent. more passengers to be carried on S. S. Rizwani of the Moghal Line, over and above the number of pilgrims allowed on the steamer under rules. A

[Khan Bahadur Shaikh Fazl-i-Haq Piracha.]

space of only sixteen feet is allowed to a passenger under rules, and it can be better imagined than told in what terrible condition the pilgrims on the deck must have performed their voyage when they were packed like herds on the steamer. Maulana Ismail Ghuznavi, the President of the All-India Pilgrims Protection League who happened to travel by the steamer told me that the poor Hajees had to lie down for complete nine days in front of the most insanitary and offensive latrines and bath rooms of the steamer and even on the way lays. The space reserved for prayers and the airy deck were also occupied. Most of the people could not get a space to lie down for several nights. Maulana Ismail Ghuznavi, I am told, sent urgent telegrams to the Honourable Member in Charge and also to the Honourable the Leader of the House not to grant permission to the company to carry an excess number of pilgrims but I am sorry to know that no heed at all was paid to the request. This over-crowding could have been easily avoided, as S. S. Jehangir of the same company sailed for Jeddah only three days after S. S. Rizwani sailed with pilgrims. Sufficient number of pilgrims were available for the Government to compel the company to carry Haj passengers by that steamer. By carrying an excess number of pilgrims over the number allowed under rules, the company earned another Rs. 25,000 at the expense of the convenience of the pilgrims, which amount should rightly go to the Hajees and not to the company. This amount should be made to be spent for providing facilities to the Hajees and should not go to add to the already much earned profits of the company. I am reliably informed that on account of the over-carriage of pilgrims on the S. S. Rizwani, the Hedjaz Government have levied a fine of one thousand Gold guineas on the Moghul Line under the International Sanitary Convention.

Mr. J. D. Boyle (Bombay European): On a point of order, may I ask how all this is relevant to the Finance Bill?

Mr. Deputy President (Mr. Akhil Chandra Datta): Under the convention of this Assembly, anything under the Sun comes under the Finance Bill.

Khan Bahadur Shaikh Fazl-i-Haq Piracha: If that is true, and I believe that it is, is it not insulting for the Government of India to have allowed the Moghul Line to carry an excess number of pilgrims to the great inconvenience and disadvantage of their own people? I think it was very wise and noble on the part of the Hedjaz Government to think of the welfare of the pilgrims that land their shore and by levying a heavy fine to stop for the future the repetition of such an illegal action by any shipping company. Sir, for providing better facilities to the Hajees, I feel that the only remedy is to encourage other shipping companies also to come into the field for Haj traffic. The system of giving monopoly to one company as is virtually given at present is clearly against the interest of the Hajees, and the Government, I would request, should abstain in future from allocating the percentage of the Haj passengers to be carried by the shipping companies that may enter into the Haj traffic business. It should be left to the Hajees themselves to use their own choice to travel by any steamer or any company they may like.

I would now like to draw the attention of the Government towards my own Bill proposing to increase the space on board the ship from 16 feet to 18 feet per head and proposing to get the space marked for each passenger. I had amply explained in my speech on the Bill the necessity of the proposed legislation, and I do not propose now to repeat my arguments. I wish, however, to emphasise my views again and request the Honourable Member in charge not to stand in the way of legislation, in the interest of the pilgrims who at present face a great deal of hardship and inconvenience owing to the insufficient space during their voyage in the sea which takes no less than nine or ten days. Before the new reforms and rules in connection with the pilgrim traffic were made, the pilgrims used to get their passports without any charge. Under the new rules the passports are issued to the pilgrims at a cost of Rs. three at the pilgrim ports and although the intending pilgrims do get passports in their districts without charge, they nevertheless have to face a good deal of trouble and have to spend much more than the amount charged at the pilgrim ports. That is to say this concession is not in any way helpful to the pilgrims. Sir, getting of the passports at the District headquarters is not an easy task for the intending Hajees who are mostly ignorant people of the villages. They have to spend a lot in undertaking journey to the Headquarters of the District and have to wait there for several days to get their passports, nay even in some cases they have to pay a nazrana to the clerks concerned. The most troublesome thing in addition to the above is the preliminary inquiry that is often made about the pilgrims, and it is on that account also that the intending Hajees have to undergo a good deal of hardship and expenditure. I am told by a responsible person that in some districts and provinces the intending Hajees have been pressed to produce their photographs, which is considered irreligious according to the Muslim belief, I would suggest that an easier, more comfortable and less expensive method should be adopted for the grant of passports in the districts. As was done before, it should be ordered that every man, who applies for a passport, should be granted the same without any restrictions, or charge of a fee.

The system of getting the inoculation and vaccination certificates signed by the District Health Officer or a Civil Surgeon is very troublesome, and a good amount of money and time is to be spent for getting them countersigned. This method should be stopped and every licensed and Registered Doctor should be allowed to issue the certificate after necessary inoculation. Doctors in charge of the town or rural dispensaries should be required to do the vaccination and inoculation and to issue certificates to that effect free of charge.

The food troubles in the pilgrim ships are still there and have not been removed at all. Hindustani Hajees are not habituated to take frozen meat which is served on the pilgrim ships. Certain things, for instance, sardine fish has been entered in the menu of the Pilgrims when no one likes to take it. In the menu of the pilgrims the quantity of ghee per head is not fixed, and it is left entirely to the contractors' mercy to use it at all or not. The quantity of pure ghee per head should be fixed in the menu. Various provisions used for food purposes are in most cases of the worst quality. The companies should be required to use provisions of the best staple quality.

I would now say a few words about the quarantine station at Kamaran. In previous years when vaccination against smallpox or inoculation against cholera was not compulsory for the pilgrims, the usefulness of the Kamaran

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quarantine station was understandable, but now since the last few years when inoculation against cholera and vaccination against smallpox has been made compulsory for every pilgrim before he can embark on a ship, the usefulness of the Kamaran Quarantine station has finished. If the records of the last six or seven years are looked into, I am sure it will be found that not a single pilgrim ship going from India to Hedjaz was found infected. If it has been experienced for the last so many years that it was not necessary to put a single ship in quarantine, then why maintain this quarantine station unnecessarily and charge the expenses to the poor pilgrims? Till 1938, Kamaran quarantine dues were charged from each pilgrim at Rs. 8, but since 1938-39 the same has been reduced to Rs. 3. I urge, Sir, that this amount too should be absolutely abolished and the ships should not be made to call at Kamaran. Apart from the question of this charge of fee from the pilgrims, there is also another disadvantage and inconvenience to be considered. By making the ships to call at Kamaran in which port if a ship goes after 3 or 4 p.m. it cannot come out the same evening, thus wasting at least 15 hours with the result that the ships generally slow down their speed and reach the next morning. This delay again affects the steamer's arrival time at Jeddah, as there also if a ship goes in after one or two in the afternoon, it becomes very inconvenient for the pilgrims to disembark into boats as the sea becomes very rough in the afternoon. Thus, Sir, by this unnecessary call at Kamaran, where at present no better purpose is served than the civil administrator and medical officer of Kamaran coming on board and having a cursory round of the ship. As against this, nothing less than 24 hours are lost and nearly Rs. 57,000 of the pilgrims are wasted counting at Rs. 8 per pilgrim on the average number of pilgrims of the last two years.

There is another point which I would press at this moment, and that is the speed of the pilgrim ships. The speed of the ships plied for pilgrim traffic is very slow and it takes many days to reach Jeddah. The pilgrim ships have generally no programme for reaching at the port of Jeddah or back at Karachi. For all passenger ships in the world there is always a regular programme for reaching particular places, and every passenger knows his position to make his programme. But no such thing is possible in the pilgrim ship. The speed of the pilgrim ships should be increased, and a regular programme should always be made not only of departure but also of arrival.

Sir, it is a deplorable fact that the Hajee camp at Karachi is in a rotten condition. The latrines in the camp are not only offensive and unhygienic, but they are faced towards our Holy Kaaba about which objection was taken by me several times in the meeting of the Central Haj Committee, but it is really sad to note that nothing has so far been done in that respect. I hope our Education Secretary will kindly interest himself in the Haj Pilgrims and move the Port Haj Committee to remove this objection.

Sir, in the end I would bring to the notice of the Government that the steamers S. S. Jehangir and S. S. Alavi of the Mughal Line are in a very bad condition and are not fit at all for human traffic. This I say, on the authority of reliable persons who have either seen or travelled by those steamers. These steamers should be ordered not to be plied for pilgrim traffic by the company.

Sardar Sant Singh: Sir, before I speak today, I should like to ask your permission to say that I shall be giving expression to the feeling of the House that it is a matter of thanksgiving that our popular Commerce Member, Sir Ramaswami Mudaliar, has had a providential escape from a serious car accident, and we wish that he may get over the shock very soon and join us again in a healthy state.

Now, Sir, the consideration of the Finance Bill is an occasion when the administration of the Government of India comes under review once in a year in this House. So, naturally, the problems which vitally concern the interests of India should find the uppermost place. At present, Sir, the world is passing through a very great crisis and India, in connection with that crisis, is passing through a greater domestic crisis. I wish, Sir, that the Honourable the Leader of the House had been here to hear our views on that subject. The position in India is every day threatening to get worse and yet the deadlock in the political sphere is being allowed to continue. The Leader of the European Group this morning when speaking on the Finance Bill told us that he had very little to talk this year on the Finance Bill. I am surprised that when England and the Members of Parliament in England expect and their expectations are satisfied by weekly reviews of the war situation, how this attitude on the part of the European Group is consistent with their brethren living in that country. The position that is developing is such that no person who loves his country can afford to pass over that situation without saying a few words on that.

The political status of India is a vital matter for Indians. I think the time has come when truth must be told and must be told rather bluntly and that is that all theories of partnership between Great Britain and India are mere shams and great frauds. I do not believe in these platitudes. I have always been thinking on the lines given expression to by Mr. Churchill when giving evidence before the Joint Select Committee he was confronted with some of the statements made about India by him in Parliament and when asked to reconcile those with his present evidence he replied that they were mere toys given to Indians for play and that those statements were not to be seriously taken. The time has come when we should realise this truth. The realisation of that truth is responsible for the present political ferment we see. The political truth is that there is nothing but the relation of a subject race and a ruling race between the two countries. If it is not so, why this hesitation in meeting the demand of the Congress that Great Britain should declare its war aims in relation to the attitude of Great Britain towards India at the end of this war. It is not only in the interests of India alone that such a declaration should come. It is greatly more in the interests of Great Britain that it should be done immediately and without delay. It is said, Sir, that this attitude smacks of political bargaining at a critical moment. I will reply to this charge very soon. But before I do so, I will submit that the demand for reform is not a new demand at all. Since the Montagu Chelmsford reforms came into existence, we have seen that even after three or four years of their working, the demand was made in this House and was conceded to by the Government Bench. First came the Muddiman committee, then the Simon commission followed by a Round Table Conference and finished with the Government of India Act, 1935. Therefore, they cannot say that this demand is a novel demand made at a critical moment. Apart from this, the pronouncements which have been made by His Excellency the Viceroy,

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particularly the pronouncement made at the Orient club, Bombay, goes to show that the necessity for making such a declaration is felt even in the high quarters. Therefore, Sir, the position is reduced to this. That when we make that demand we make that not because it is a critical situation, but because it is our birthright and we have right to make that demand at all times.

If we go to the history of the last war, what do we find. We find that other Dominions, Australia, South Africa, New Zealand, Canada and others made such a demand at a time when the last war was at its climax, when the chances of the Allies against Germany then were about 50:50. I refer to the year 1917 when the Imperial Conference was called in and in that Imperial Conference the Dominions made the demand on April 16, 1917. A Resolution was passed and in that Resolution the Dominion Ministers, in the middle of the Great War, insisted on the full recognition of the Dominions as autonomous nations of the Imperial Commonwealth and of India as an important part of the same and also of recognition of the right of the Dominions and of India to an adequate voice in foreign policy and in foreign relations. No one at that time ever dreamt of accusing those Dominions who made such a demand of political bargaining.

The Honourable Sir Jeremy Raisman: But they were co-operating in the war at the same time.

Sardar Sant Singh: The Dominions were then co-operating in the war and India was co-operating to a much greater extent in that war. India was bled white to use the expression which was then used. The Indian troops, Indian money and Indian material were unconditionally placed at the disposal of the Allies. I think nobody can deny and history has written upon it that India spurned any suggestion of political bargaining at that time. You cannot deny that India was in a far better position then than it may be said to be today. Therefore, there is a greater necessity now. As I was trying to prove, this is not political bargaining at all and nobody can take exception on that score. We know, Sir, that the ultimate effect of this war will be as much on India as on any other country in the world. That is the greater reason why we press that India's morale must be raised and India's demand must be satisfied so that we may be in a position to offer our whole-hearted co-operation to the successful prosecution of the war. India has made it clear that India does not like fascist methods. After making that clear India does want to know and understand and realise what Great Britain means when she says that the world is to be made safe for democracy and for freedom of nations. Do England and France mean to say that the world consists only of European countries and none else? In that case they should use the word "Europe" instead of the word "world", so that we may realise our status in world politics. In one of his speeches Mr. Chamberlain used the term "Europe" only but later on he has been saying that the "world" has to be made safe for democracy and freedom.

An Honourable Member: He refers to Dominions and India.

Sardar Sant Singh: If we agree on that point as we hope we should agree, the question remains, why this deadlock? After all the difference between the two countries is reduced to the minimum.

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

The difference is that while England and the authorities here in India insist upon communal harmony being attained, we insist that this will follow as a matter of course and should not be a condition precedent to the satisfaction of our demand.

An Honourable Member: Why?

Sardar Sant Singh: I do not think that calls for a reply. The reply is writ large on every page of the Indian press. The press has been proclaiming that these differences are due to the conditions that prevail today. Change the conditions, the mentality and the back ground of the whole thing and communal dissensions will disappear automatically. We believe the communal dissensions to be the creation of circumstances. I do not say that necessarily you are responsible for creating them, though the allegation is there. But I say that the country has been reduced to such a condition that communal dissensions are a natural outcome. Change the environment and circumstances in which the Government of this country has to function and the result will be harmony and harmonious development between the several communities living in India. I belong to a minority community; a community which is not only in a minority in my own province but a hopeless minority in the whole of India. But still I am not afraid to face the conditions. My community will welcome those conditions if they are made universal and this communalism is washed away from the political atmosphere of India. Therefore, I am not very much impressed with the argument that Dominion Status or complete independence or full independence,—by whatever name you may call it,—will follow in the shortest possible time if this condition precedent is fulfilled. I certainly do not like this to be a condition precedent. Then we are reduced to this that His Excellency the Viceroy is willing to concede Dominion Status of the Statute of Westminster variety in the shortest possible time but a condition is laid down which, as I have said, should not be a condition precedent to such advance.

At this stage I should like to make my position very clear with regard to the various terms that are used about the status to which we want our country to be raised. One great political organisation, the Indian National Congress, wants complete independence; our friends of the Muslim League aim at what is called full independence. I do not know the difference in meaning between these two terms. And the third term used is Dominion Status of the Statute of Westminster variety. With your permission, Sir, I will read two important sections from that Statute:

"No law, and no provision of any law, made after the commencement of this Act by the Parliament of a dominion, shall be void or inoperative on the ground that it is repugnant to the law of England or to the provisions of any existing or future Act of Parliament of the United Kingdom, or to any order, rule, or regulation made under any such Act, and the powers of the Parliament of any dominion shall include the power to repeal or amend any such order, Act or regulation in so far as the same is part of the law of the dominion"

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Then section 4 runs thus:

"No Act of Parliament of the United Kingdom passed after the commencement of this Act shall extend or be deemed to extend to a dominion as part of the law of that dominion unless it is expressly declared in that Act that that dominion has requested and consented to the enactment thereof."

The effect of these two sections, apart from others, is, to use the constitutional language, that the sovereignty of Parliament passes to the sovereignty of the Dominion Legislature by this enactment.

Mr. P. J. Griffiths (Assam: European): Sir, on a point of information, does the Honourable Member know that the first of those sections is not in operation either in Australia or in New Zealand?

Sardar Sant Singh: That is immaterial. Whether it is in operation or not, this Act was passed during the war to satisfy the demand of the Dominions for complete autonomy in their own spheres. What I am impressing is the fact that this Dominion Status, as visualised in this Act, is such that if steps are taken to frame a constitution actually on these lines I will not be dissatisfied on that score because it does not amount to full or complete independence. The question of secession from the British Empire is not practical politics today; it is only theoretical. Therefore, what I say is that the higher demand of complete independence and the right to secede will depend upon the future course that statesmanship takes in India. At this present stage in order to end the present political deadlock in India some steps are urgently demanded. I am sorry to say that the Leader of the House treated the cut motion of our Party on this point with scant respect on that day when he tried to escape a reply. And, ultimately, when he did make a reply it was so brief that he showed that he has closed his eyes,—if he represented the Government point of view that the Government of India have closed their eyes,—to the situation prevailing in India.

The Honourable Sir Muhammad Zafrullah Khan (Law Member): Too many words do not help, you know.

Sardar Sant Singh: Because you are obsessed with the mentality that it will not help the country, or even the community to which you have the honour to belong. The point that I wish to emphasise is that there is much greater need to end the present political deadlock now than there ever was. I wish the Government had realised this. Mere laughing will not do. You have seen the scenes at Ramgarh: you have seen what turn the political movement has taken. Men intoxicated with the knowledge of British bayonets behind them may laugh. You have been laughing over this matter for some years and the result is you have brought the country to the brink; if conditions worsen more it will be due to the attitude which the Government Members have taken upon themselves to assume in this House. If that is to be the attitude and I know that in more responsible quarters it is not His Excellency the Viceroy would not have taken the trouble of making that speech of his at the Orient Club, and Lord Zetland would not have taken the trouble of making speeches every week over conditions in India. The American press is loud in demanding what we are demanding here today. What are you doing? What are you saying with your tongue in your cheek?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should address the Chair.

Sardar Sant Singh: What is the Government of India doing here? They think they will get over this difficulty very soon. I wish they rose to the occasion and concede our demand in a spirit of conciliation and responsibility. Laughs in this House, what do they indicate? The Government of India refuses to recognise the fact of the empty Benches before them. The Congress Party has got the hold on the masses of India today. The Government of India cannot deny this fact.

An Honourable Member: Question.

Sardar Sant Singh: If today elections are held they will see that the electorates return them with an overwhelming majority again. It is very easy for irresponsible people to laugh in their Benches when they hear of India's demand. It is not a matter of laughter for us: it is a vital matter for political India and I insist that they should have some more sense of responsibility when they sit here than they are exhibiting today. I have been diverted from my line of thought. My line is this, that there is not a bankruptcy of statesmanship yet. Human intelligence is capable of producing a formula which would get over the present deadlock. I am, I know, addressing a majority of Nominated Members who are nothing more than so many voting machines

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must not cast any reflection on any Member of this House.

Sardar Sant Singh: I am not casting any reflection on them. I am only casting a reflection on the gibes they are throwing out. I am casting a reflection only at the lack of independence they are showing

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not allowed to do that. They are as much Members of the House as any others.

Sardar Sant Singh: I know they are, Sir. But I know at the same time that they are here to represent their respective interests which they are nominated to represent: they are not mere voting machines, but human beings like ourselves and they should show as much responsibility as we are showing

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not entitled to assume that they do not show an adequate sense of responsibility: he cannot criticise the administration of a Province like that

Sardar Sant Singh: I am not assuming anything of that sort. I am seeing the demonstration before me. The position is this: a deadlock has been created in the country. We are asked to pay for the prosecution of the war, in the declaration of which we had no voice. We are asked to pay for the acts of a Government which refuse to give us any information today. Do the Government think they are cleverer than the people of

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France? The French Cabinet lost its place: it failed in carrying on the war successfully. Mr. Chamberlain, the Prime Minister of England, was trembling in his shoes until yesterday, when he was trying to explain the position to their constituencies. Their constituencies demand to know how the war is being prosecuted. They demand an insight into the working of the cabinet and how every minister is responsible in the prosecution of the war. But here they sit tight: the Government would not give us any information and they say "You are good boys. Pay. We will look after things for you." Is this the attitude of responsible people? We refuse to be led in that way. We say "Treat us as equals at any rate, if not better in our own country". They laugh at us. What a strange state of affairs! I was on the point of suggesting when this laughter came, which has really shocked and terribly upset me, that I should find such a thing in this House in which we used to be treated with greater respect and greater sense of responsibility before. The position here adopted is: "What is your demand after all?" We demand the right of self-determination for India. That is a demand which has been accepted in all political theories of today by every civilised country. What is the difference between Fascism and Nazism? As I understand it, one is democratic and dependent on the right of self-determination of its people, and the other is the imposition of one man over the people of the country

The Honourable Sir Muhammad Zafrullah Khan: Which of the two is democratic?

Sardar Sant Singh: I like democracy, but what are you? You are Fascists and Nazis

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should address the Chair.

Sardar Sant Singh: The Government of India are acting like Fascists and Nazis. They want to impose everything on us: they will not listen to us or give us any information we want. We want to know what the situation is. I wanted the Defence Secretary to tell us whether he will take our advice as to what he should or should not do; but he simply turns round in his stiff collar and says: "No. You have no right to tell us what we should do. We do not want to share the responsibility with you. We want you only to pay and be satisfied that whatever we are doing for you is the best for you." If this is not the Fascist or Nazi attitude what is it? Is it a democratic attitude? Is it an attitude which a democratic country should take about us? We demanded an Advisory Committee for the Defence Department and we are told "No". We have as much information as the man in the street knows: you have the information from the radio or the public press, but you cannot have it from the Government of India to whom we are paying money to carry on this war. After all, we want to be treated in a manner befitting the dignity of this House and the dignity and status of this country. If the Government really want that the morale of the country should be raised. Here the attitude of the Government is that they want the approval of

a rubber stamp. What is that? On the rubber stamp, the word 'approval' is written, and they come to us and want us to put our rubber stamp approval upon it.

An Honourable Member: Why do not they do it themselves?

Sardar Sant Singh: They do not put it themselves. If they care to have it put by themselves, you and I would not be in this House, nor will this House be here. They have created this House and they want the rubber stamp approval of this House for everything that they do. They want it. What is the good we are doing here? The other day Sir Ramaswami Mudaliar, while speaking in the Simla Session, told us quite rightly—that is the attitude of the Government of India which we can appreciate—that the responsibility of the Government of India had increased on account of the absence of the Congress Members because the majority is less, but on all vital questions we find a laughter instead of a serious reply.

Sir, I was going to make a constructive suggestion to the Government of India in this matter, but I do not think I should make it now as the atmosphere in the House today is so perverse that it becomes rather difficult for me to put that constructive suggestion to end this deadlock.

Some Honourable Members: Please make that suggestion: we are listening to you.

Sardar Sant Singh: My idea was that if we agree—with a capital 'I' for 'if'—that this political deadlock must be ended, then certainly the human ingenuity has not become bankrupt as not to find out a formula. If we go behind the mere formal demands which may be termed the slogans of one Party or the other and try to examine the situation calmly and coolly, I think it is still possible or it should be possible for us to discover a formula. After all, what is the demand of the Indian National Congress? Their demand is that a Constituent Assembly should be summoned to draft a constitution for India. Now, let us see what is behind this demand? Behind this Constituent Assembly lies the principle, which is that India has a right to frame its own constitution. They think that the holding of a Constituent Assembly to frame the constitution for India will be the best method. There are others who do not like this idea and they say that there is a danger of disruption and the communal feelings may run high. Let us suppose both are right. But the point remains, do you or do you not concede the principle that India has a right to frame her own constitution? If this principle is conceded—and it is conceded in the Westminster Statute in the two sections that I read to the House—then what is the hitch? My object in reading those sections was that the Westminster Statute does concede the sovereignty power that existed before and that exists today in the case of the Indian Legislature, the Indian Legislature being subordinate to the House of Commons in all matters. If the House of Commons divests itself of its power for legislation and can only make legislation under section 4 at the request and with the consent of the Dominions, there will be no harm. But the right of framing the constitution is conceded. I am not dealing with the constitution of various Dominions. I am only dealing with the Statute as it stands. I know certain Dominions have got different constitutions

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and different methods. I am now dealing with the two substantive provisions of the Statute. In that Statute this position is conceded that the local Legislature has a right to frame laws which may even be repugnant to the laws of England. Great Britain or, I should say, the Houses of Parliament have, by the passage of that law, divested themselves of their right to make laws for these Dominions. That is apart from the main question. But the fact remains that the House of Commons did divest itself of making laws for the Dominions or rather gave them the power to make laws which may be repugnant to the laws of the House of Commons. What does it indicate? In a layman's language it means that they have the right to frame their own constitution, their own laws and to govern the country in their own way. That right was conceded by the Statute of Westminster. There may be a difference of opinion whether the right to secede from the British Commonwealth of Nations has been given by that Statute or not. But, as I submitted before, that is not practical politics for me at the present stage of India's position. What I want to say is this. If Great Britain yields at this critical moment to India the right to frame its own constitution, we can agree by sitting together as to what form it will take in which that right is to be exercised. The form in which the right is to be exercised is not a material part of the demand. The material part of the demand is to concede the right of framing our own constitution. That is the basis on which both the political Parties—viz., the Government and the Indian National Congress—can be brought together. The people of India and the people of Great Britain can sit together and find out and devise some method by which this right of framing India's constitution by Indians can best be given effect to. That is inherent in the Westminster Statute as I understand it.

Mr. Muhammad Azhar Ali: Excluding other minorities.

Sardar Sant Singh: There is no question of excluding anybody when I use the expression 'people of India'. I repeat that the people of India and the people of Great Britain can come together and find out some method by which this principle can be given effect to. Sir, I wish to say again with the greatest emphasis that I can command that it is high time when the statesmanship should get a better hand of the prestige. It is the wrong idea of prestige that is keeping both the parties apart from each other with the result that the country is slowly but surely drifting to a stage which neither the Government of India nor the people of India can view with equanimity. Therefore, I will submit once more that the Government of India should give up this attitude of wait-and-see. They should tackle this problem with vigour, energy, broadmindedness and long vision so that we may be brought together to help in that great struggle that is going on in Europe.

Now, Sir, I pass on from this constitutional issue to another issue. In the debate on the Defence of India Act that was passed in September, I emphasised the position and, as a matter of fact, insisted upon the Government giving us a guarantee that the Defence of India Act shall not be used in a manner which is not connected with the successful prosecution of the war. I then read the undertaking given in the House of Commons by a responsible Minister of the Crown.

The Honourable Sir Muhammad Zafrullah Khan: Who was that Minister?

Sardar Sant Singh: Mr. Winston Churchill.

The Honourable Sir Muhammad Zafrullah Khan: Mr. Churchill is now a responsible Minister of the Crown, but he was not then.

Sardar Sant Singh: I accept the correction. The Leader of the House gave this undertaking by reading from Mr. Churchill's speech the same passage that I had read then. It is now nearly six months since the Defence of India Act was passed and we have seen that it has been put into force in the Provinces. The other day I put a question to get information as to the number of prosecutions and other actions that were taken in the various provinces under that Act. I was given the figures for the Centrally Administered Areas, but was told that it was not the concern of the Government of India to see how the Act was being administered by the provinces. Since then, I am speaking from memory—there was a question in the House of Commons in which the Minister told the Member who put the question, that the Government of India was looking into the administration of the Defence of India Act. Well, I should like the Honourable the Leader of the House to tell us, if he is taking my speech seriously which I doubt he is doing,—being a good Punjabi,—the point which I want him to explain is this. Is it the concern of the Government of India or not to see that the Defence of India Act is being worked properly or not? If so, is it not the duty of the Government of India to inform this House, from time to time, as to the working of this Act so that the House may be in a position to judge whether it is being used oppressively or with due consideration to the assurances that were given to the House at the time when the measure was enacted? At this stage I would like to inform the Honourable the Leader of the House, if he has not been already informed,—I think he should have been informed though—that in the House of Commons a similar Act was amended and the rigour softened later on when objection came from people that that Act was not being worked in the manner in which assurance was given in the House. I may inform him that I know how this Act is being worked in the Punjab. It has not been worked in the interests of the country. I am bold enough to say that it has not been worked in the interests of the successful prosecution of the war.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot criticise the administration of an autonomous province.

Sardar Sant Singh: I am talking about the working of the Defence of India Act in one province.

Mr. President (The Honourable Sir Abdur Rahim): That has been entrusted to the province and so far as it has been entrusted to the province the Honourable Member cannot criticise the Provincial Government on the floor of this House.

[21ST MAR. 1940]

Sardar Sant Singh: This depends upon the answer to the question which I addressed to the Honourable the Leader of the House, whether it is the concern of the Government of India or not to see to the working of the Defence of India Act. If the Government of India say that it is not their concern and that it is the concern of the Provincial Government to whom it has entrusted it, then, certainly, I am out of order, but if the Government of India takes up the position, as I understand the Government of India are taking up, of responsibility for the working of the Act. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member has understood my point. The point is that it is not competent to any Member in this House to criticise the administration of a province after the province has been granted autonomy.

Sardar Sant Singh: I am not criticising the province. I will only criticise the working of the Defence of India Act.

Mr. President (The Honourable Sir Abdur Rahim): Its administration by any particular province cannot be criticised.

Sardar Sant Singh: I will leave out the word "administered" entirely. I will say that the Defence of India Act has been used for purposes other than the successful prosecution of the war.

An Honourable Member: By whom?

Sardar Sant Singh: By Provincial Governments to whom the power has been delegated.

An Honourable Member: Then you are out of order.

Sardar Sant Singh: I am not out of order. The provinces are the delegates to whom power has been given under the Defence of India Act by the Central Government. As delegates they are our agents, and as agent the principal can demand how the agent is using the powers.

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member can point out that the Government of India have reserved to themselves the power of supervision and control, then he will be justified.

Sardar Sant Singh: Inherently it is there. When we pass a legislation. . .

Mr. President (The Honourable Sir Abdur Rahim): Will the Honourable Member point out where this power has been reserved?

Sardar Sant Singh: I submit that the Defence of India Act was passed by the Central Legislature, and as such certain powers were given to the police, certain powers were given to the Provincial Governments, certain powers were given to individuals even. . . .

Mr. President (The Honourable Sir Abdur Rahim): Does not the Honourable Member realise that the police is under the control of the Provincial Government and not of the Government of India? Therefore, for any act done by the police, the police are answerable to the Provincial Governments and not to the Government of India.

Mr. M. S. Aney: So far as the Defence of India Act is concerned, the powers which they exercise under that Act are due to the delegation which we have made under the Act itself. That is the position. It is not because of the division of functions made under the Government of India Act, but because of the delegation of powers which we have made under the Defence of India Act, that the police, the magistrate, and every other administrator in the province exercise their power and authority.

Mr. President (The Honourable Sir Abdur Rahim): Unless the Government of India have reserved to themselves the power of supervision and control, as the Chair has pointed out, the action of the Provincial Governments cannot be criticised here.

Mr. M. S. Aney: The reply given in the House of Commons is that the Government of India is looking to the administration of the Defence of India Act. That is the reply given, that means there is power of supervision.

Mr. President (The Honourable Sir Abdur Rahim): That may be so. The House of Commons itself has got a wider jurisdiction than this Legislature.

Sardar Sant Singh: May I ask whether or not this House has got power to take away those powers from the Provincial Governments by amending the Act in this House?

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not know. Will the Honourable Member read out from the Act what power has been reserved?

Sardar Sant Singh: There is nothing like reserved power in any of the sections. I will put the question in a different form. Will the Government of India consider that they should come forward with an amending Bill to take away those powers from the Provincial Governments, which have not been used properly? I have a right to say that. I can make out a case. I put the question to the Government of India that they should examine the working of the Defence of India Act. It has been worked oppressively. They must review the situation and come forward with an amending Bill taking away those powers from the Provincial Governments which have misused them for purposes for which they were not intended. That position I will take up. It is a matter which concerns vitally the liberties, the life and property of all subjects in this country. Though we are technically at war, we are not in the midst of war, and as such, these powers should be worked in such a manner that they will be least oppressive and that they will be consistent with the successful prosecution of the war—no more, no less than that. Therefore, I will ask the Government of India to tell me whether they

[Sardar Sant Singh.]

have ever examined the working of this Act during the last six months, and they have gone into the working of that Act. As the Session is closing just now, I cannot demand that during this Session they should do it, but I hope they will look into the matter and tell the House in the next Session whether the legislation that this House passed has carried out the intention of this Legislature in its working. I submit most earnestly that these are not matters which should be treated lightly. These are exceptional measures, repressive measures that have been necessitated by the war conditions that prevail in this country, and it should be the duty of those who are called upon to act under these repressive measures to be more mindful of the liberties, the life and property of the subject. They should at any rate have it administered in the spirit in which the rule of law is administered. It is not an executive measure. Here in Delhi I have seen in some cases that the magistrate thinks that as soon as the police has reported a case or challaned case under Defence of India Act magistrate considers it his duty to convict. This is not the mental attitude that should be brought into use in connection with the Defence of India Act. The Defence of India Act is a measure which touches very much the people of this country and I will like the day when the Government of India will come forward with an amending Bill. If they do not want to come up with an amending Bill, at any rate the rules have been made by them. They can make necessary changes for carrying out the intention of that Act. This is another point I wanted to draw the pointed attention of the Government of India to—the abuse which is prevailing under the shelter of this Act.

One important point which I want to bring out in my speech relates to the duty upon sugar. My friend, Mr. Ramsay Scott, has dealt with that subject fully. I will only add a few words on that subject for the consideration of the Honourable the Finance Member. It is not fair to the sugar industry that the duty should be levied on the goods that have been manufactured before the date on which this Finance Act came into operation, that is 1st March. The prices of cane were governed by statute, either Provincial or Central. The prices for cane have been paid and the cesses have been paid and sugar has been manufactured under those conditions. Now that this duty has been levied, I understand that Provincial Governments have reduced the price of cane. Therefore, it will be just and equitable that the duty to be levied should be the duty on the sugar as manufactured after 1st March. The Government of India is in possession of statistics. They know the quantity of sugar that has been manufactured up to the date when this duty was levied. There have been cases in which some of the factory owners in anticipation of this duty have removed sugar from their factories. Therefore the question will be between those who have been careless to remove sugar and those clever, I would not say dishonest, people who have removed the sugar in anticipation of this duty.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): They will have to pay the penalty for their carelessness.

Sardar Sant Singh: They will have to pay penalty for their honesty in not removing the sugar. We should make the thing equal both for the clever and the careless persons and in the circumstances it is but fair that

the duty should be charged upon that quantity of sugar alone that has been manufactured since the day this Bill came into operation. With these words, I resume my seat.

Babu Baijnath Bajoria: After the highly political speech which my friend, Sardar Sant Singh, delivered on this Finance Bill, I would like only to make a few remarks about the subject matter of this Bill. I would leave politics alone and will deal only with the finances of the country. In the estimates which were presented to this House on the 29th February last the Government say that even during the current year, which will end on the 31st of this month, they expect a revenue of 87.77 crores of rupees and they expect that the expenditure also will be the same. Now, Sir, what I find from the statement of receipts and disbursements of the Government of India up till the 31st January, 1940, is that they have already got 85.35 crores up to the end of January. This leaves only two crores and 35 lakhs during the next two months, February and March. If I am wrong, I should like to be corrected. These are from the published figures in the *Gazette of India*. So, it is ridiculous that they will get only 2.35 crores in the next two months. The average is 8½ crores a month. If that average is continued during the two months of February and March, they should get about 17 crores instead of only 2.35 crores, which would complete the revised estimate of revenue. So, I would say that the revised estimate has been proved to be absolutely out of the mark and ridiculously low.

The Honourable Sir Jeremy Raisman: I would like to examine those figures.

Babu Baijnath Bajoria: These figures have been published. I have seen only today.

The Honourable Sir Jeremy Raisman: I must point out to the Honourable Member that receipts and disbursements are not necessarily the same as revenue and expenditure.

Babu Baijnath Bajoria: It is again the same answer as my friend, Mr. Chambers, gave about some of the amendments to the Excess Profits Bill. To an average layman and businessman like myself it seems clear that they will get surely more than 2½ crores and the receipt side of the budget has been underestimated. If there would have been a corresponding increase in the expenditure side also, it is probable that the results would have been the same. On the expenditure side, the expenditure has been 78.94 crores and they expect to spend 87.77 crores, which leaves 11 crores margin to spend. So the expenditure will be near the mark which they have budgeted but the receipts will be far in excess of what they have budgeted. My reasons for mentioning these figures is that the Honourable the Finance Member says in his budget speech that he will get a surplus of only 91 lakhs from the current year and he has gone for further taxation to cover a deficit of 6½ crores which he expects to get from the excess profits tax, the increase in the sugar excise duty and the increase in the petrol duty. If what I say is correct and if he expects to get as much as 17 crores during these two months, that will leave him a comfortable margin of over ten crores, even allowing for some increased expenditure over the budget figures and there should have been no necessity at all for taxing the trade.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is not in order in repeating criticisms on the Budget now. The Budget has been passed by the House.

Babu Baijnath Bajoria: I am not criticising the Budget. The Finance Bill imposes a tax on sugar and petrol, and my point is that if the revenues are expected to be high as they appear to be so from the figures before us, then there should be no necessity whatever to tax sugar and petrol, under the Finance Bill. . . .

Mr. President (The Honourable Sir Abdur Rahim): That has been said over and over again.

Babu Baijnath Bajoria: Sir, on the last occasion I said only about the excess profits tax and quoted figures for November, 1938, but now I have got the latest figures up to 31st January. However, I think fresh taxation on sugar and petrol is not at all justified.

Then, Sir, much has been said about the sugar and excise duty. Sugar is sweet to eat and sugar is sweet to tax also for the Finance Member. The increased duty on sugar will raise the price of sugar to such an extent that the consumption of sugar will be affected very much. This year the production of sugar will be over one million tons, and coupled with the imports of sugar from Java, if the prices go much higher, there is bound to be a big carry over and sugar factories and merchants will suffer enormously. For this reason, Sir, I oppose the increase of excise duty on sugar.

Then the next point on which I would like to touch is this. I read in the *Statesman* of the 18th the following:

"Grant abolished, Mechanisation of the Army in India. The civil estimates for foreign and imperial purposes show a reduction of £3,750,000 for India and Burma. The grant in aid for military expenditure from Indian revenues is £2,000,000 compared with £5,750,000 last year. The special grant for the cost of mechanisation of units of the British Army in India and additional grants of £3,550,000 towards capital cost of defence re-equipment measures which appeared last year, are now deleted. The expenditure on these two services is to be met from a vote of credit."

Sir, I have not been able to follow. . .

The Honourable Sir Jeremy Raisman: The Honourable Member has not been able to follow a number of things including the structure of some returns which he has been reading. It appears that since the defence estimates in the House of Commons have been merely presented as a token grant of one hundred pounds, certain detailed grants including the grants which used to accommodate these sums have been abolished.

Babu Baijnath Bajoria: We are getting this money?

The Honourable Sir Jeremy Raisman: It makes no difference.

Babu Baijnath Bajoria: I am very glad to know this, Sir.

Then the next point is about the trunk telephone calls. The half rate call which used to operate from 8 p.m. at night till 8 a.m. in the morning has been reduced from 10 p.m. to 6 a.m. It is a concession given to the press, but from 10 to 6. This, Sir, is a very great hardship. Practically

the half rate system may be said to have been abolished. The time between 8 to 10 at night and 6 to 8 in the morning was the time when the public could effectively use the half rate system, but from 10 to 6 one can only telephone at a very high rate.

Another thing I wish to mention is about the telephone calls. Here a double rate system has been created, which means that the rate during the day time will be doubled for urgent calls just as we have got for the telegrams. This means that those who want to do business have to book urgent calls, otherwise their work will suffer immensely. This is causing great inconvenience to the commercial community generally, and I would request Sir Gurnath Bewoor to revert to the old procedure.

Then, again, Sir, there has been a great increase in Railway freights and rates, and this is also causing a great hardship to the passengers and traders, and it has increased the cost of production to the industries.

Then, Sir, I want to mention one point about the administration of the income-tax section 44 (e) and (f) which deal with the sale of shares *cum* dividend and *ex* dividend. Those provisions were made so that the people may not avoid the tax by selling some shares *cum* dividend and then buying them back *ex* dividend. I am not a share-broker, but I may tell the House that it has been represented to me by respectable share-brokers of Calcutta that the income-tax authorities are interpreting these sections in this way. Share-brokers have to buy and sell shares, and sometimes they have to sell *cum* dividend and *ex* dividend, but the income-tax authorities are not allowing deduction for the dividends which have been received by them. I would request the Honourable the Finance Member to look into this matter and remove the hardship.

Lastly, Sir, I would request that the Government of India should make sufficient arrangements for the training of Indians in the army and defence services of India. Again, I say here for my community,—though I do not belong to that section,—I belong to a trading class,—members of my community also should be recruited to the army in large numbers. If proper training is given to Indians, India will be able to help England much more efficiently both during war and peace time, and she will also be able to defend her own country much better.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 26th March, 1940.

LEGISLATIVE ASSEMBLY.

Tuesday, 26th March, 1940.

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.

SENIORITY AND PROMOTION OF MINISTERIAL ESTABLISHMENTS OF ARMY HEADQUARTERS.

*510. *Sardar Sant Singh: (a) Will the Defence Secretary please state whether it is a fact that ministerial establishments employed in the various Branches of Army Headquarters are not borne on one common roll for the whole of Army Headquarters?

(b) Are Government aware that the present system of seniority and promotion obtaining in Army Headquarters is productive of genuine grievance in the ministerial establishments of Army Headquarters? If so, what steps, if any, are proposed to be taken to remedy the present state of affairs? If no steps are contemplated, why not?

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

(b) No.

ACTING ALLOWANCE GRANTED IN ARMY HEADQUARTERS.

*511. *Sardar Sant Singh: Will the Defence Secretary please state whether it is a fact that, in the Secretariat, the Assistant actually in charge of a Section during the absence of the Superintendent on leave, is granted acting allowance, but that, in Army Headquarters, the man actually performing duties does not receive acting allowance which goes to the man senior on the office roll irrespective of whether he is called upon to take over the duties or not? If so, why?

Mr. O. M. G. Ogilvie: Every Branch in Army Headquarters is split up into a number of sections. Some are in charge of Superintendents and some of Assistants. When a Superintendent goes on leave, the allowance may either go to the Assistant in the same section who does his work, or to the Assistant-in-charge of another section.

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

FEMALE CLERKS IN ARMY HEADQUARTERS.

†512. *Sardar Sant Singh: (a) Will the Defence Secretary please state the number of female unqualified clerks recruited for service in Defence Headquarters since the 4th September, 1939, and how many of them are either:

(i) wives, or

(ii) daughters

of permanent employees of the Government of India who are in receipt of salaries over Rs. 300 per mensem?

(b) Is it a fact that these female clerks get double the pay received by male clerks? If so, why?

Mr. C. M. G. Ogilvie: (a) 24

(a) (i). 9.

(a) (ii). 1.

(b) No.

STAFF IN THE ARMAMENTS DIRECTORATE, ARMY HEADQUARTERS.

†513. *Sardar Sant Singh: (a) Will the Defence Secretary please state whether it is a fact that a Principal Foreman getting pay at Rs. 800 per mensem has recently been posted in the Armaments Directorate, Army Headquarters, to assist the clerical establishment of that Directorate in technical matters?

(b) Will the Defence Secretary please lay on the table a statement showing the pay and allowances drawn at present by each Superintendent, Assistant and clerk of that Directorate?

Mr. C. M. G. Ogilvie: (a) A principal foreman on Rs. 775 per mensem, who is a specialist, has been posted to Armaments Directorate, Army Headquarters, to deal with certain technical problems.

(b) A statement is laid on the table.

Statement showing the pay and allowance drawn at present by the staff of the Armaments Directorate, Master General of the Ordnance Branch.

	Pay.		Duty allowance.	
	Rs.	A. P.	Rs.	A. P.
1. Mr. Raghunath Pershad, Superintendent	700	0	0	
2. Mr. Shiv Ram Dass, Superintendent	680	0	0	
3. Mr. Immam-ud-Din, Superintendent	620	0	0	
4. Mr. Amar Nath Jerath, L. T. S. Assistant	404	0	0	50 0 0
5. Mr. B. S. Bhatnagar, L. T. S. Assistant	380	0	0	
6. Mr. M. Joshi, L. T. S. Assistant	404	0	0	
7. Mr. U. C. Banerjee, L. T. S. Assistant	404	0	0	
8. Mr. C. W. Bateman, L. T. S. Assistant	308	0	0	
9. Mr. T. Johnstone, L. T. S. Assistant	272	0	0	
10. Mr. Dparam Das, Second Division Clerk	242	0	0	

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

Statement showing the pay and allowance drawn at present by the staff of the Armaments Directorate, Master General of the Ordnance Branch—contd.

	Pay.		Duty allowance.	
11. Mr. Harbans Lall, Second Division Clerk	242	0	0	
12. Mr. Amrit Lal, Second Division Clerk	210	0	0	
13. Mr. A. C. Rewal, Second Division Clerk	194	0	0	
14. Mr. J. C. Ghosh, Second Division Clerk	178	0	0	
15. Mr. M. N. Bose, Third Division Clerk (Offg. 2nd Division Clerk)	150	0	0	4 0 0
16. Mr. M. M. Roy, Third Division Clerk	150	0	0	
17. Mr. Mahan Singh, Third Division Clerk	138	0	0	
18. Mr. Mohd. Hanif, Third Division Clerk	134	0	0	
19. Mr. Ishwar Dayal Gupta, Third Division Clerk	114	0	0	20 0
20. Mr. A. K. Biswas, Upper Division, I. A. C. C.	120	0	0	
21. Mr. K. R. Goel, Upper Division, I. A. C. C.	120	0	0	
22. Mr. Anwar Ahmad, Lower Division, I. A. C. C.	79	8	0	
23. Mr. U. S. Bhatia, Lower Division, I. A. C. C.	69	10	0	
24. Mr. Bihari Lal, Lower Division, I. A. C. C.	69	10	0	20 0 0
25. Mr. S. A. R. Jesudoss, Lower Division, I. A. C. C.	88	13	0	
26. Mr. Partap Singh, Lower Division, I. A. C. C.	60	0	0	
27. Mr. Mohd. Nur-ul-Huda, Lower Division, I. A. C. C.	60	0	0	
28. Mr. Madan Lal Sharma, Temporary Indian Clerk	60	0	0	
29. Mr. Mahmudul Hassan, Temporary Indian Clerk	60	0	0	
				Other allowances.
30. S/Sgt. J. T. Ashenhurst, Soldier Clerk, I. A. O. C.	250	0	0	160 10 0
31. S/Sgt. L. R. Warr, Soldier Clerk, I. A. C. C.	280	0	0	161 0 0
32. S/Sgt. F. C. Scarlett, Soldier Clerk, I. A. C. C.	250	0	0	150 9 0
Total	7,471	4	0	566 3 0

COMMANDEERING OF RESIDENCES FOR NON-INDIAN EMPLOYEES OF THE DEFENCE DEPARTMENT IN SIMLA.

†514. *Sardar Sant Singh: (a) Will the Defence Secretary please state whether it is a fact that Government have decided to commandeer residences in Simla only for non-Indian employees of the Defence Department? If so, what is the reason for excluding the Indian employees from the proposed commandeering?

(b) Are Government aware that Indians are similarly situated with regard to the difficulty in securing houses in Simla?

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

(b) Does not arise.

EMPLOYMENT OF SUBJECTS OF INDIAN STATES IN THE GOVERNMENT OF INDIA DEPARTMENTS.

†515. *Bhai Parmanand: (a) Will the Honourable the Home Member please state the conditions for appointment of a subject of an Indian State in the Departments of the Government of India?

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

(b) Is an exemption from the provisions of the Government of India Act to be obtained by a subject of an Indian State or does the Department appointing him obtain it after his appointment? If it is the former, what steps should the candidate take in order to obtain an exemption? Is there any prescribed form on which an application should be made? If not, what are the points which he should state in his application and to whom should it be sent?

The Honourable Sir Reginald Maxwell: (a) The conditions are the same as for British subjects. The only difference is that a subject of an Indian State is not eligible to hold office in the absence of a declaration of eligibility under section 262 of the Government of India Act, 1935.

(b) The candidate should submit an application to the Political Officer of the State of which he is a subject stating the service or post in respect of which a declaration is required and should furnish necessary evidence to show that he belongs to the State in question. No form of application has been prescribed. The Political Officer transmits the papers to the Government of India. A declaration is, however, issued only in the case of a candidate definitely selected for appointment.

EMPLOYMENT OF SUBJECTS OF INDIAN STATES IN THE GOVERNMENT OF INDIA DEPARTMENTS.

†516. ***Bhai Parma Nand:** (a) Will the Honourable the Home Member please state whether the Public Service Commission permit a subject of an Indian State who has not secured an exemption from the provisions of the Government of India Act, 1935, to appear in one of their examinations?

(b) Can a Department of the Government of India appoint, in a purely temporary vacancy, a subject of an Indian State who is not in possession of such exemption?

(c) Is a subject of an Indian State required to obtain a fresh exemption when he is re-appointed in another Department after the termination of his services?

(d) What is the duration of the period for which an exemption is granted to a subject of an Indian State under Article 262 of the Government of India Act, 1935?

The Honourable Sir Reginald Maxwell: (a) Yes. The bar imposed by section 262 of the Government of India Act, 1935, applies only to actual appointment.

(b) Under the proviso to sub-section (4) of section 262, the Governor General may authorise the temporary employment for any purpose of a person who is not a British subject.

(c) Yes, if the subjects of the State to which he belongs have not already been declared eligible to hold the office or class of offices to which he is re-appointed. Under the India and Burma (Miscellaneous Amendments) Act, 1940, fresh exemption will no longer be necessary from the 1st April 1940.

(d) No time limit is specified in a declaration issued under section 262.

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

RECRUITMENT OF RELATIONS OF EMPLOYEES IN THE INCOME-TAX DEPARTMENT, PUNJAB, NORTH-WEST FRONTIER AND DELHI PROVINCES.

†517. ***Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Finance Member be pleased to state whether it is a fact that relations of departmental employees were debarred by certain Indian Civil Service Commissioners from appointment in the Income-tax Department, Punjab, North-West Frontier and Delhi Provinces, and are Government aware that this practice has since been changed?

(b) If the reply to part (a) be in the affirmative, what were the reasons for the restriction and the relaxation?

(c) What is the communal composition of relatives so far admitted in this department since the year 1934, who are still in service?

(d) Is it a fact that some of these entrants, belonging to the majority community were made permanent in the initial lower grades and were promoted to the next higher grades? If so, was relationship a factor?

(e) Are Government aware that men of equivalent or even better qualifications were available amongst minorities and Muslims but were superseded by the relatives of the majority community employees?

(f) What is the communal composition of permanent and officiating hands in the grade of Head Assistants?

(g) Is it a fact that officiating hands include non-matriculates?

(h) Is it a fact that the next junior grade includes matriculates and even graduates of communities poorly represented in the grade of Head Assistants? If so, how many and of which communities?

(i) What action do Government propose to take in the matter?

The Honourable Sir Jeremy Baisman: The information is being obtained and will be laid on the table of the House in due course.

INCOME-TAX OFFICERS AND EXAMINERS IN INDIA.

†518. ***Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable the Finance Member be pleased to state the total number of Income-tax Officers and Examiners serving in India and state separately the number of Muslims, Hindus, Anglo-Indians and Europeans?

(b) How many Examiners were appointed as Assistant Income-tax Officers from the 1st January, 1939 to the 31st December, 1939, out of the total number?

(c) Will the Honourable Member please state the number of the Examiners and their qualifications, their grades and whether promotions mentioned above were effected strictly in accordance with seniority?

(d) Is it a fact that some Muslim senior Examiners have been superseded by junior Hindu Examiners in Bengal and other places?

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

- (e) What was the reason for supersession, if any?
- (f) Is it a fact that all Examiners were appointed as temporary Income-tax Officers a few months before? If so, what was the standard of efficiency for higher promotions within such a short time?
- (g) How is it that most of the Muslim Examiners, though found quite efficient at the time of appointment as temporary Income-tax Officers with wider powers, have not been promoted to higher grades along with Hindu Officers? What is the reason for this difference? Do Government propose to look into their record of services and reconsider their cases?

The Honourable Sir Jeremy Raisman: The collection of the detailed information asked for would involve expenditure of time and labour which in my opinion would not be justified by the value of the results obtained.

INCOME-TAX OFFICERS AND EXAMINERS IN THE COMPANY DISTRICTS AT CALCUTTA.

- †519. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Finance Member be pleased to state how many Income-tax Officers and Examiners there are in the Company Districts at Calcutta?
- (b) How many of them are Muslims, Hindus, Anglo-Indians and Europeans?
- (c) How many Muslim were appointed in these Districts either as an Officer or as an Examiner since the creation of the Districts, and what was their number and duration of service in Calcutta?
- (d) Why are shorter durations of service given to Muslims in Calcutta?
- (e) Is it a fact that an extra allowance is given to the Officers in these Districts?
- (f) Is it also a fact that those who work in these Districts are given and have been given preference during promotions?
- (g) On what policy and principle are Government keeping the Muslim Income-tax Officers and Examiners mostly out of these Districts?

The Honourable Sir Jeremy Raisman: The information is being obtained and will be laid on the table of the House in due course.

INCOME-TAX OFFICERS AND EXAMINERS IN THE COMPANY DISTRICTS AT CALCUTTA.

- †520. *Maulvi Muhammad Abdul Ghani: (a) Will the Honourable the Finance Member please state the qualifications of Income-tax Officers and Examiners now posted in Company Districts?
- (b) Do Government propose to consider the desirability of putting more Muslims and for longer durations in these Districts which are situated in the Province where Muslims are in majority?

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

- (c) If the reply to part (b) be in the negative, do Government propose to explain the policy and the guiding principle for the same?

The Honourable Sir Jeremy Raisman: (a) Generally speaking, the Income-tax Officers and Examiners selected for appointment to Company Districts are men who show special aptitude for that kind of work. They are not selected merely because of any special academic qualifications.

- (b) and (c). No. The selections are made in the interest of efficiency and I cannot undertake to make them on communal considerations.

EXAMINATION FOR RECRUITMENT TO THE INDIAN ARMY ORDNANCE CORPS.

†521. *Bhai Parma Nand: (a) Will the Defence Secretary please state whether an examination for recruitment to the Indian Army Ordnance Corps was held on or about the 5th March, 1940?

- (b) If the reply to part (a) be in the affirmative, what was (i) the probable number of vacancies which were to be filled on the result of the examination, (ii) the number of candidates which each depot or centre was authorized to select for the examination, (iii) the number of those who applied at each centre, and (iv) the number of those who were accepted for each centre, and (v) the number of those who actually sat for the examination at each centre, separately?

- (c) Are Government aware that almost all the candidates who were allowed to sit for the examination were either the relatives or friends of the clerical staff at the various centres?

- (d) Are Government also aware that most of the prospective candidates who made enquiries about the examination were not given any replies?

- (e) Is it a fact that the number of applicants at each centre was comparatively very small?

- (f) Do Government propose to consider the question of declaring the examination void and issuing instructions that for future examinations, application forms should be supplied to all the candidates who may ask for them to enable them to be considered at the preliminary selection?

- (g) When do Government propose to hold the next examination, and for how many posts?

Mr. C. M. G. Ogilvie: (a) Two examinations, one for storemen and the other for clerks, were held on the 5th March at various centres.

- (b), (i), (iii), (iv) and (v) and (e). Information is being collected and will be laid on the table in due course.

- (ii) A statement is laid on the table.

- (c) No.

- (d) No reply was given to such candidates who did not fulfil the necessary qualifications.

- (f) No. It would be a waste of public money to supply forms of applications, etc., to unqualified candidates.

- (g) When more vacancies occur.

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

Statement.

(b) (ii) The number of candidates which each depot or centre was authorised to select for the examination is shown below :—

	Storemen's examination.	Clerks' examination.
Assistant Director of Ordnance Services—		
Northern Command	10	5
Southern Command	10	5
Eastern Command	10	5
Western (Independent) District	10	5
Deputy Assistant Director of Ordnance Services—		
Rawalpindi District	6	3
Meerut District	6	3
Deccan District	6	3
Peshawar District	6	3
Kohat District	6	3
Waziristan District	6	3
Lahore District	6	3
Lucknow District	6	3
Bombay District	6	3
Madras District	6	3
Presidency and Assam District	6	3
Chief Ordnance Officer—		
Rawalpindi	82	41
Ferozepore	72	36
Quetta and M. T. Workshop	66	30
Kirkee	70	35
Allahabad	60	30
Lahore	82	41
Ordnance Officer—		
Drigh Road	20	10
Bombay	20	10
Fort William	20	10
Shahjahanpur	20	10
Chief Inspector of Stores and Clothing, Cawnpore	20	10
Officer Commanding—		
"A" Ordnance Workshop Coy.	6	3
"B" Ordnance Workshop Coy.	6	3
"C" Ordnance Workshop Coy.	6	3
"E" Ordnance Workshop Coy.	6	3
"G" Ordnance Workshop Coy.	6	3
"H" Ordnance Workshop Coy.	6	3
"I" Ordnance Workshop Coy.	6	3
"J" Ordnance Workshop Coy.	6	3
"K" Ordnance Workshop Coy.	6	3
"L" Ordnance Workshop Coy.	6	3
31 Independent Ordnance Workshop Section	3	2
32 Independent Ordnance Workshop Section	3	2
33 Independent Ordnance Workshop Section	3	2
Chief Ordnance Officer, Ordnance Depot, Chaklala	82	36
Ordnance Officer, Ordnance Depot—		
Bannu	12	6
Deolali	12	6
Inspector of Mechanical Transport, Chaklala	12	6
Commandant, I. A. O. C. Training Centre, Jubbulpore	82	41
Director of Ordnance Services, A. H. Q., New Delhi	80	40

TENDERS INVITED FOR THE PRINTING OF THE FAUJI AKHBAR.

†522. *Bhai Parma Nand: Will the Defence Secretary kindly state:

- if it is a fact that tenders were invited for the printing of the Fauji Akhbar in Simla on a weekly basis, and that at the time the printing of a daily supplement was not contemplated;
- if it is a fact that it has now been decided to print the weekly edition in Delhi, and in addition, to print a daily supplement since the commencement of the war;
- if fresh tenders will be invited for printing the weekly edition in Delhi; if not, why not;
- whether tenders were invited for the printing of the daily supplement, which is entirely a new piece of work; if not, why not;
- how many copies of the supplement are printed and how they are distributed; whether it is printed on two qualities of paper, one for officers of the Army Headquarters and the other for the rest of the recipients; what the cost of its printing is; and
- if it is a fact that, in the printing of the supplement, the pictures are sometimes blurred and indistinct and the ink used very uneven; if so, whether any penalty is imposed for faulty printing?

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

(b) Yes, for the duration of the war; but the supplement is issued twice a week.

(c) No, because the present rates are considered reasonable.

(d) No, because the supplement is not a new piece of work. There have been monthly supplements for a long time.

(e) Approximately 99,000 copies are printed on one quality of paper only. They are distributed by post. The cost of printing is approximately Rs. 400 an issue.

(f) Pictures have only once appeared in the supplement since the outbreak of war. They are blurred because the Indian made paper which has been used since the outbreak of war is not suited to the reproduction of picture blocks. The latter part, therefore, does not arise.

PERSONS EXTERNEED FROM THE DELHI PROVINCE.

†523. *Bhai Parma Nand: Will the Honourable the Home Member be pleased to state:

(a) how many persons have been externed from the Delhi Province during the last two years; and

(b) what their names are, and what the reasons for their externment are?

The Honourable Sir Reginald Maxwell: I am making enquiries and will lay a reply on the table of the House in due course.

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

UNSTARRED QUESTIONS AND ANSWERS.

INCOME-TAX OFFICERS AND ASSISTANT INCOME-TAX OFFICERS IN INDIA.

103. Maulvi Muhammad Abdul Ghani: Will the Honourable the Finance Member be pleased to lay on the table a statement showing:

- (a) the total number of Income-tax Officers and Assistant Income-tax Officers including Officers serving as Appellate Officers in various Provinces of British India, with their educational qualifications and nationality;
- (b) the number of such officers recruited since 1st January, 1935, up to 29th February, 1940, for every Province; and
- (c) the total number of staff serving in the Department in every Province with their nationality, creed and educational qualifications together with the name of their native Province?

The Honourable Sir Jeremy Raisman: (a), (b) and (c). The information is available in the Establishment Lists of the Income-tax Departments of the different provinces. Copies of the latest issues of these lists have been placed in the Library of the Legislative Assembly.

IMPOSITION OF CIRCUMSTANCES AND PROPERTY TAX ON PERSONS SERVING UNDER THE CENTRAL GOVERNMENT BY DISTRICT BOARDS IN THE UNITED PROVINCES.

104. Mr. Muhammad Azhar Ali: Will the Honourable the Finance Member please refer to the reply given to unstarred question No. 37 on the 26th February, 1940, and state the number and date of the official letter to the Government of the United Provinces conveying the previous sanction of the Governor General to the imposition of "Circumstances and Property Tax".

The Honourable Sir Jeremy Raisman: I would refer the Honourable Member to the reply given by me to part (a) of his unstarred question No. 65 on the 11th March, 1940. The number and date of confidential correspondence cannot be disclosed.

ELECTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Tuesday, the 19th March, 1940, the time fixed for receiving nominations for the Standing Committee for the Department of Commerce four nominations were received. Subsequently one candidate withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare Seth Haji Sir Abdoola Haroon, Pandit Krishna Kant Malaviya and Mr. J. D. Boyle to be duly elected.

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 21st March, 1940, agreed without any amendment to the following Bills, which were passed by the Legislative Assembly at its meetings held on the 1st and the 6th March, 1940, namely:

1. A Bill to amend the Coal Mines Safety (Stowing) Act, 1939;
2. A Bill to amend the law relating to income-tax; and
3. A Bill further to amend the Reserve Bank of India Act, 1934."

THE MOTOR VEHICLES (AMENDMENT) BILL.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, I move for leave to introduce a Bill further to amend the Motor Vehicles Act, 1939.

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

"That leave be granted to introduce a Bill further to amend the Motor Vehicles Act, 1939."

The motion was adopted.

The Honourable Sir Andrew Clow: Sir, I introduce the Bill.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Indian Finance Bill.

Sir Abdul Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Mr. President, for the last five years, we have not had the advantage of discussing the Finance Bill, as our friends who were sitting in front of us used to reject the Budget. This time we have got the opportunity, and we want to discuss the Finance Bill. I shall not be very long, but I shall be brief in giving my points.

The first point that I wish to raise is about the appointment of controllers and liaison officers. Sir, the principle is objectionable—to appoint persons from the trade—because that gives an opportunity to the person to learn the secrets of the trade of his rival competitors in the trade. Before I deal extensively on that subject, I will only read a few extracts from the *Economist*, an English journal published in England. This is a very long article but as I said I shall read only a few extracts. After discussing about appointments of Controllers, it says:

"This weakness is that with very few exceptions the Controllers have been drawn from the trades they control."

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Then, the journal says something else which I shall not trouble the House with: Sir, it continues:

"In a large number of important trades, one dominant personality is learning how his competitors run their businesses. There is not the slightest need to suggest that any of the Controllers are consciously grinding their private axes. Most of them are keenly anxious to avoid anything of the sort, but it will be so fatally easy at the end of the war to suggest that an official control shall merely be transmitted into an unofficial 'ring' without any hampering duty to a supervising state. To endow the representative of a trade with legal powers inevitably creates suspicion in the minds of his customers."

Now, I will read the second paragraph:

"Once again it is not necessary to accuse the Controllers of conscious bias in their own favour. They may be convinced in all honesty that justice and equity are on their side. Nevertheless, it is a sound principle that no one should be a judge in his own cause and the fact remains that there have been many acts of the Controllers which place the supplies of materials in a more favourable position *vis-a-vis* their customers than prevailed before the war broke out and very few which work in the buyers' interests. This is of course largely inevitable when a buyer's market becomes a seller's market overnight. But it would be easier to believe that justice had been done if the Counsel for one side had not been promoted to the Bench."

One more sentence, and I shall be done with this extract:

"The Prime Minister said a fortnight ago as follows: The idea that we cannot have a controller who is 'interested in trade seems to leave out of account the fact that it is just those who have been in a trade who are most fitted to be controllers because of their knowledge of the trade.'"

Then, the paper says:

"But it is not a very convincing argument . . . Is a timber broker an expert on the production of pit-props, or a steel manufacturer on the needs of the canning industry or a wool spinner on the problems of cloth export? And, secondly, there is no suggestion that persons with expert knowledge should not be used to the fullest in the position for which they are best fitted, the giving of advice. But the distinction must be kept clear between advice and executive action; the one must be expert and the other must be independent . . . Without exception, the persons in charge of main divisions of the Ministry had no previous knowledge of the foods with which they were dealing. The chairman of the Wheat Commission was the Earl of Crawford and Balcarres; the successive Vice-Chairmen were a shipowner and a solicitor. Meat, milk and fats and fish, fruit and vegetables were under civil servants drawn from Health Insurance and Education respectively while bacon, tea, dried fruits and other provisions were controlled by a very distinguished chief of criminal investigation in India. This does not mean that experts were not employed and experience duly regarded in the Ministry. Of experts in the more ordinary sense of men accustomed to deal in the way of business with particular foods, the Ministry had an abundance. . . . But the business experts were always supervised by laymen; the co-ordination of two or three different branches of work was done not by an expert in any one of them, but by someone equally ignorant of all."

Sir, here in India we have a number of liaison officers and controllers, and except one all are non-Indians, the one exception being Mr. Mohindra of Hayman-Mohindra punch fame. As the English Journal said, and I agree with it, that these liaison officers are just and conscientious, but after all they are human. One of the biggest men in one trade has been selected as liaison officer, and whatever the Honourable Mr. Dow may say, it is he who makes the contract and settles the price and then sanction is given by the Director-General of Supplies. I will deal with one or two of these Liaison Officers.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has read the article almost *in extenso*. The Chair hopes he is not going to read any more of that article.

Sir Abdul Halim Ghuznavi: I will take one instance only, as the Honourable President is anxious that I should finish early.

Mr. President (The Honourable Sir Abdur Rahim): The Chair only desires that the time of the House should be properly utilised.

Sir Abdul Halim Ghuznavi: I will take the case of Mr. Inskip, the liaison officer for leather, who was supposed not to have anything to do with hides. But let us see what he himself says about his duties in a letter which he had written to the Bengal Chamber to circularise to the hide merchants.

"Will you kindly advise all members of your Association who are interested in hide, leather and tanning materials that I have been appointed adviser to Government for these industries?"

And still, Sir, we are told that he has nothing to do with hide, but is concerned with leather only. As regards his functions, he says:

"To advise the Department of Supply from time to time on the question of control of exports of hides."

If he is Liaison Officer for leather, and not hides, then what does this mean? Hide and leather merchants are all Muslims, and the biggest leather trade is in Muslim hands in Madras; but not one Muslim is consulted as Liaison Officer. An Englishman is appointed who belongs to the big firm of Cooper, Allen, & Co. in Cawnpore, a man who is interested in the very business and is learning, thanks to Government, all the trade secrets of the hide business of his competitors in India. Later, on, after the war is over, he will be in a better position to compete with his rivals in the hide and leather business. He will advise as regards the control of exports of hides. That means that the hide merchants will be at his mercy for if he advises the stoppage of exports, they can do nothing. His advice will naturally be to stop the export of hides, so that he can get his hides at a cheaper rate for his leather business. Then, the letter goes on to say that he will advise on the question of control of exports of hides—he says:

"with a view to ensuring that adequate supplies are available to meet the requirements of this industry in India, having due regard to the requirements of His Majesty's Government in England."

He is the head of Cooper and Allen and Company who make boots for the Government, and the Government factory also makes boots. He wants leather from the trade. He is the first man to know the quantity of leather required and is in an advantageous position to quote his own rates; and he is the man to purchase. He will advise the Director-General of Supplies to buy from a certain person at a certain rate. The trade is reduced to an awkward position by this unnecessary and unwarrantable control by a man who is himself interested in the trade. I make no insinuation, but it is only natural for anyone to take his profit first. Then he goes to the market to buy at the cheaper rate, because he has himself sold his boots at a certain price and so he is in an advantageous position. A man not in the trade would not have done that; because he would have no axe to grind. But here the Muslims have a monopoly of the trade, and not one Muslim has been taken. And when questions are asked here about these appointments, the usual reply is, (a) "Yes", (b) "No", (c) "Does not arise". The trade is in the hands of Muslims, and did any Hide or

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Leather Association, except the Cawnpore Association, which is controlled by Europeans, agree to this appointment? No, still he has been appointed. And as Liaison Officer he is supposed to advise, but in fact he purchases for the Government.

Then, Sir, take shipping. There the Controller is Sir George Campbell, a good friend of mine for whom I have high regard. All of us know that feelings are strained between Indian and British shipping. Indian shipping feels, rightly or wrongly, that one of them should have been taken as Joint Controller or Liaison Officer. But they have been completely ignored. An Englishman who is the head of a British shipping company which competes with Indian shipping is the gentleman to decide which boat is to be requisitioned, what freight is to be given, how the export trade is to be regulated, etc., through shipping which is entirely under his control. My successors, who will follow me, will develop this point a little more than I have been able to do

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): It is an ill-omened expression.

Sir Abdul Halim Ghuznavi: One word more with regard to the Supply Department. A huge list has been published in the newspaper. Except one or two, not a single Indian has been associated with this Department and those one or two have been taken recently. All of them get fat pay—a total of Rs. 1,28,000 a month: and why? The Indian Stores Department, if I am right, was organised after the last war. I admit that in the last war they had these controllers, but that war came on all of a sudden and no arrangements were made. But here the arrangements have been going on for months and months. The Indian Stores Department and the Director of Contracts were existing, and they could buy any amount of goods for His Majesty's Government, and no Supply Department was at all necessary. Either you must admit that the Indian Stores Department is not well organised and they are incapable—otherwise you can have no answer to this charge why a third agency has been created to supply His Majesty's Government with the goods they are now supplying. What is the Indian Stores Department doing? And then, why do you want liaison officers? Is not the Indian Stores Department aware of the particular trades and where to buy and where to sell? Why are these officers required now? They were required in 1914 when no agency was in existence. But here there are two agencies, and yet you have created a third agency, the Supply Department, with a huge paraphernalia, composed almost entirely of Britishers and all having a good time.

Sir, the next point I shall deal with is sugar. We are very grateful to the Honourable the Finance Member for all the concessions he has made; and when I read the article in the *Hindustan Times* yesterday, it truly portrayed him as a thoroughly fine gentleman: he has acceded practically to all that we asked for and beyond our expectations: he himself perhaps felt when the sugar trade made representations that this extra duty on sugar is a little severe; but the trade also realises that these are hard times due to the war, and money has to be found and they are willing to accede to the wishes of the Honourable the Finance Member. All that they want is this—and I feel it is a very reasonable request—that this extra duty should not apply to sugar manufactured or which is in the godowns

up to the 29th February, 1940, but should apply only to sugar manufactured or in the factory or elsewhere after the 1st of March 1940. I do hope the Honourable the Finance Member will give his best consideration to this request of theirs.

I am sorry, the Honourable the Defence Secretary is not here. For many years past we have demanded a national army. But the authorities paid no heed to this legitimate demand, even though the Defence Sub-Committee of the Round Table Conference stated with emphasis that the defence of India should be the increasing concern of Indians, and not of Britons alone. But curiously enough the British authorities in this country have never paid any serious attention to this legitimate demand of ours. The publication of the Chatfield Committee's Report has been hailed in certain quarters. His Excellency the Viceroy, in his address to both the Houses of the Legislature last year, stated that His Majesty's Government's decision on the Committee's recommendations marked an epoch in the history of Indian defence. The Chatfield Committee has done a great service by emphasising the ante-diluvian character of the Indian Army and the necessity of modernising it. This course of modernisation and mechanisation will do away with the fallacious distinction made by the authorities between martial and non-martial races in India. It has no historical or practical foundation. Immediately after the war broke out, we in Bengal demanded that there must be a Bengali Regiment, and there was unanimous agreement among all shades of opinion in Bengal to that effect and we were crying hoarse over it. Even that is denied to us. We want to fight shoulder to shoulder with the British army. Train us: ask us to shoulder the burden with our British comrades. Even that is denied to us. What were the achievements of the Bengal Regiment in the last war? I shall read from one of the letters written by a British officer who once commanded a company—the 49th Bengal—in the last war, to one of the Bengal ex-servicemen. He says:

"Why think only of a Bengali regiment or infantry? If Bengalis seek regular military service, I believe from my own knowledge and experience that Bengalis can be more useful in the other corps, such as signallers, motor and armoured regiments and such like mechanised and combatant arms."

The House will note that the Bengalis have been very successful—it is a great pleasure to me to know this, that the Bengali officers of the French Army, particularly in the artillery and the air force, are very successful, and they are still there. What we beg of His Excellency the Commander-in-Chief is this, that he may be good enough to give Bengal a permanent opportunity to serve in the permanent regiments and units. This question has been shelved too long, but let us hope that we shall achieve our object now, so that Indians may feel that they have their honour and home to defend, and that by India's sons.

I am glad, Sir, that Sir Gurunath is here, because I propose to discuss the Posts and Telegraphs Department. I am not here with a cut to reduce his postcard rates, but I am here to show to the House that he has made complete arrangements for a big loot, but let him not forget that the day of reckoning will come. What has he done? He has taken the fullest advantage of the present situation. His first loot was to reduce the half rate telephone which was from 8 p.m. to 10 p.m. in the evening and from 6 a.m. to 8 a.m. in the morning. His second loot was that he has devised what may be called ordinary and urgent telephone messages. If

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I want to send an urgent telephone message, I have to pay double, that is to say, an urgent call would cost Rs. 16, but with a fixed time call it will be Rs. 18. With Rs. 80 I can talk with London, but from Delhi to call some one at Calcutta and talk to him for three minutes I have to pay Rs. 18. Then, the other thing is in fixed time calls or personal calls, there is no half rate. The charge for a fixed time call is 25 per cent. of the full rate, whether the particular person called is available or not. I think a year ago my friend was discussing with me the possibility of introducing quarter rates from 10 or 12 o'clock in the night, but, instead of that to 6 o'clock in the morning, he actually increased the rates by 100 per cent., because the full rate goes on till 10 P.M. I had one day asked for a fixed time call at half past five. Three hours notice has to be given, and this I gave, but no call came up to half past five. I waited and waited, and as my train was leaving I had to leave the place, but the bill came all the same, because a fixed time call cannot be cancelled. I had to wait for 15 minutes, and as I had only 25 minutes more for the train, I had to leave the place, but as I said, the bill came all the same, and I had to pay for it, because if I did not pay their bill, no more telephonic call would be accepted from me. Now, Sir, I take the case of the Bengal Telephone Company in Calcutta. A regular loot is going on there. In the old days we had fixed annual rate, I perhaps started with Rs. 150 and it went up to Rs. 250 or Rs. 300 a year. But then it was pointed out to us that it was not fair for a man who will have 100 calls an hour and for a man who will have hardly two calls in a day to pay the same rate. That is quite right, but look at the charge. The Bengal charges, I think, are 12 calls a rupee. When are the Government going to take over the Bengal Telephone? I understand their agreement expires next year. I want an assurance from Sir Gurunath that the Government have decided to take over the Bengal Telephone and make it a Government concern.

Then, Sir, there are the postal censors. Will you believe me if I tell you, Sir, that there is not one Indian in the whole of that service? After the war, the censor service has been established, but there is not even a single Indian in it. Let Sir Gurunath reply

Sir Gurunath Bewoor (Director General of Posts and Telegraphs): The censor is under the Indian Defence Department, and not under the Postal Department.

Sir Abdul Halim Ghuznavi: I am sorry. Here is a cutting from the *Statesman*,—with the headlines "Postal Censors at Work, Watch on Letters". How such a small office has been expanded and a huge number of jobs given to brothers-in-law and sons-in-law and all laws excepting Indian laws!

Sir, I shall now say a few words about the Indian Broadcasting Department. Mr. Fielden is leaving us for a better appointment, and so I shall not be harsh on him, but I feel I am in duty bound as an elected member from the Dacca-cum-Mymensingh constituency to mention here the acts of commission and omission for which Mr. Fielden is responsible in the Broadcasting Office at Dacca. Discussing about publicity, our revered leader, Mr. Jinnah, referred in one of his speeches somewhere at Karachi

to the necessity of a Muslim press, and I agree with him. There are the Hindu Press, the Mahasabha Press, the Congress Press and the Anglo-Indian Press, but we have not got a press, but there is a press known as Indian Broadcasting which is often used for broadcasting Congress news. Its first function is to broadcast Congress news. The Congress gets very useful assistance for their propaganda by this Radio in India without paying anything for it. Seditious speeches of the Congress are broadcasted, and we have listened to them.

Mr. M. S. Aney (Berar: Non-Muhammadan): I object to the word "seditious".

Sir Abdul Halim Ghuznavi: My Honourable friend cannot object. He may object, but I consider the speeches seditious. I can express my own opinion. This is a matter of opinion. He may call them not seditious, but I say it is sedition.

Mr. M. S. Aney: I object to that word.

Sir Abdul Halim Ghuznavi: At Government cost their propaganda is going on. Turning to my Honourable friend, Mr. Fielden, who will be leaving us very shortly,—he opened a station at Dacca. He has not employed a single Muslim, not even a Muslim sweeper, in a place where 80 per cent of the population are Muslims. Even the sweeper is a Hindu. A Muslim Member of the Bengal Legislative Assembly and the Honourable Sir Khwaja Nazimuddin, Minister, brought this matter to my notice as I represented Dacca cum Mymensingh Muslim constituency in this House. I wrote a letter to Mr. Fielden asking him how it was that in Dacca, where 80 per cent of the population were Muslims, he had opened a radio station, and had not appointed a Muslim even as a sweeper. He wrote back to say:

"I have looked into the question raised in your letter of the 22nd December. Perhaps I should explain that the communal composition of this Department is maintained on All-India basis, and not according to individual stations or offices. It may be that Members of a particular community are over or under represented at a particular station, but I assure you that the various communities are adequately represented in the services as a whole.

I may add that the rules of communal representation do not apply to the posts of Station Director, Director of Programmes, Station Engineer and inferior staff such as peons, etc."

I questioned the validity of this argument and of this information. My information is what he stated is not correct, and I was asked to take this matter up before this Honourable House, which I have done, and it is for the House to decide whether Mr. Fielden was right in not appointing a single Muslim in the radio station at Dacca.

Mr. M. S. Aney: The House cannot express an opinion.

Sir Abdul Halim Ghuznavi: The House can express an opinion by saying that he is not right.

Mr. M. S. Aney: Only by throwing out the Finance Bill. There is no other way of doing it.

Sir Abdul Halim Ghuznavi: Sir, in this connection Mr. Salim wrote to me as follows:

"I am not satisfied with the reply given by Mr. Fielden regarding the communal ratio in the staff of the Dacca Broadcasting Station, unless you ask a question in the Central Legislature, giving you information regarding the All-India basis, it is difficult to say whether what he says is correct."

I did not think that it was necessary to put questions. The Honourable the Communications Member is not here, but I hope Sir Gurunath Bewoor will convey this to him.

Sir Gurunath Bewoor: I will.

Sir Abdul Halim Ghuznavi: This is a very legitimate grievance of the Muslims of Dacca. In a station where 80 per cent. of the population are Muslims, there is not a single Muslim.

Now, Sir, I come to the closing of the Calcutta Port to Haj traffic. My Honourable friend, Sir Girja Shankar Bajpai, is here and he will listen to what I have to say in this matter. By a notification, the Calcutta Port was closed to Haj traffic. After 26 years of fight, with the greatest reluctance and difficulty, the port was opened. The opening of that Port was not liked by our friends, the British shipping company with the *benami* name of Muslim. It belonged to Muslim Moghuls, but they were throttled and they had to sell the concern to non-Moghuls, the Britishers.

An Honourable Member: But the name continues.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions : Non-Muhammadian Rural) : Haji Sir Abdoela Haroon is there.

Sir Abdul Halim Ghuznavi: I am coming to that. It is a very big subject, I hope he will be here when I take up that subject. The Port of Calcutta was closed. What is the reason? War. "We cannot keep the Port of Calcutta open. We have not got sufficient boats." Deputation after deputation came to see the Honourable the Education Member. The first deputation which came and saw him was told that it was only a temporary measure and that next year it would be opened. But we instinctively felt that that would not happen. Government issued another communiqué wherein it was stated that if and when the time came the question would be considered whether they were to open the Port of Calcutta or not. Who does not want this Port of Calcutta? The British Moghul line. They were all fighting to close the Calcutta Port, and they took advantage of this occasion by closing the Port of Calcutta. They had been continuously fighting for the last 26 years not to have Calcutta as a Haj port. Five years ago, when this matter came up before the Calcutta Port Haj Committee of which Khan Bahadur Abdul Momin is the Chairman, and myself a member,—we discussed the matter and asked the representative of Messrs. Turner Morrison and Co. in the Calcutta Port Haj Committee whether they would agree if we could find another company to start a service from Calcutta. Their contention was that they could not get a large number of Hajis. They used to get about 800 or 250 which was not paying to carry pilgrims from Calcutta to Jeddah. The question, we asked was "If it did not pay the Moghul Line, if we

could induce another company to start, were they agreeable not to compete with them in Calcutta?" The answer was that it was for the head office at Bombay to reply and their representative said that he could not give a reply to that. Negotiations went on between the Moghul Line and the Port Haj Committee of Calcutta. Ultimately, we induced the Scindias to open the Haj traffic and they constructed three special steamers to convey the Haj passengers. Sir, there was a revolution in Haj traffic—excellent steamers, excellent food, excellent service and high speed. In eight days they could carry the pilgrims to Jeddah, seven days from Karachi, and eight days from Bombay. Formerly, before they came into existence, it took 29 days, 25 days, and so on, and then if any one had seen those boats prior to this company starting its service, he would have seen that the Hajis were taken as so many cattle, similarly as the railways had done in carrying of Hindu pilgrims in wagons when they had no sufficient passenger carriages. They had been doing exactly the same thing with the Hajis. There was no good food. Look at the fare. It was prohibitive and exorbitant. That condition continued. When the Scindias opened, they did discuss with the Government of India and were sympathetic. They said they would render them every assistance. They started this line. In the very first voyage from Calcutta, where the Moghul Line said it did not pay them because they could not even get 250 Hajis, both the boats of Scindia and the Moghul Line had the full complement, namely, 1,300 and 1,400 passengers and no less than three boats had to carry the Hajis from Calcutta to Jeddah.

Sir Syed Raza Ali (Cities of the United Provinces : Muhammadian Urban) : In what year was that?

Sir Abdul Halim Ghuznavi: Immediately after the Scindia Company opened their show. It is about three or four years ago. Now came this cut-throat competition. I would refer here to what a great man has said. He is loved and admired by the British people and by every one of the Muslims and I will only quote what that gentleman says. It can be appropriately quoted in connection with the subject I am discussing. It is Mahatma Gandhi. Great man, says the Britisher, friend of the Government, says the Government, and we, of course, all admit that he is a great man. That is Mahatma Gandhi. Here is an extract from an article written by Mahatma Gandhi in *Young India* under the caption "The Giant and the Dwarf" on the 26th March, 1931:

"The cottage industry of India had a perish in order that Lancashire might flourish. The Indian shipping had to perish so that the British shipping might flourish. In a word we are suppressed in order to enable the British to live on the heights of Simla."

Sir, this is not my quotation. This is a quotation from Mahatma Gandhi, who is admired and loved by all Britishers and by Government. This is what he said in 1931. It is equally true in 1940.

Mr. M. S. Ansy: I am afraid there is no quorum in the House.

Sir Muhammad Yamin Khan (Agra Division : Muhammadian Rural) : I may point out that it has been the practice in the House always that a representative of all departments used to be present at the time of the discussion on the Finance Bill to take down notes. It is not necessary

[Sir Muhammad Yamin Khan.]

that all the Honourable Members may be present, but one man from each Department used to be present to take down notes and give replies. Here we find

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not make a speech on that. The Chair does not know whether the Departments are properly represented here. If they are not, they ought to be.

Sir Abdul Halim Ghuznavi: Therefore, Sir, I submit that the closing of the Port of Calcutta was in the interest of the Moghul Line and to that the Government had acceded. Let me tell this to my Honourable friend, Sir Girja Shankar Bajpai, so that he may not use the same expression again because the facts are in my possession. Want of steamers was principally in their mind when closing the Port of Calcutta. One boat from the Moghul Line did berth at Calcutta. It went to Jeddah with rice, but with no Haj pilgrims, although that boat was a pilgrim boat and they could have carried the Hajis from Calcutta. But they did not want to. Therefore, their contention that there was want of boat is not correct. That boat was in Calcutta and carried a cargo of rice to Jeddah, but we insisted that they should also carry Hajis as far as possible. That was denied to us and still the Honourable the Secretary of the Department of Education, Health and Lands has said "What are we going to do? The Calcutta Port Haj Committee would not render us any assistance and render the Moghul Line any assistance and, therefore, the special train that we had arranged to take Hajis from Calcutta to Bombay was unsatisfactory in the sense that there was non-co-operation of the Haj Committee in Calcutta." Sir, when that telegram of the Government of India came to our Haj Office in Calcutta, we discovered that it was a propaganda of the Moghul Line to utilise the Haj Committee of Calcutta for their purpose, and certainly we could not be a party to that and we refused. The Government have closed the Port of Calcutta by an executive order. We, the Port Haj Committee of Calcutta, are there to look after the comforts of the Hajis who are to sail from the Calcutta Port and we have nothing to do with the Bombay Port Haj Committee in Bombay. The Government were asking us to assist the Moghul Line in their endeavour to take Hajis from Calcutta while Government would not allow the Hajis to go to Jeddah from Calcutta; they wanted us to be a party to that, which we certainly refused. Sir, even after the closing of the Port of Calcutta, we could have the advantage of these fast steamers of Scindia Service, but look how the Indian shipping is treated. A Conference is called in Delhi. They do not think it worthwhile to send for the representatives of the Haj Committees of Bombay, Calcutta and Karachi, but they decide their fate, fate of the Hajis as to how they are to travel. They decide without consulting any body. The Chairmen of the Haj Committees in Calcutta, Karachi and Bombay should ordinarily have been invited to advise about closing the Port of Calcutta and the allocation of the percentage of pilgrims that these two lines should carry. They considered the position of the Scindia and the Moghul Line and according to the number of boats that these two Companies possessed they allotted the Moghul Line 75 per cent. and the Scindia 25 per cent. But my friend did not take into consideration the capacity of those boats. Three could carry more than the seven of the other Line could. We go

by numbers, by counting heads. One had seven boats, other had three the proportion was, therefore, 75 to 25. Certainly the Scindia refused to have any thing to do with it, and, therefore, the Moghul Line had the fullest advantage to exploit the Hajis this year at the expense of Government completely. My Honourable friend said the other day, "Yes, yes, but again you see the Moghul Line did not want to raise the fares but the Scindia did". The answer is simple: the Moghul Line wants to crush this new Line, they have made tons of money, they can afford to lose while Scindia cannot.

Sir Muhammad Yamin Khan: Not at all. Only a lakh of rupees.

Mr. Noon:

Sir Abdul Halim Ghuznavi: Please do not interrupt me.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already spoken for an hour.

Sir Abdul Halim Ghuznavi: But this is an important subject, and I have not repeated a single line.

Mr. President (The Honourable Sir Abdur Rahim): Other Members are also interested in important subjects.

Sir Abdul Halim Ghuznavi: Other Members will also have time and they can talk.

Sir Syed Raza Ali: Have minimum fares been fixed by Government between Bombay and Jeddah, and Karachi and Jeddah?

Sir Abdul Halim Ghuznavi: They have failed to do that. That is what we want; let the Government fix a fair rate, an economic rate and end this rate cutting; so that both the companies can go on. It is admitted, Sir, and my Honourable friend will see it that when there was no competition with the Calcutta tramways, things were very bad, but immediately the buses came in the field conditions improved considerably. Look at the advantage we have now got in Calcutta travelling. We want not only one, but we want several companies to be started to carry these Hajis to Jeddah. That will be a competition, and then every thing will be all right.

Sir Muhammad Yamin Khan: How can you achieve that by the fixation of fares?

Sir Abdul Halim Ghuznavi: Fixing of fares will stop competition.

Sir Muhammad Yamin Khan: At the expense of whom?

Mr. President (The Honourable Sir Abdur Rahim): Let him go on. He has already taken a long time.

Sir Abdul Halim Ghuznavi: I read out a resolution from the proceedings of a special emergency meeting of the Port Haj Committee, Calcutta :

"The Port Haj Committee of Calcutta have read with great regret the telegram of the Government of India, dated the 1st December, 1939, addressed to the Government of Bengal and are very much disappointed at their refusal to reconsider their decision regarding suspension of sailing of pilgrim ships from the Port of Calcutta this year. They are, however, relieved to some extent by the assurance given by the Honourable Sir Jagdish Prasad, the Member in-charge of the Portfolio of Education, Health and Lands Department to the Government of India to the deputation organised by the All-India Hajee's Welfare League to the effect that the suspension of sailings from the Port of Calcutta this year is purely a temporary and emergent measure which will not be repeated in future. The Committee have carefully examined the facilities offered and are definitely of opinion that the facilities suggested by way of special train will not in any way minimise the inconveniences which pilgrims of Bengal and Assam will be put to by having to embark at the distant ports of Bombay or Karachi."

A request came to the Calcutta Port Haj Committee to give facilities to the Moghul Line, because no other Line was then existing, and the Port was closed down. We said in this resolution that if this is a temporary measure, we have no objection, but, if this is not, certainly we object and the subsequent announcement by Government has given us that apprehension in our mind that this is not a temporary measure. But this is going to be some thing again to be fought for. As I have mentioned already, we fought for 26 years before we got this Port opened, but perhaps another fight will have to be continued, if we have to get this Port opened in Calcutta. The Calcutta Port having been closed we decided to have nothing to do with the Government telegram asking us to help the Moghul Line in carrying passengers by special train to Bombay. I will not mention further telegrams and correspondence that went on between the Government of India and the Haj Committees of various provinces, not only of Calcutta, but also of Bombay and Karachi. They unanimously condemned the Government for closing down the Port of Calcutta and also for fixing the percentage to the Scindia of 25 per cent. instead of a higher percentage. I will only read a few sentences and then close this subject :

"The Government of India," says the Communiqué, "therefore, decided to intervene and consulted the two shipping companies engaged in the trade both on the share of the allotment of traffic between the companies and on the rates to be charged. The Scindia Steam Navigation Company advanced the claim for a fifty per cent. share of the traffic but were prepared to agree to alternate sailings. They also proposed an increase in rates of 25 per cent. above last year's maximum rates."

Sir, the last year's maximum rate was uneconomic and both the Companies have lost money; but, as regards the Moghul Line, they can afford because they have made tons and tons of money.

Then the Communiqué proceeds to state :

"The Moghul Line, while not admitting the claim of the Scindia Company to any fixed share of the traffic, agreed that Government should make an allocation. They also expressed their willingness to carry pilgrims with no increase above the maximum rates fixed last year."

Last year, when the two lines could not come to an agreement about the economic rate, a rate was fixed by the Government of India. What did we find then? I will not say that the Scindia Company was not a party but when both the Companies found that they could advantageously break

that rate, they did so. But in the case of the Scindia Company, it was one of their agents in Jeddah who was responsible for it. But in the case of the Moghul Line in Bombay itself, after the last boat of the Scindia Company had gone, they raised their rate by 100 per cent. and they did not pay heed to the telegrams of the Premiers of Bengal and Sind to the Government of Bombay asking them to persuade the Moghul Line to carry the Hajis who had gone to Bombay from Bengal and other places at the rates they had advertised before. My information was that they could not do so, because they could not get any more boats and the time was nearly up, with the result that many of the Hajis were left behind. What has happened this year? I have heard the answer to the question that was asked in this House. These Hajis were taken in a special train, and the result was that they were all stranded in Bombay. If my Honourable friend, the Honourable Secretary of the Education, Health and Lands Department, says "No", then I shall have to read the telegrams of the Hajis which I have with me. The telegrams, not only of the Hajis, but of important persons in Bombay did certify that these Hajis were stranded and the Government did not do anything for them. That has been the result of closing down the Port of Calcutta on absolutely fictitious grounds of war. The war had nothing to do with the Hajis. One steamer had already sailed from Calcutta, but instead of taking the Hajis, it had taken rice to Jeddah.

Now, Sir, I will discuss only for a few minutes the budget of the Calcutta Haj Committee. Sir, the Government of India has not even inclined to give us a little money to carry on our duties in Calcutta. We submitted our revised budget. We gave our reasons that this was the lowest amount that we required. What was the answer we got? They said they had not got the money to give us.

Mr. M. S. Aney: What was the amount you wanted?

Sir Abdul Halim Ghuznavi: We wanted only Rs. 9,381. They did not give us even that amount. They gave us much less than that. This information was communicated to me rather too late, otherwise I would have taken up the matter with the Department concerned. I now place it for the consideration of my friend, the Honourable the Education Secretary. I hope he will reconsider the matter and bring in a supplementary grant so that the Haj Committee may have the amount that they require to carry on their business successfully at the Port of Calcutta. I would also request him to give an assurance on the floor of the House that there would be no bar for the Calcutta Port to carry the Haj traffic next year, whether there is war or no war.

Now, Sir, I will come to the wonderful conversion of the Moghul Line into a Muslim line. Our revered leader, Mr. Jinnah, was approached by the Moghul Line and he deputed his Foreign Secretary, my Honourable friend, Sir Abdool Haroon, to negotiate.

Mr. President (The Honourable Sir Abdur Rahim): What has that got to do with the Government of India?

Sir Abdul Halim Ghuznavi: I am coming to the Government of India just now.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot go into matters with which the Government of India are not concerned.

Sir Abdul Halim Ghuznavi: If that is your ruling, Sir, then I will not pursue that matter any further. But is it not relevant to the Moghul Line?

Mr. President (The Honourable Sir Abdur Rahim): It is not relevant at all.

Sir Abdul Halim Ghuznavi: I will conclude about the Moghul Line service which is so much admired by the Government of India by making a remark or two. The Moghul Line was good enough to make a mischievous propaganda, and, in spite of all that, the support of the Government of India is for the existence of the Moghul Line and no other Line. Finding that they needed some backing from the Mussalmans, they announced that they would be prepared to take three Muslims on their Board, thinking that this might be appreciated by the Government. They thought it better that some interest of that company should be in the Muslim hands. Sir, I have been in business for the last 48 years. In fact, I have been in business since my childhood, and I have never heard a proposition of this kind in my life. The proposition is that I will buy the shares of a company, but shall have no right to sell them. I can only keep them.

Pandit Krishna Kant Malaviya: But you do not pay the money out.

Sir Abdul Halim Ghuznavi: No, I pay.

Mr. President (The Honourable Sir Abdur Rahim): Is that the proposal of the Government of India?

Sir Abdul Halim Ghuznavi: They will come before the Government of India.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the motion before the House. He must not go on dealing with irrelevant points.

Sir Abdul Halim Ghuznavi: I hope the speakers who come after me will take up that point.

Now, Sir, I come to the Income-tax Department of Bengal. The position of Muslims in the Income-tax Department of Bengal is this. In the grade of Rs. 1,000 to Rs. 1,500, the number of posts is 8, four of which are held by Hindus, one by a Muslim, and three by others; Rs. 500 to Rs. 900, number of appointments 35, Hindus 27, Muslims 8, and others nil.

Rs. 300 to Rs. 500, number of appointments 15, number of Hindus 9, Muslims 6, and others nil.

An Honourable Member: There you are.

Sir Abdul Halim Ghuznavi: There you are, says my friend.

Mr. President (The Honourable Sir Abdur Rahim) The Honourable Member must have some respect for the House. That is not the way of addressing the House. He must address the Chair.

Sir Abdul Halim Ghuznavi: I was answering my Honourable friend.

Rs. 175 to Rs. 450, number of appointments 33, number of Hindus 21, number of Muslims 10, and others 2.

There you are.

Rs. 150 to Rs. 425, number of appointments 17, Hindus 9, Muslims 7, and others 1. I will not go any further.

This is the state of affairs in the Income-tax Department of Bengal. I appeal to my Honourable friend, the Finance Member, to look into the matter and see whether the communal ratio laid down by the Government of India is observed.

The gentleman who has brought this to my notice says:

"After dealing with the whole subject, this communal ratio has been fixed. I pray that you will be graciously pleased to move the proper authorities to grant us our legitimate prayer in this particular department during your discussion on the Finance Bill."

Now, Sir, I will deal with one or two aspects of Indian railways which we could not discuss during the railway budget discussion. This is a very important subject, and I am sure the House will appreciate it when I place some facts before the House.

The most serious problem that confronts us today is the shortage of wagons. This is a very serious matter. During the last war also there was shortage of wagons. I know that wagons used to be sold for Rs. 400 to Rs. 500 each during the last war. It was not due to any real shortage of wagons, but the railway people would not supply a wagon unless the man paid for it. I will give a few extracts from the speech of the Honourable Sir Guthrie Russell in the Council of State to show the reason for this shortage of wagons. After discussing about the shortage of wagons, Sir Guthrie says:

"With these objects in view the Government of India have appointed Rai Bahadur N. C. Ghosh as Transport Advisory Officer to assist the two railways principally concerned with coal traffic—the East Indian and Bengal Nagpur railways—in dealing with demands for wagons. . . . He scrutinises indents for wagons with a view to ensuring that wagons are not supplied for consumers on the priority list maintained by the Coal Wagon Supply Committee in excess of their actual needs and that as large a supply as possible is made available for other consumers. From the reports already received, it would appear that the Transport Advisory Officer has already considerably helped the situation, but to secure that the most effective use is made of the available wagons the co-operation of the consumers and the coal trade is most important."

Then, he says:

"The Railway Board have also, at the instance of the Indian Railway Conference Association, appointed a committee to go into the question of the better utilisation of railway wagons. This Committee, under the chairmanship of Mr. B. J. Moody, Chief Operating Superintendent of the North Western Railway, is touring various railway systems. So far their report has not been received, but the Railway Board have every hope that as a result of their investigations, it will be possible to make normally available for traffic a considerable number of additional wagons. The main function of the committee is to see if the turn round of wagons can be improved. By "turn-round" is meant the time employed from the despatch of a wagon under load to its being ready for another load, and is one of the most important features of railway operation. The shorter the turn round, the greater the number of wagons available."

[Sir Abdul Halim Ghuznavi.]

Then, he goes on and describes about "wagon pool", but I shall not trouble the House by reading what he said.

This shortage of wagon, in my opinion, is due to this that the wagons are not loaded or unloaded on Sundays. So, there must naturally be shortage. The Port Trust Railway in Calcutta observes all the holidays. There is no work for them on Sundays, and naturally the wagons are blocked and there is shortage of wagons. If you take the percentage of wagons loaded and unloaded, you will find it is very unsatisfactory. The Railways should insist that loading and unloading should be done on Sundays and all holidays also. This will release the wagons. But that is not done at present.

We are told that the Moody Committee is looking after this. We do not know the terms of reference to this committee. But from the method and manner which the Moody Committee is pursuing, I am sure the report that the committee may submit will not be worth the paper on which it would be written. What is the Moody Committee doing? They are spending a few hours in one railway and a few hours in another, and so on. In this way they cannot know the ins and outs. They must devote much longer time to examine the condition of a particular Railway to enable them to find out the exact position. It really requires months to do even one railway thoroughly. This summary method of touring the various railway systems, one day in Calcutta, the next day in Bombay, and a third day in Madras, will not do. What is the reference to this Committee? We do not know that. The reference with regard to examination should show how many hours do the work of loading and unloading take. Why should they not take Sunday into consideration? Why should they not make the railways responsible for not working on Sundays? I understand that, in a number of railways, wagons sometimes lie empty, because there is no work. Take for instance, the E. I. Ry. Why should it go to the B. N. Ry. for more wagons when its own wagons are lying empty and not being loaded because it is a Sunday? The enquiry by the Moody Committee should take this into account, namely, the number of hours the railways work for loading and unloading. Why will not they work on Sundays; why will not they work after sunset? With light, they can work even after sunset and load and unload wagons. They do not do that now. Then, Sir, our experience of the last war was shortage of wagons and each wagon was sold to the highest bidder. This war is now on and the Railways must see that there is no shortage of wagons. The time of loading and unloading must be extended and Sundays should be counted as working days.

Mr. M. S. Aney: What does the Honourable Member mean by a wagon being "sold"?

Sir Abdul Halim Ghuznavi: It means that bribe had to be given; I did not want to use that word, that's all.

Sir, we know that busy season extends from September to December during which period at least the Railways should work on Sundays and after sunset. They do not start unloading before 10 o'clock. Why not after sunrise?

Coming to the East Indian Railway, the condition has been very serious. We travel from Calcutta to Delhi on trains run not by East Indian Railway

engines but by the B. B. and C. I. and N. W. R. engines. There is shortage of engines and so there is delay in arrival. There is a very useful train known as the Toofan Express. A year ago it used to reach Calcutta at about 4 or 5 p.m. and leave Calcutta at about 3 p.m., arriving here the next day at about 3-30 to 4 p.m. Now we reach Calcutta at 9 o'clock at night and leave Calcutta at 1 p.m., arriving here the next day at 3-40 p.m. If you take it up with the Time-Table Committee they say it is a matter for the Railway Board. If you ask them why they cannot regulate the timing so as to have more convenient hours of departure and arrival the reply is that they have only one train now instead of two as formerly, and the same train which arrives here has to leave for Calcutta. And the cost of another train is 3 lakhs, for want of which we cannot get another train between Calcutta and Delhi. And we reach Calcutta at 9 p.m., standard time. Only now they have shortened it by 20 minutes. And the carriages are not repaired and not looked after. If you open the tap, it will not close and if you close it, it will not open. If you complain, they will say they have no money. But now they must have enough money with this increase in fares and freights. And because the train is often late by an hour or an hour and a half, and has to leave again at 6 p.m., the carriages are not even washed or cleaned. Only at Calcutta they get some time to clean

Then, again, look at the timings of 1. Up and 2 Down trains on the East Indian Railway. Formerly the Down Mail used to leave here at 8-30 a.m., but now it leaves at 6 a.m. How can one go to the station at 6 a.m. specially in the cold weather? Then the Up Mail is due here at 9-30 o'clock at night, but seldom arrives here before 11 p.m. If you have to go to the station to meet your friends you will have to wait for an hour and a half before the train comes.

Then, Sir, it was settled that we would have the Dacca-Aricha Railway and money was provided for it; but it was stopped. The scheme showed a profit of 7 per cent., but it was shelved because the interests of the British and Indian Steam Navigation companies were at stake; and they manipulated it in such a way that when the work was about to commence it was suspended. The ostensible reason was that the culverts would make the land unhealthy and give rise to malaria; the real reason was that it would touch the pockets of the two inland British Steamship companies. It would have been of great advantage to the railway because the railway would then carry all the jute from East Bengal which is now being carried by the steamers from East Bengal right up to Calcutta by the river route.

Then on the Eastern Bengal Railway by which I travel to go to my home we notice on the boards at the stations letters in English although 99 per cent. of the people cannot read English. And they are so written that no one can read. If we ask for Bengali letters on the boards we are told that the Railway has no money. There is one more matter so far as the railways are concerned. The three Indian Chambers of Commerce in Calcutta have asked me to press before the Honourable the Railway Member whether he will introduce air-conditioned travel between Howrah and Delhi. It already exists between Bombay and Howrah and it can be introduced on this line also. The three Indian Chambers—the National Chamber, the Muslim Chamber and the Indian Chamber—would prefer the system which prevails on the B. B. and C. I. Railway where the whole coupe carriage is air-conditioned.

[Sir Abdul Halim Ghuznavi.]

The last point which I wish to mention is in regard to the Indian Mercantile Marine. Everywhere in the world, except in India, the Government supports the national mercantile marine. Here we get no support whatever. If a company is floated, there is no subsidy, no assistance whatever. Look at the position. At the present moment there is a deadlock about the agreement between Indian shipping and British shipping. That agreement has expired, but nothing has yet been done to bring about another agreement between the British and Indian Shipping concerns: it is high time that something is done and that Government took the initiative. As you have remarked, Sir, that I should now close my observations. . . .

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member really has more to say, he had better go on and not waste the time of the House like this.

Sir Abdul Halim Ghuznavi: The necessity of establishing a ship-building industry in India has now been felt for years past. The present war has again emphasised the importance of every maritime country building its own ships in its own yards. Only very recently a ship-building industry was established in Australia and the Government of Australia decided only the other day to give a bounty varying from £10 to £12-10-0 per ton for the ships built in the Australian ship-yards. Therefore my submission to the Government is that they should do all they can to encourage the starting of a shipbuilding industry in this country and give it such financial help as it may need for the purpose of its stability and progress. In this connection I will read a few lines from the report of the Indian Mercantile Marine Committee of 1923-24:

"Having given our best consideration to the various points set forth above, we recommend that for the present the most advantageous course to be adopted is to give construction bounties as indicated in paragraph 56. If a shipbuilding yard is projected by an Indian Company, the Government may aid that enterprise by (a) advancing a cheap loan to the extent of one-third of the paid up capital of that Company and assistance in acquiring suitable sites, etc., etc."

Now, what has the Australian Government done? I shall give an extract from *The Shipping World*, dated the 24th January, 1940. It says:

"In its report, the Tariff Board reported that the high protective system against imported vessels up to 500 tons had not succeeded. All the data available tended to confirm the view that the price of a completed vessel from an Australian shipyard was roughly twice the price in sterling at which a similar vessel could be supplied from the United Kingdom. So in place of the duty bounties amounting to \$150,000 spread over three years are to be granted. The schemes are as follows and so on—

"In the opinion of the Prime Minister these payments should stimulate the shipbuilding industry in Australia and thus provide employment besides ensuring facilities for the construction and repair of vessels in time of emergency."

There is one other point that I wish to refer to. During the last war we had some enemy ships and working those enemy ships we had made profits which stand in the name of the Secretary of State in suspense account, because that amount is legitimately due to India. It amounts to £3,384,646. It is held in cash account of the Secretary of State.

What the Indian shipping firms have been contending all these years is this; in a letter to the Secretary, Indian Mercantile Marine Committee, dated the 4th January, 1924, they say:

"In continuation of our answer to our written statement dated 3rd April 1923 to your question No. 70, we beg to submit that the Government should utilise the Undisposed Profits amounting to £3,730,192-19-8 resulting from the working of Enemy Ships under the control of the India Office up to 31st March 1922 in assisting the building up and development of an Indian Mercantile Marine May we therefore request you to make your strong recommendation to the Government of India to earmark these profits for the development of the Indian Mercantile Marine?"

Sir, it is high time that we developed the Indian Mercantile Marine. It is also high time that the Government came to our assistance in building ships in India. What is the position today with regard to shipbuilding industry in this country? If we had a ship yard ready, we could have continued to make ships as is the case at Home. For every ship sunk we could have built two here. But what is our position here? For ships sunk, we cannot build even one ship here. Therefore, Sir, I appeal to the Government of India to assist Indians in starting a shipbuilding yard and to ask the Secretary of State to release this amount which he is holding on behalf of the Government from the profits made during the last war from the working of the enemy ships by Government and give subsidy to Indian enterprise to start a shipbuilding industry here.

Before I conclude, Sir, I should like to say something about the Tata Company. I would have said more if my friend Sir Homi Mody had been present here. My friend, Dr. Sir Ziauddin Ahmad, always gets up to speak whenever the question of Tata Company comes up, but as he points out, it is a subsidised company. He says that they ought not to make more than 6 per cent., but he forgets that when the Tatas started the concern they did not make anything at all. They lost all their money which was sunk in the industry. How on earth does my friend expect them to make only 6 per cent. and no more as the Tariff Board has recommended? 6 per cent. of what? He puts 6 per cent. of the Rs. 15 of the Tata Deferred shares which was in existence 30/40 years ago with the present price, and from that he concludes that they are, earning 40 to 50 per cent. That is not so. What is the actual return today? It is not even 6 per cent. at today's price of its shares. This in brief is the history of the concern. But my grievance, Sir, is that the Tatas is too much privileged. We Muslims also want a share because Tatas gets a subsidy from the Indian exchequer.

Mr. President (The Honourable Sir Abdur Rahim): It has nothing to do with the Government of India.

Sir Abdul Halim Ghuznavi: I hope Sir Homi Mody will take this point into consideration and see that Muslims also have a share in that big concern. My friend, Dr. DeSouza, made a very able speech the other. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better go on with his own speech.

Sir Abdul Halim Ghuznavi: He made a vigorous speech the other day in which he complained that his community was not getting a just

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share either in the Government of India or in the Railways in proportion to the services his community have rendered, and, that they were, nowhere. May I tell my friend that they are everywhere, not that they are nowhere, but they are everywhere, that his community people are holding high appointments. And if he will look up the Bengal Civil List, he will find that many of the Indian Christians, who are friends of mine, are holding high posts. But may I also remind him of this, that Britishers have taken this country from us when we were the kings. India at one time belonged to us, and have we not a better claim than he has for appointments, because it was at one time our kingdom and we were the kings here?

Sir Girda Shankar Bajpai (Secretary, Department of Education, Health and Lands): Mr. President, the present First Lord of the Admiralty described the discussion on the Finance Bill in the House of Commons as one long dreary drip of disparaging declamation. I do not know that here in this House, the course of debate is very different, and I have ventured to rise at this stage, because the House may wish to listen for a change to a note of sweet reasonableness, a quality in which we, on these Benches, seek to specialise.

Sir, alphabetically I ought to begin with Archaeology which was discussed by Sir Muhammad Yamin Khan in the course of his remarks on the opening day of this debate. He showed, and if I may say so, rightly showed, great solicitude for the preservation of Tajganj or the Taj Mahal. Let me assure him that we regard this as a legacy of beauty to all communities in this country, not to any one community, that it is a national monument which deserves the utmost care that we can bestow upon it for its preservation. I may also inform him that I took advantage of the Easter holidays to summon here the Superintendent in charge of the buildings in Agra. I have had a discussion with him. He assured me, not merely on the strength of his own opinion, but on the opinion of his Engineer, that there is no such thing as imminent or immediate risk to the Taj Mahal, and that the task of scaffolding, on which the Public Works Department insisted as a preliminary to a correct diagnosis of what is wrong with the dome, is going to be taken in hand as soon as possible. I hope, Sir, that that will re-assure my friend in so far as the security of the Taj is concerned.

Next, Sir, I shall pass on to a subject which rouses considerable interest especially amongst the Muslim Members of this House. I refer to the Haj. My friend, Sir Abdul Halim Ghuznavi, was very vigorous on the subject this morning, but in point of priority he comes only second, as Khan Bahadur Piracha held forth at great length on this subject the other day, and I think it would be convenient if I were to deal jointly with the major points made by the two Honourable Members. Now, Sir, the first point, I think, of importance which Khan Bahadur Piracha made was that many pilgrims were denied the privilege of performing the Haj this year. That, Sir, even though we are living in war conditions and it is absolutely necessary to conserve shipping as much as possible, because of the heavy strain that is thrown upon it

owing to the shortage of shipping generally, in spite, I say, of the war conditions would be a very grave charge indeed if it were true. Let me give to the House some figures which I have before me. There were in all five sailings during the last Haj season. The first four ships, according to a statement which I have before me here, sailed actually with a shorter complement than their maximum. I will give a few illustrative figures. The "Islami", for example, which sailed from Bombay on the 4th and from Karachi on the 7th December, sailed 341 short, the "Rizwani", 608 pilgrims short, the "Khusro", seven pilgrims short, the "Islami", again 59 pilgrims short. The only ship—that was the last ship of the season—about which it might be said that it might have left some persons behind was the "Rizwani". But, in order that this might not happen, we relaxed the ordinary rule—the rule which we are required to observe in conformity with international conventions—and allowed the ship to carry an excess of pilgrims. My information is that when it left Bombay, there was not one pilgrim who was in a position to perform the pilgrimage, who did not find a berth by that ship,—this was by the "Rizwani" which sailed on the 2nd January from Bombay,—that the excess was only at Karachi, and there, in conformity with the recommendation of the Chairman of the Port Haj Committee and with the consent of the mercantile marine officers, we allowed an excess of ten per cent., of 141 pilgrims. I may also inform the House that actually the number in excess was 153 deck passengers, and the number 141 is arrived at by reason of the fact that twelve of these passengers were allowed to travel in first or second class cabins. We have had no information so far from enquiries which we have made both in Bombay and in Karachi that any pilgrim who was in a position to afford the cost of the Haj stayed behind because of the lack of shipping. If Honourable Members have in their possession information to the contrary, and will be good enough to furnish it to me, I can assure them that I shall have enquiries made. It will, of course, be impossible, if an investigation proves that there is justification for the complaint—it will be impossible to do redress to those who may have been left behind this year, but we shall see to it that next year precautions are taken to prevent a repetition of any such thing. But let me repeat that, according to the information which we have, there was no pilgrim in a position to perform the pilgrimage, who was actually left behind.

The next point on which Honourable Members from Bengal in particular feel, and feel strongly, is the alleged closing of the port of Calcutta. Let me say this. The Honourable Member from Calcutta, Sir Abdul Halim Ghuznavi, who spoke last, referred to a certain communiqué of the Government of India which he said had created a misapprehension in his mind that a battle of 25 years had been lost for all time, that Government, in order to assist the Moghul Co., or with some other motive, had decided to close the port of Calcutta permanently. Let me assure him that nothing is further from the intentions of Government. Government do not propose, they have no intention whatsoever of closing the port of Calcutta to Haj permanently. But, as I have endeavoured to explain in answer to a series of questions that have been asked on this subject before, this year the position was that, because of the shortage of shipping, we had to conserve shipping in the sense of minimising the use of it to such extent as was absolutely necessary for the particular purpose in hand, and, from that point of view, we found that it would

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not be possible to open the port of Calcutta in the ordinary way for the performance of Haj. And, in order that the inconvenience to pilgrims in Calcutta who wanted to go to Bombay be minimised to the extent utmost possible, provision was made for the running of special trains or the attaching of special carriages to ordinary trains. My Honourable friend, Sir Abdul Halim Ghuznavi, referred with pride to the attitude of the Calcutta Port Haj Committee in that the Committee refused to co-operate with Government. I can only express regret that the Port Haj Committee misunderstood the intentions of the Government in this matter. It certainly was not the intention, as I have said already, that the port of Calcutta should be closed permanently. I think myself that the pilgrims and Government both would have had greater reason to be grateful to the Port Haj Committee if they had recognised that the present year is an emergency year and done what they could to assist the Hajis congregating in Calcutta to find a comfortable way down to Bombay.

Mr. M. S. Aney: May I ask the Honourable Member whether this travelling by special trains from Calcutta to Bombay required the pilgrims to pay more than they would have had to pay if they had sailed from Calcutta?

Sir Girja Shankar Bajpai: No, Sir. As a matter of fact, even allowing for the special train for which they had to pay the ordinary fare and nothing extra at all, and also including the steamer fare from Bombay to Jeddah—I am speaking from memory, something like Rs. 2 less per pilgrim than they would have to pay if they travelled direct by boat from Calcutta to Hedjaz. That is the position.

Sir Abdul Halim Ghuznavi: That is because they wanted propaganda.

Sir Girja Shankar Bajpai: There is no question of propaganda here at all. I am trying to inform my Honourable friend that we were not in any way, at any time, to any extent, influenced by the propaganda of which, if I may say so at this stage without offence, no one particular company had the monopoly. If propaganda is done by the Moghul Line, it is also done by the Scindia Line, and I assure my Honourable friend that we were not influenced by that propaganda at all.

Sir Abdul Halim Ghuznavi: But who says 'No'? Here I state that it is the propaganda of the Moghul Line.

Mr. M. S. Aney: I may assure my Honourable friend that my question had nothing to do with propaganda at all. It was only as a matter of information which I was seeking to obtain.

Sir Girja Shankar Bajpai: The position, as I have already explained to the House, is that we were not influenced in any way by anybody's propaganda. We closed the port of Calcutta temporarily as a war measure.

Sir Abdul Halim Ghuznavi: May I interrupt my Honourable friend? Will he kindly explain how it was possible for a steamer leaving Calcutta without the Hajis and only with rice

Sir Girja Shankar Bajpai: There, again, my Honourable friend, although he has been most zealous in his advocacy of the claims of Calcutta, has not done me the honour of reading the answers that I have given to the questions on that subject in the course of this very Session. The ship to which he refers was loaded with rice. We had reason to think that rice was needed for the Hedjaz. If we had made the ship unload the rice and take on the pilgrims, and there had been a shortage of rice at the other end, my Honourable friend would have been the very first to get up and trounce the Government for having diverted the ship from its ordinary task of carrying rice to taking pilgrims to the Hedjaz.

Sir Abdul Halim Ghuznavi: May I

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not go on interrupting.

[Sir Abdul Halim Ghuznavi again rose in his seat.]

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not interrupt.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Shout out, not correct.

Sir Girja Shankar Bajpai: How can he say that it is not correct when it is correct?

Sir Abdul Halim Ghuznavi: No, no. It is not correct.

Sir Girja Shankar Bajpai: My Honourable friend cannot make a second speech. I am afraid I must go on with my own speech. My Honourable friend had a good deal to say with regard to the step-motherly attitude of the Government towards the Scindia Steam Navigation Co. in the matter of allocation of pilgrims as between the Moghul line and the Scindia line. Sir, strictly speaking that is a thing which is not within the purview of my Department as such, because, normally, shipping comes within the province of the Honourable the Commerce Member. We intervened this time because of the war emergency; my Honourable friend would probably remember that it was suggested that no shipping may be available for the purpose of the Haj at all. It was at the intervention of my Department that shipping was made available for the performance of the Haj, and we took into account, again without prejudice to the claims of the rival companies in normal times, as to what allocation, if any should be made between the two of them. We made an allocation on what seemed to be a suitable working basis, namely, the carrying capacity of the two companies. My Honourable friend, Sir Abdul Halim Ghuznavi, has made a great point of the faster ships which the Scindia Steam Navigation Co. is supposed to possess. He has conjured up visions to us of the equivalents of the "Normandie", the "Queen Elizabeth" and the "Queen Mary" crossing their way from Bombay to Jeddah. He has told us that the Scindia Company carried the pilgrims from Karachi to Jeddah, as it were, in the

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twinkling of an eye. Actually, I have got before me the speeds of the ships of the rival fleets, and there is only one ship, the "El Madina", which, according to the record of the ships engaged in the voyage between India and the Hedjaz last year, did the journey between Karachi and Jeddah in one day less than the ships of the other company.

Now, Sir, as it happened this time, the Scindia Steam Navigation Co. advertised only one ship, namely, the "Englistan" as a ship which they would be prepared to run from Calcutta if the port were open. Taking that additional sailing into account along with sailings that may have taken place from Bombay and Karachi, I have made a calculation, and come to the conclusion that the Scindia Steam Navigation Company would have carried 26 per cent of the pilgrims as against 25 per cent of the pilgrims that we were prepared to allot to them. I do not think that my Honourable friend can, in reason, contend that, in the circumstances, any very grievous injury has been done to the Scindia Steam Navigation Company. My Honourable friend being the Nationalist that he is, is most anxious that national shipping interests should be encouraged. I wish him all success in his effort to secure advantages for national shipping interests. All that I am concerned to point out is that in this particular field of trade, namely, the Haj trade, the treatment accorded by the Government of India as a purely emergency measure during this year to the Scindia Steam Navigation Company was neither unfair nor unjust.

Then, Sir,—it is nearing lunch time and I do not wish to follow the example of my Honourable friend who preceded me and detain the House unnecessarily long—I would mention one other point which arose in the course of the discussion the other day; that was the accommodation provided for the pilgrims in Karachi. The position with regard to that is this. Three years ago, I think, after an inspection of the port, we decided that a sum of a lakh and 64 thousand rupees should be expended upon improving the pilgrims' camp at Karachi. Unfortunately, financial stringency supervened, and we were unable to spend as much money as the original estimate, but a sum of Rs. 38,000 has already been spent, and a double-storied block for the accommodation of pilgrims has been set up. For the rest, it is a matter really of funds being available, but, as and when they become available, my Honourable friends may rest assured that the accommodation and the amenities provided for the pilgrims at Karachi will be improved.

Then, Sir, before I resume my seat, I shall deal with the final point raised with regard to the pilgrimage; and that was also by my friend, Mr. Piracha, with regard to Kamaran. He suggested that we should not detain ships at Kamaran and he also ventured upon a figure which is not in conformity with the facts, namely, that the detention of ships at Kamaran ran to 15 hours. Actually, in recent years, there has not been, in normal circumstances, a detention of no longer than two hours at Kamaran. Actually the detention there is not because of our desire but because of the obligations of the International Sanitary Convention which we have accepted to carry out along with the Dutch East Indies Government who are our partners in the administration of this island. That is all, Sir, I have to say.

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. M. S. Aney, one of the Panel of Chairmen, in the Chair.

Pandit Lakshmi Kanta Maitra (Presidency Division Non-Muham-madan Rural): Mr. Chairman, the Finance Bill of this year presents to the critical eye certain features which are of a paramount importance to the country. No doubt it embodies certain additional taxation proposals of the Government.—taxation on sugar and on petrol, but this is the only aspect which seems to have attracted the attention of the Honourable Member of this House.

Sir Abdul Halim Ghuznavi: No Government Member is here.

Pandit Lakshmi Kanta Maitra: That does not matter. Their Secretaries are perhaps there; the Honourable Members are paid high salaries, they must have some rest to digest the money.

Sir, while the Railway Budget and the Central Budget were presented in this House, we had from the Honourable Members concerned a description of the condition of the country which, however, does not at all tally with what we see all around. We had the rosy picture of prosperity in all directions,—prosperity in the Railways, prosperity in trade returns, prosperity in the yield of Income-tax, prosperity in the Excise Revenue, prosperity all round. They hold that it is reflected in the budget proposals that they have brought before this House. Sir, this view of the commercial prosperity of India is being mooted in this country not for the first time this year but it is being done for a number of years past. The first time I came into this Assembly in 1935, the then Finance Member held that though India had passed through a period of acute economic depression with the rest of the world, she had turned round the corner and she had actually entered upon a new career of financial recuperation. That was his first budget and that a surplus one. But, Sir, all he had to say in explanation was, though he was conscious that Government had not taken any initiative to arrest the steady deterioration of Indian financial position it must have been due to India's wonderful power of recuperation. That was the explanation given.

Sir, this Government seems to be a great believer in repetitions. They think that if they constantly din into our ears that there is prosperity and prosperity all round, some day we might come actually to believe in it. But those of us who come from the country and are in touch with its masses and middle classes, know the appalling poverty, the indescribable misery and hardship in which they live. When we read the budget proposals such a statement from the Honourable the Finance Members sounds to us as a mockery. The statement of India's financial prosperity seems to receive support from another agency of theirs, namely, the Reserve Bank of India. We read in the address of the Governor of the Reserve Bank of India the following:

"India is remarkably in a strong position both from the point of view of Government Finance and of Industry. Agriculture is still lagging behind. India's financial position is still very sound and there is no reason to anticipate any unnecessary stringency of money or curtailment of credit."

But while here we have got this kind of picture, it is curious, Sir, that in his report to the members of the Central Board of Directors for the year ending the 31st December, 1939, the Governor of the Reserve Bank has to

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say something different about the financial condition of this country. He observes:

"In India, as in Great Britain, the growing tension in the international situation militated against any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as, a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as, jute and sugar. To this was added the depression in the prices of wheat and cotton and the difficulties of the cotton textile industry, which has been experiencing one of its worst slumps owing, among other reasons, to overproduction and the increased cost of labour."

Sir, this creates in us a feeling of utter bewilderment. To me it appears that the theory of India's progressive prosperity has been deliberately propounded in order to demonstrate to the world that the stewardship of these bureaucrats is quite all right and that under their control and management finances of India are making a steady headway. Sir, if one scrutinises the budgets that have been presented to this House during recent years, one feature that must arrest the attention of every sensible Member is that the anticipations in the budget do not generally turn out correct but they always err on the side of excess perhaps of caution. What I mean is this: that if they anticipate that they will be getting five lakhs under a certain head, actually it comes to eight lakhs, and at the time of explaining this excess in receipts it is said that it is due to prosperity or that they did not expect the prosperity to go as fast as it actually did. Sir, this has been the policy of this Government. I will illustrate what I want to say more fully by reference to the Budget. I will only refer to certain portions of the Budget speech of the Honourable Member. A casual glance at the Budget figures would indicate that they are drawn up, not with the meticulous care which the importance of the subject demands but in a somewhat arbitrary and slipshod manner without a close calculation of all the reasonable probabilities and chances of the situation. Take, for instance, their estimates of the financial year 1938-39 which are embodied in the budget proposals here. The Finance Member says:

"In our revised estimates for that year we had expected to end with a deficit of Rs. 2.65 lakhs, but in the event this proved to be no more than Rs. 64 lakhs."

The Honourable the Finance Member has already been out by two crores. He goes on:

"This unexpectedly satisfactory result was due to an improvement of Rs. 1.51 lakhs in revenue and a reduction of Rs. 50 lakhs in expenditure."

Why could he not anticipate this when he was preparing the budget, — that he will be in a position to make a reduction of 50 lakhs in expenditure? What is the use of giving a figure which proves wholly wrong even before the year is out? Take, again, the revenue side. This is what he says:

"On the revenue side the yield of Customs and Central Excise Duties improved considerably in the last months of the year, by 37 and 41 lakhs respectively, while Taxes on Income produced as much as Rs. 1.24 lakhs more than our revised estimate."

But, Sir, the Honourable the Finance Member himself seems to have been struck by this wild range of variation in this case and he has sought to put up an explanation like this: "Well, it is a very difficult thing. We are going to set up a machinery by which accurate statistics will be collected in future and we shall then be able to get correct figures." For the time

being, we have to be content with things as they are. If you proceed further with the Finance Member's speech you will find that this year Government expected a very small surplus of Rs. 8 lakhs, but it turned out to be a very big surplus of Rs. 508 lakhs though, of course, the war intervened in the meantime and entailed additional expenditure which has been met out of this surplus. Now, it cannot be contended that war alone brought in the heavy import Revenue. As a matter of fact the estimated yield from the import duty on sugar far exceeded the expectations of my Honourable friend, the Finance Member, and war had little or nothing to do with it. Last year when the excise duty on sugar was enhanced and the figure of income was put at that, we protested that that was an abnormally low figure and that far greater imports were expected, but no heed was paid to that. It has now been found that the import duty on sugar has far exceeded the anticipations of the Honourable the Finance Member. And he has no explanation to offer.

Let us now take the Posts and Telegraphs Department. He says:

"Although we had expected to close the year with a small deficit, the present indications are that we shall actually have a surplus of nearly 86 lakhs."

That is another glowing illustration of the way in which the budget figures are arrived at. He expected to close the year with a deficit but came out with a surplus of 86 lakhs.

The Honourable Sir Jeremy Raisman (Finance Member): We did not budget for war.

Pandit Lakshmi Kanta Maitra: I know that will be a handy and an omnibus excuse for covering all your misdeeds, both of omission and commission.

The Honourable Sir Jeremy Raisman: It is a very big accident.

Pandit Lakshmi Kanta Maitra: But it passes my understanding how war can bring in this kind of profit in the Postal Department. Is it seriously contended . . .

The Honourable Sir Jeremy Raisman: Very seriously contended.

Pandit Lakshmi Kanta Maitra: I can understand that in the Telephone Branch of the Postal Department there might be a windfall because of the rush of telephone calls from the speculators and there might also have been a rush on the Telegraph Branch by commercial people who had to communicate with the business world.

The Honourable Sir Jeremy Raisman: The large surplus in the Posts and Telegraphs Department was entirely due to the war.

Pandit Lakshmi Kanta Maitra: I demur to accept the view be that as it may, the fact remains that no figures relating to the matter in issue have been placed before us by any Member of the Government Benches. For instance, we do not know the actual income of the Posts and Telegraphs Department up to the month of August, nor do we know what has been earned by the same Department as a result of the war, in the months

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following the month of August. No data have been placed before us and we cannot jump to that kind of conclusion, to which my Honourable friend would like us to do. My point is, that the policy of the Government has been to indulge in an under-estimation of yield from important sources of revenue, and when they prove incorrect, to come forward with all manner of fantastic explanations.

We have protested against this policy and we have pointed out that it is not a sound policy. If you pursue that policy, the inevitable result would be that people would refuse to have any faith in your budgetary estimates and they will not take you seriously. If on every item, as I have pointed out, you are out not by a few thousands but by lakhs and crores, then what is the use of having such a budget and of basing all your calculations of national economy on that? The idea seems to be, as I was saying, that somehow or other they want to show to the world that India has a balanced budget and has a sound economic position. When the yields actually register heavy increase, they come forward with the story that there must have been prosperity going all round during the interval. I admit that there has been prosperity, but prosperity only of certain people who are in the high ranks of service. Every year they get increments. They are being benefited even by promotion and by transfer from one Department to another. I am sure this war will give them many more additional advantages. Government have not brought forward any proposals for the retrenchment of their heavy salaries. So, prosperity is there, but it is the prosperity of only a microscopic section of the country and it is not widespread. Sir, this is one kind of financial jugglery to which the House is now getting more and more accustomed. The financial policy that is being pursued by this Government, particularly in the budgets, after the outbreak of the war, seems to be dictated by one and only one purpose, namely, how best India can be exploited for the purposes of the war. In fact, the Honourable Member puts the whole thing in a nutshell when he says:

"The full utilisation of India's resources is an important element in ensuring the victory of that cause on which alone rests the hope of our civilisation."

I do not grudge the Honourable Member that feeling but what I myself feel is that if the civilisation of the whole world is to depend largely on the exploitation of the resources of my country it will be a very poor comfort indeed to me and to my people. You want us to be bled white so that the world may have its civilisation. It will be very cold comfort to the poor masses, the men behind the plough, the men in the street, that, after all, they shall have to behave like sheep to be mercilessly shorn in the interest of others. You cannot create any enthusiasm in them by saying: "Do not mind all these trouble and tribulation for Poland will some day have to get back its freedom or Finland will get its liberty restored." This kind of argument will not reassure our people nor will this prospect of restoration of lost freedom of others console them in their troubles and travails which the reckless fiscal policy of the Government has involved them in.

Sir, we know that in Great Britain and France they are pursuing policies of rigid economy and they are harnessing everything to the cause of the war so that they might win. India has been taken by surprise in this war in the declaration of which she had no voice, and without even being

shown the formal courtesy of consultation she has been made a belligerent country. India is making her war efforts, both voluntary and involuntary. I submit that the way in which the Government are receiving involuntary, unconscious, unconditional and unrecognised contribution from India is not fully appreciated by Honourable Members of this House. Ever since the declaration of war, a series of measures have been taken by this Government and I need hardly say that in this matter also neither the Legislatures, nor the commercial community nor any responsible public opinion in this country have been consulted. The inevitable effect of this will be to cripple trade and industry of this country and to bring about its virtual ruination in the course of a few years. Sir, the Government have enforced a number of measures whose sole object is to make India the principal country for the supply of raw materials for the Allies at the cheapest possible rates. With this end in view, they have issued all sorts of orders, they have imposed all manner of restrictions on shipping, they have inaugurated price control, they have introduced exporting licences to people who will be engaged in the business of exporting commodities, they have imposed restrictions on shipping of raw materials by private shippers outside India. They have appointed a Controller of Indian shipping. This controller is not an Indian. He was not appointed in consultation with the Indian mercantile community. In his appointment not a single responsible Indian public man or body was consulted. He has been put in charge of shipping and his duty is to see that 70 per cent. of the tonnage available is earmarked for the despatch of raw materials to His Majesty's Government in the first place and the balance of 30 per cent. is available for private shippers for despatch of merchandise to other countries. That also is not fully available to them. Out of that, 25 per cent. will be reserved for those goods which are in the United Kingdom priority list. After that is disposed of, there is only five per cent. of tonnage left for private shippers to ship their commodities to foreign countries.

May I ask why when such a step was taken the Government did not consult Indian mercantile opinion? Have the Government so far done anything to help the Indian shipping interests? Have the Government encouraged in any way even such a modest demand as the reservation of coastal shipping to Indian Companies for which my Honourable friend, Sir Abdul Halim Ghuznavi, has been pleading in season and out of season? They have done nothing of the kind. They have shown cold shoulder every time such a demand has been brought forward in this House. It is only after a long period of ten years and more that India now gets an opportunity of recouping her losses. As a result of the war in Europe, India may now be able to despatch her goods to countries outside, but she is very much handicapped in this. Then, Sir, there are also the exchange restrictions which stand in the way. Against such odds, India has to contend. The Government have established shipping licence agents, in other words, for exporting articles from this country, export licenses have to be taken and we can well imagine how these export licenses are granted. Added to all these difficulties, the recent further restriction enforced by the Government of India with regard to export of jute and manufactures of jute and rubber will tend to impede the flow of Indian trade and industry. As regards these, shippers have to produce the receipt of payment before they can be shipped outside. We can easily understand what the underlying object of all this is. The object is to ensure that Indian raw materials may not reach enemy countries in any way. In other words, the

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Government are very careful that any leakage in the blockade of the Allies against the enemy countries is effectively checked. But in effect they have closed the outlet for Indian raw materials to countries which are favourably disposed to India and which have been India's best customers. They have thus alienated the sympathies of the rest of the world from India with the result that India is impoverished and there is sluggishness in the demand for Indian products.

Sir, I think it will not be denied by the Honourable the Finance Member that though during the early months of the war, as he himself admitted in his budget speech, there was a great demand for Indian commodities outside India, that demand has now died down. I can give the House the figures which go to show that the exports have dwindled to a considerable extent. In the four months from September to December 1938 linseed was exported to the extent of 119,723 tons, but in the same period in 1939, it dwindled down to about 48,985 tons. Groundnuts, from 2,93,984 tons during the same period in 1938 dwindled down to 87,959 in 1939. The total of oilseeds during the same period in 1938 was 3,98,557 tons and it dwindled down to one lakh 67 thousand tons in 1939. Export of Raw cotton was one lakh 45 thousand 587 in the said period in 1938 and in 1939, it was one lakh 10 thousand 126. Export of raw jute in 1938 was 2 lakhs 86 thousand 148 tons and in the same period in 1939, it dwindled down to 2 lakhs three thousand 325 tons. I have given comparative figures of export of a few commodities only. But from this it will appear that there has been an appalling decrease in exports and though there has been a growing demand from foreign countries for these products, especially from non-empire countries, India has not been able to despatch them to meet that demand and the result is there has been an accumulation of stocks in the country and the consequent fall in prices. It does not require a very great economist to understand the net result of this position of things. Sir, by the accumulation of these heavy stocks, the agriculturists have been hard hit. Owing to the advent of war, all countries not directly involved in it have been exerting their utmost to utilise the situation to rehabilitate their finances. It is only natural that India also should utilise this opportunity to the fullest extent and recoup herself as best as she may but this she finds herself unable to do owing to the interference of the Government. Sir, the prices of raw materials have fallen abnormally during the last few months owing to the manipulation of Government. In December 1939, the price of cotton per candy was Rs. 882.

The Honourable Sir Jeremy Raisman: What was it in August?

Pandit Lakshmi Kanta Maitra: It may be have been a little less.

The Honourable Sir Jeremy Raisman: Less than half.

Pandit Lakshmi Kanta Maitra: But in March, 1940, it is 260, thanks to the introduction of the Excess Profits Bill and the promise you held out to the country.

The Honourable Sir Jeremy Raisman: That is still 60 per cent. up.

Pandit Lakshmi Kanta Maitra: No, it is not so. And the price of wheat was Rs. 5/8/6 per maund in December, 1939, and in March, 1940, it is Rs. 4/9/-. The price of ground-nuts was Rs. 49 per cwt., in December, 1939 and today it is Rs. 39/6/-. Linseed was Rs. 9/15/- in December, 1939, and in March it is Rs. 7. I find there is laughter on the Treasury Benches; I do not know if there is any desire to challenge my statements.

The Honourable Sir Jeremy Raisman: We do not want to challenge the figures. We are merely interested, to put it mildly, because the Honourable Member has taken the peak of all prices as his standard.

Pandit Lakshmi Kanta Maitra: I have to put my case in my own way and if there is any case on the other side I am prepared to meet it. But smile or laughter is no substitute for argument. I am quoting statistics and I am glad to see that the Honourable Member admits them. But his grievance is that I am quoting the peak figures. My position, however, is that if the prices of the Indian commodities were at a higher level that should be a source of joy to the Finance Member because he would be able to reap the harvest. But because it is not the case and because the accuracy and implications of the figures are going home, he is getting fidgety. At the outbreak of war, I am prepared to admit with the Finance Member, there was some spurt in industrial and agricultural activity. And if they had allowed the country to carry on for at least six months more it could have stabilised itself and recuperated the loss which it had sustained in the ten years of terrible depression that immediately preceded. I am sure the Honourable the Finance Member knows how in Great Britain they recuperated their position. After the Munich surrender, Great Britain entered on a vigorous programme of rearmament which helped her to completely rehabilitate and improve her economic position and bring about all-round prosperity. Was there any such thing in my country? We Indians could not anticipate that war would break out on the 4th September. Therefore, in the nature of things, with the outbreak of war, there was bound to be some industrial and agricultural activity. But you did not allow them any breathing time and rushed at them with the Excess Profits Bill. The result was that as soon as it was introduced and people came to know of it and learnt that 50 per cent. of the profits were going to be snatched away, overnight the prices dwindled down. That has been the position, and from that position it will be difficult for industry and agriculture to recover. My Honourable friend, the Finance Member, in the course of his long budget speech, was careful enough to see that not a single sentence was introduced there about the industrial advancement of this country. In his whole speech you do not find a word of encouragement to the industry, trade and agriculture of this country. When every country in the world during the war is trying to become self-contained, here in India we expected the Finance Member to come forward with a definite scheme for promoting or encouraging new industries in this country; but it is notoriously absent in his speech. Sir, does the Finance Member or his smiling colleague know that as soon as the war broke out ordinary chemical commodities which are in daily use in this country, things like bleaching lime, were completely exhausted and were not to be had anywhere in India? Hospitals, dispensaries, municipalities and district boards all clamoured for the supply of bleaching lime.

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but it could not be had because we could not get supplies from outside. And you never took it into your heads to see that these things were manufactured in this country. Take the case of caustic soda, soda ash and potash which are largely used for the manufacture of soaps, and other articles. There is no factory here to manufacture them. Have you taken any steps to see that India may not have to close down her glass and soap factories for want of these basic materials?

While taxing this country, they have been pursuing a policy which is shortsighted and suicidal. If alongside of the taxation proposals the Finance Member had put in one or two small measures for the economic amelioration of this country he would have won glowing tributes from Indians. I know they can do without them, without any tributes from us they can carry on merrily. They have got their political Baptism from their political *gurus* at White Hall who have taught them that the dogs might bark but the caravan would go on. Sir, a sound financier who is in charge of the exchequer of a country should realise the economic needs of the country and protect and promote the interests of trade, commerce, industry and agriculture, if he is to do his duty honestly and properly. Otherwise he may win the applause of his admirers but he will not win the confidence of the country. Sir, I do not mean to address these words to my Honourable friend, the Finance Member, in person. He simply represents a principle or a policy which he has inherited as a legacy from his predecessors in office and which he cannot shake off. But I say that he should have, in his first budget, made some departure from the old beaten track if he wanted to enlist the country's sincere sympathy and support in the war. While asking the country to make sacrifices for the purpose he has in view, he should have made a gesture by which he could have won the hearty co-operation of the people which he has not done.

Sir, during the debate on the Excess Profits Bill which was passed into law the other day there was a lot of discussion on the probable repercussions of the measure on the trade and industries of this country. But whatever may be the fate of the trades and industries, one great thing which staggers is the steady economic stagnation that has set in among the masses. For the purchase of raw materials at the cheapest possible rates without Indians coming to know of or perceive it, without having any acknowledgment to make for it, Government have appointed liaison officers in several parts of India. A number of such officers has been appointed in Northern and Southern India but not one of them is an Indian. They did not think it necessary to appoint a liaison officer with direct, thorough and first-hand knowledge of Indian conditions. Was it impossible for Government to find out one or two Indians to act as liaison officers? And what are the functions of these officers? We do not know; it is a sealed book to us. The way in which these officers are reported to be functioning reveals to us a state of things which no one who has the love of his country at heart can view with equanimity. They have not got to pay the excess profits tax or any tax whatsoever. They get into direct touch with producers and the agriculturists and purchase materials at the lowest prices. My grievance is that it is not only they who are purchasing these for their own war, but even countries, other than Britain, are taking the fullest advantage of this and they are also purchasing my country's produce at the minimum. I say that the joint and cumulative

effect of all this is to ruin my country financially, and for this policy my friends over there are responsible. The taxation on sugar and petrol is bad enough: but they are the two articles which seem to have engrossed the attention of my countrymen more than these other matters. Sir, I feel that all this will result in the lowering of the prices of commodities to an abnormal level, decreasing the purchasing power of the people of my country and bringing about complete dislocation of India's financial structure, from which it will be very difficult for India to recover even in a decade after the war.

I will, now, say a word or two now about the taxation measures. My Honourable friend, Mr. Ramsay Scott,—who is not in his seat now—made a very valuable contribution to the debate on sugar. It was a highly informative speech, full of facts and figures, and he put the case of the sugar industry in an admirable form. He proved almost to demonstration how the industry had already been hard hit and how it would be further affected by this proposed taxation. We have often expressed our appreciation of the Government inaugurating a policy of discriminating protection; but it seems that after that policy was put into practice, a period of recanting followed. My Honourable friend's predecessor in office was a rabid freetrader; he had no faith in the doctrine of discriminating protection, far less protection; and sugar, which is the second greatest protected industry and the second largest industry in this country, came in for hammering at the hands of the Finance Department on several occasions in the past. The result is that the excise duty today stands at the figure of Rs. 3 per cwt. It is infinitely better not to give an industry any protection at all, than to give protection in a halting and half-hearted manner. It is hardly fair to allow an industry to grow under the policy of protection and then give knocks on its head year after year. Not knowing how long they are to be protected, not knowing their exact future position, the sugar mill owners have been carrying on manufacture of sugar and have already invested several crores of rupees in the industry. How can it stand now the heavy duty of Rs. 3? Has not its deadly effect been realised in the customs returns of last year? What is the position today? Indian sugar is suffering from over-production: Java sugar is also suffering from over-production, but Java can manage to dump her sugar into India: and if Java can do so, in spite of the countervailing duty which the Honourable Member has imposed, what hope is there for the Indian industry? We know that by a convention you have prohibited Indians from selling sugar abroad. You did that the year before last. We had an exportable surplus, you closed the markets of the world against us by a convention. No elected Indian gave his approval to it. India happens to be the second greatest sugar producing country: and the industry which she has built for herself without any State help—only under the aegis of discriminating protection—is now going to be ruined . . .

Dr. Sir Ziauddin Ahmad: Thanks to the Provincial Governments in two provinces!

Pandit Lakshmi Kanta Maitra: Thanks to the Provincial Governments on the one hand and thanks to the Central Government on the other which led the way. It is the Central Government which showed the way—I hope my Honourable friend will admit that. If the Central Government had not imposed the excise duty, the Provincial Governments would never have taken it into their heads to fix the prices of cane. So, in between

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the pressure of the Central Government for revenue and, the inordinate anxiety of the Provincial Governments for the cane-growers, the industry has been so squeezed that it is going to be smothered out of existence. To an Indian interested in the country's economic advancement it is a very distressing sight. We know that in this thin House it will not be possible for us to do anything to save the industry. But our experience has been that even when the House was full and motions regarding this sugar duty were passed by it the process of certification over our heads was always there. My Honourable friend, the Finance Member, is particularly fortunate this year in that he will not have to get his Finance Bill certified. It will be the first time in the history of the Assembly of the last six years that the Finance Bill of the Government of India will be passed by the Legislative Assembly. That may be a glory: that may be a victory of which one may or may not feel proud: I am speaking more in sorrow than in anger that our own vital industries like this do not have the protection of the Central Government. Could not the Government select any other article for taxation? They could have. I We never thought that sugar would again be selected for this impost. Sugar will now have to shift for itself.

It may be said that petrol duty is a tax on the rich; but those who know the part petrol is playing in the economic advancement of India will demur to accept the view that petrol is an article of luxury in India. If petrol is an invaluable commodity for war, petrol is equally invaluable for industry and for ordinary existence.

An Honourable Member: It is inflammable!

Pandit Lakshmi Kanta Maitra: Inflammable it is, but with its inflammable character it has also its character of great utility. The motor transport industry, which is meeting a very great want of this country in the rural areas and areas not served by the railways, will be very hard hit by this taxation. Of course, it has been done to line it up with the policy of the railways where there has been flat increase in the rates by 12½ per cent. The net result of all these measures will mean economic ruin for my country.

I have many more things to say, but time is pressing. I will, however, address only one or two remarks to my Honourable friend, who has been laughing all along—Sir Gurunath Bewoor.

Sir Gurunath Bewoor deserves well of us for his very able administration of the Posts and Telegraphs Department. He has been able to manage his Department in such an able way that today it is calculated that the profits of his Department would come up to 86 lakhs of rupees. My one great grievance against him is that as he is getting bigger and bigger he is becoming more and more irresponsible to our demands and to our requirements. I do not know why my Honourable friend is hiding his face.—I can't see his face from my place here. I find my Honourable friend, Mr. Sanjiva Rao, is shielding him. But, Sir, if my Honourable friends have carefully studied the postal finances of the last four or five years, they will find that this branch of the Communications Department has been making very steady progress. From 1935 onwards, this Department has not only ceased to be a liability which it used to be,—thanks to the manner of presentation of matters by my friend and his Department,—but it has

become admittedly a paying and popular department, a department with which we have the least quarrel, and in the successful administration of which we have always accorded our friend, Sir Gurunath, our heartiest co-operation. Of course, our co-operation has always been coupled with criticism, sometimes pungent, in his opinion, but let me assure him that our criticism has always been of a constructive character. My friend used to plead a very tall excuse of lack of funds, whenever there was any demand from our side either for reduction of postage rates or for some amenities or for better postal facilities or for some provision for amelioration of the lot of the vast body of poorly paid postal people that work under him. He used to point to me the colossal arrears of three crores of rupees sitting as a dead weight over his small head. It is a small head, but with a big brain. Sir, today the deficit of three crores has been wiped off. I have got figures before me, and as a student of postal economics, I have often felt amused at the manner in which Finance Member after Finance Member has disposed of this highly complicated subject. They expected a deficit this year, but it turned out into a big surplus, and my friend, the Finance Member, while expressing the hope that the Department expects to cope with the increasing traffic said: "It is gratifying that the Department expects to cope with the increased traffic". He has several times interrupted me in the course of my speech and has asked me to accept his view, that during the war the work of the Department of Posts and Telegraphs has been far too heavy and all the increased profit has been due to the war. Notwithstanding this heavy increase of work, my Honourable friend expresses the hope,—and I am quite sure it is a well-founded hope,—that his staff will be able to cope with the extra work, but at the same time keeping the expenditure within the sanctioned grant. In other words the work will be much heavier, the income will be far greater—increasing the anticipated receipts by nearly a crore,—but mind you, without giving anything extra to the underpaid staff. I don't say that because you are making more money this year you should make a free gift of it to the people, but my friend, Sir Gurunath Bewoor, knows more than anybody else here what are the grievances, the multifarious grievances of the people working under him in the postal and R. M. S. Department. On a recent occasion I had to give a public expression to them; my friend knows it. This was not the first time I have done so. I have been associated with the Postal unions for a number of years, and if Sir Gurunath can count on one who is a sympathetic friend of his Department, who has always offered him helpful criticism and co-operation, perhaps he will not hesitate to concede that it is my humble self. I have seldom pestered him with interpellations on the floor of this House. If I had chosen to do that, I could have made his life miserable, but I have never done it; I have always believed in negotiations with him. I believe that the staff working under him should be a contented lot, and they should have their grievances removed. From 1935 onwards this Department has been earning a surplus till it has reached the peak figure this year, and the House perhaps does not know that all this steady progress, the crescendo of income has been possible in spite of the extravagances of which this Department is guilty,—I say these colossal extravagances—thank God, the war has given us at least one benefit, the All-up-Air Mail Scheme—and many other fantastic schemes which might have been racking their brains must have disappeared before the spectre of war. I would now appeal to him to take into consideration the miserable lot of the poorly paid new entrants in the services.

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A Department which makes a profit of 86 lakhs could easily set apart a few lakhs for ameliorating the lot of those whose loyal devotion to duty earned for the Department this huge profit. I know in his departmental reports he has paid very glowing tributes to the postal staff. The Honourable Member for Communications has also paid a similar tribute in equally glowing terms. Sir, it has now become a fashion for the bosses to pay tributes to the staff, but mere wordy tributes will never fill empty stomachs. My friends over there ought to remember that. If Honourable Members in charge of that portfolio were paid small salaries like Rs. 200 or Rs. 300 a month and if every day we gave them fulsome praise for their work, they would have realised whether that surfeit of praise would be a proper substitute for promotion or emoluments, whether handsome compliment would by itself make up for their meagre salary.

The lot of extra departmental agents who are said to be "not whole-time servants of Government", but whose number is about two per cent. of the total strength of the Department is very miserable. They have to do all manner of jobs on a pittance of Rs. 10 and Rs. 12 a month. It is a most disgraceful state of things I should say. And my friends' pet reply is that if we could get the proper type of people for the salary we offer there is nothing wrong in it; but, Sir, on the very floor of this House about a month ago we heard a high flown homily on the removal of social injustice. Please do not forget it so soon. It was propounded with eloquence by the Honourable the Finance Member from within a yard of the seat which Mr. Bewoor is occupying now.

An Honourable Member: Sir Gurunath.

Pandit Lakshmi Kanta Maitra: We congress people are not accustomed to address one as "Sir". "The rose by any other name smells as sweet", and I hope my Honourable friend, Sir Gurunath, will not mind if I sometimes forget to associate him with the Knighthood.

Mr Chairman (Mr. M. S. Aney): The Honourable Member has already taken one hour.

Pandit Lakshmi Kanta Maitra: I will close in a couple of minutes. I have very many things to say about the Postal Department, but as you have pulled me up, I do not want to take any more time of the House. All I say is that the Finance Bill of this year and the budgets that preceded it, have placed India under such tremendous strain that we apprehend that India may not be able to bear, and she will take many long years to recover from the blow that has been dealt to her trade, industry and agriculture. Even after the Finance Bill is passed, if it is possible to mitigate the rigours of the measures which have been introduced, that may go some way towards easing the situation, but if the policy as I have described is vigorously pursued, a policy of subordinating every consideration to the one supreme object of draining away the resources of this country regardless of our own needs, regardless of our economic conditions, and regardless of the interests of the people of India, then ruin is writ large on the face of my country.

Dr. Sir Ziauddin Ahmad: I have heard many speeches by my Honourable friend, Sir Abdul Halim Ghuznavi, and he is always at his best when there are interruptions. But, unfortunately, his friends are all absent and so he could not be at his best because there was nobody to pull his legs when he was speaking.

I heard the reply of my Honourable friend, Sir Girja Shankar Bajpai, but there are two points which he omitted when replying to my friends Mr. Piracha and Sir Abdul Halim Ghuznavi. The one which was made by Mr. Piracha was that Ibn Saud's Government fined the Moghul Line Company one thousand pounds on account of the insanitary condition, and overcrowding of the ships allowed by the Government of India. My Honourable friend, Sir Girja Shankar Bajpai, has not said whether it was or was not correct. The next point which he did not deal with, and which I asked repeatedly on the floor of this House several times—that was that there is always separate room for passengers and for goods in every boat and when "Rahmani" was about to sail from Calcutta, she no doubt had space for cargo, but at the same time she could also take some passengers if the Government of India had pressed them. However, I leave these things and I now come to the main question.

Sir Girja Shankar Bajpai: I would just like to give my Honourable friend information on that one point, namely, the fine of £1,050 alleged to have been levied from the shipping company. If the fine had been levied, we are pretty certain to have heard either from His Majesty's representative at Jeddah or from the shipping company. We have not heard from either of them.

Dr. Sir Ziauddin Ahmad: That is rather important. It was necessary to deny that statement because it was made on the floor of the House.

The budget proposals are very modest and I shall briefly refer to them at the present moment. One is the increase of petrol duty by two annas. This was a thing which we had expected; as it is really a consequential proposal to the one made in the Railway Budget to raise the fares and rates by 6½ per cent. and 12½ per cent. When these rates were raised by the railways we, naturally, expected that there would be an increase in the petrol duty as well so that we may not place the road in a position of advantage as compared to the rail. In this connection I will tell an anecdote to my Honourable friend, Sir Andrew Clow: While proposing this rise in rates and fares my Honourable friend thought that there was general prosperity everybody was being benefited, there was the excess profits duty, and he said to himself, why not the railways also be benefited on account of this prosperity? There was a groom who went to his master asking for an increase in his salary. The master told him to ask for increment when he found him happy and laughing. So, one day the whole stable was on fire, and instead of extinguishing the fire at once, the groom went to his master for permission to extinguish the fire. On hearing this the master laughed, and the groom immediately asked him for an increase in his salary reminding him of his promise before. Sir, our house is on fire, we are in the middle of the war, we are all having privations, but my Honourable friend misunderstands it like the groom, as a sign of happiness and cheerfulness, misunderstands the occasion and raises the rates and fares by the proposals which he has made.

Now, let me come to sugar. My Honourable friend, Mr. Ramsay Scott, gave a little story, and I shall give a little anecdote on sugar. There was

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a gentleman from Central Asia who came to India and became the Governor of Rohilkund. This is a true anecdote. Then some of his relatives in Central Asia wanted to pay a visit to him. They considered what present would be a suitable one for their relative as he was the Governor of a Province. They thought of carpets, but said that carpets were owned even by poor people and, therefore, it was not a suitable present. They thought of fruits from Kabul, but they gave up that idea also. Then they came to Peshawar. There they saw a big cake of *gur*, and said, "Here is something which is very novel. This will form a suitable present for our governor relative". They bought a cake of *gur* and wrapped it up in one cover, over it another cover, over it still another cover, and so on. When the governor opened the bundle he found it was a cake of *gur*. Then he asked his servants to take his relatives to the place where the cakes of *gur* were stocked in the house. The relatives were surprised to see a big mound of *gur* cakes and told their governor relative, "You are a very rich man. You have cakes of *gur* on each side of the bed when you sleep, you will be eating *gur* each side when you turn in sleep".

"Jab udhar karwat ki, udhar munh mara, jab idhar karwat ki, idhar gur khaya."

This shows clearly that India was really the birth place of sugar and its sugar was famous all over the North-West Province and Central Asia.

Now, I shall deal with subjects connected with the Finance Department. I was reading an article the other day on Niemeyer award published in the latest issue of the *Finance*. I think the writer did not appreciate certain points. The Niemeyer's Award was essential at the time when this convention was arrived at. Since then certain things have happened, and the convention does not hold good. In the first place we know that the railways are paying their contribution which they were not doing in 1935, on account of the revival of trade, and the trade depression is not so acute now as it was in 1935. On account of the depression in trade which resulted in a loss in income-tax collection and on account of non-payment of the contribution to the general revenues by the railways, Niemeyer came to the conclusion that the Central Government ought to keep 13 crores to themselves and the balance should be distributed among the provinces. Now, the third factor which has now become very important is the war condition. On account of war conditions, the expenses of the Central Government have gone up and the expenses of the Provincial Governments, on account of certain political happenings, have now gone down. Therefore, considering all these events it is very desirable that we should reconsider the whole position. We know that necessity is the mother not only of inventions but also of conventions and, therefore, if there was necessity to have some kind of convention in 1935, the circumstances have changed and the conventions must also change. Therefore this thing cannot hold good in 1940 and it should be replaced by another convention on the allocation of the shares of the provinces *vis-à-vis* the share of the Central Government.

I should like to say a few words about the Standing Finance Committee and the Estimates Committee as well. An Estimates Committee, during war time, is almost an impossibility. No person can make any estimate of the expenditure for the current year as we do not know what would be the conditions of the war. Therefore only the Standing Finance Committee is possible at the present moment.

There are some points which I should like to press and that is that we should make every effort to conserve the resources of the country. Now, we know that gold is the only currency which is recognised during the war and we should make every effort to see that we keep in India sufficient stock of gold as it may be required at any moment during the war. The other thing which I pressed last time and which I press today is that we ought to make every effort to attract the small investors by giving good prospects in the form of Post Office Cash Certificates. The present prospects are not good enough and I request the Finance Member seriously to consider whether he can allow 4½ per cent. on these certificates which is not too much because 4½ per cent. will really mean in practice about 3½ per cent., as we do not pay for the whole year and taking everything into consideration and taking the figures for the last 25 years we will find that 4½ per cent. will work up to about 3½ per cent. and, therefore, if we can issue the Cash Certificates at 77-8-0 or about, subject to the ordinary restrictions that no one should have more than Rs. 10,000 at one time, we shall be doing a great service to the smaller people. It is very desirable that the smaller people should have some kind of interest in the financial stability of the country. If all these people are interested in the financial stability of the country by having their own money invested in post office certificates it will itself be an asset to the stability of the country during the war. Therefore in matters like this, it is absolutely essential that we should attract the smaller people to take interests in the prosperity of the country and to the stability of its financial position.

Now, as regards the Excess Profits Tax, we have passed the Bill. We have given concessions and I am not going to repeat them today but, at the same time, I hope that the Government will watch that the profits realised during the war should not be squandered owing to giving large dividends to shareholders as was pointed out by the Honourable the Finance Member the other day. They should not give very large dividends but they should conserve their profits to be utilised by them during the depression which is sure to follow immediately after the war.

Now, I do not propose to repeat what I have already said but I would suggest a few points which the Finance Member may keep in mind. I have repeatedly mentioned here on the floor of the House those points so much so that:

"Gufta gufta man shudam bisyar go."

By repeatedly telling this, I have got the fame of talking too much.

My friend may keep in mind that there are certain sources of income which he should like to derive from his Honourable colleague,

The Honourable Sir Andrew Olow (Member for Railways and Communications): Our railways are going to pay more than half their profits to the Government.

Dr. Sir Ziauddin Ahmad: That is one per cent. of the capital at charge. I am coming to that point. I have been pressing that we are depositing 4½ crores too much on the depreciation fund and I hope that in his leisure hour the Honourable the Finance Member will look into the matter and the point which I should like to press is this, that this basis of 1/60 is entirely wrong. They have an over-capitalised value of their assets. It is like my old pair of shoes which was bought originally for 11s. which has been resoled several times and the present value of it is estimated at 21s. The Railways are over-capitalised and you are charging depreciation on the over-capitalised value of the railways. If you charge at present on the true value of the railways which exists at present then I think you will come to the same figure which I have quoted. Then the second source from which his colleague can also make a contribution with perfect honesty is this and there is nothing wrong. According to the convention of 1924, the Railways have to pay an arrear of approximately about 38 crores for non-payment of their contribution during depression years. If you like I can tell you how much exactly it is.

They have to pay 37.74 crores as arrears, and it is the convention of 1934 session that they can deposit in the reserve fund after paying these arrears. Therefore, now that they have deposited about three crores in the Reserve Fund, please request the Railways to pay the arrears according to the convention of 1934. Here is an amount of 4½ plus three or 7½ crores to fall back upon in case a great emergency if it arises in connection with the War. This is one source of income which the Finance Member may keep in mind, but I do not want to press it immediately. There are certain fundamental principles laid down by Mr. Keynes. We should be ready for all kinds of taxation not only from Railways but every person who has a capacity to pay. He ought to pay for the successful prosecution of the War. Now, in this case, I just quote Mr. Keynes' three fundamental principles which can hardly be challenged:

"The first is that some contribution must be asked from all, save only those who are already on or under the poverty line. The second is that a graduated tax on wages is a much more equitable method of taxing the small incomes than any other that has been suggested. The third is that, if the wage-earner is to be heavily taxed, social equity would certainly be served and economic stability probably advanced by the issue of rights to future consumption."

It is on some such lines as that that the solution of the problem of war finances, if there is to be any orderly solution, will have to be found. He says that the excess profits on account of the war conditions in United Kingdom were estimated at 825 million pounds and he suggests a method by means of which 800 million pounds may come to the State. I, therefore, quote Mr. Keynes in order to impress that, in the case of War, every person who has got a capacity to pay ought to pay for the successful prosecution of the War and we should get ourselves ready if the War conditions continue for a second or even a third Finance Bill, if it becomes absolutely necessary; but I hope such emergency will not arise and I hope we will be saved from a second and third Finance Bills and my

friend, the Railway Member, will not have the unpleasantness to pay the amount which, of course, he badly needs in order to build up his reserve fund.

Sir, I next take up two important points dealing with the Department of Education, Health and Lands. The first is about the University of Delhi. In regard to this I tabled a cut motion on the general budget which, unfortunately, could not be discussed then. Though I am rather in favour of providing money for education, I would very much like that some kind of plan should be thought out before we make any commitments. Now, I first put this question. Is the University of Delhi a Provincial University for the benefit of the people of Delhi or is it an All-India University for the people of India and will take the problems of all-India interest? I assume first that it is really a Provincial University for the benefit of the people of Delhi. In that case, I think that it is a fundamental mistake to waste money on shifting the present colleges to a new site and attempt to make it a Unitary residential University. This experiment of shifting all the colleges to an out of the way place has been repeatedly tried at several places and failed. It was tried in Paris, it was tried in Berlin, it was tried in London, and it was tried in Calcutta. When I was on the Calcutta University Commission, we spent days and days to make out a scheme for transferring all the colleges to Manicktalla site and we found that such a scheme was impossible, and I am sure the same difficulties would be encountered in every big town. You cannot expect the residents of New Delhi to send their small boys between the ages of 16 and 18 to about 12 miles to the old Viceregal Lodge. Similarly, you cannot expect people living near Ajmeri Gate to send their boys to such a distance, especially when the transport facilities are not very good. This is, therefore, a thing which ought to have been thought out clearly and the expenditure to be incurred on shifting these colleges from their present position to the old buildings in order to have a teaching, residential and unitary University is as unnecessary as impossible in a place like Delhi. Moreover, there are no colleges outside Delhi which could be affiliated. But if the plan is to make it an All-India University which may be worth the name of Delhi—the capital of India—then the proposition is different. Then in that case they ought to establish a Department of Agriculture and all the research work now done in the Imperial Institute of Agriculture ought to have been done under the auspices of the University.

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

To this University can also be associated the Sugar Technological College at Cawnpore and we can have the experts from all over India in Delhi. If you want to make this Delhi University as a model University for the whole of India then I think you must have a plan by means of which all your research institutions should be moved to Delhi or at least associated to Delhi University. But if you spend your resources in shifting the colleges it would be a waste of money and ought not to be undertaken at all. This is a point which I repeatedly requested that you must first have a definite plan before committing yourself to anything. Unfortunately, there is no Committee to advise the Honourable Member on a scheme of this kind and, probably, the matter was not referred to any

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such Committee except that it must have been examined by the Commissioner of Education who committed himself beforehand as he himself is a member of the Delhi University Senate. Therefore, I do beseech the Government that even now they should make up their mind whether the shifting of the various colleges to one place is at all desirable in view of the fact that this particular system has failed repeatedly wherever it was tried. If the Government of India want to have a University worthy of the capital, then they will have to shift their Museums, Botanical institutions and so on, from various provinces to the Centre. Now I leave this subject and I do beseech that they would make enquiries about this point before making a definite proposal and spending money over it. I do not grudge the expenditure. The expenditure is justified but it must be spent according to a well-devised plan.

Sir, I wish to discuss just now only those points on which I will not have an occasion to speak afterwards. Now, Sir, I come to the question of competitive examinations. I wish the Honourable the Home Member were here to listen to my remarks in this connection. First of all I would like to quote a few passages from the Islington Commission's Report. On page 29, they said:

"We now turn to the case of India. Here competitive examinations have had a more chequered career than in England. The Public Services Commission of 1886-87 tentatively recommended their introduction for the executive branches of the civil services wherever the Government of India thinks it not inexpedient. The system was accordingly tried, but it was abandoned after a short experience."

Further on they said:

"It is true that it has never been, and is not now, exempt from hostile criticism, and we do not affirm that the written examination is an infallible or a final test of the best results of education."

I will quote only a small passage more:

"When schools and colleges there are improved, and when education is more equally diffused among all communities, it may well be possible to introduce a system of competitive examinations in India with the same good results as in England, particularly in those services in which a large number of appointments have to be filled, and where the candidates are young, and general ability rather than special qualifications are required. Meanwhile we are of opinion that, whilst competitive examinations should ordinarily be continued where they are now held, the time is not yet ripe for the general adoption of any such system."

Things have enormously changed since then and I would like now to develop my point about the Public Services Commission.

Before I discuss the competitive examinations, I would like to discuss as a background the general principles of examinations because, after all, the background is there on which the whole system is based. We know that there are three distinct methods of examination in the world. One is known as the English system of examinations which we follow in this country. The fundamental basis of this system is that the examiners and the examinees do not know each other and there should be a great secrecy about the whole examination. The second system is the German system, which is really the old Indian system, in which the examinee chooses his own examiners and then it is the duty of the examinee to call on all the examiners a day or two beforehand and discuss with them what he has learnt. Then, there is another system of examination which is French.

According to this system, every answer book is kept at a public place and anybody can go and look into the answer book and see for himself whether the marks are correctly allotted or not. In the oral examination any person can be present in the examination hall. There is no secrecy in the French system. The answer books are kept in open places where anybody can go and have a look at them and the oral test is really open to the public where parents and professors and teachers and men in the street can watch the oral test and the marks allotted to individual candidates. These are the three systems of examinations which are prevalent in the whole world and the system that we follow in our country is the English system. It has got several distinctive disadvantages which are really inevitable and which are inherent in the system. There exists a great uncertainty. I will also give one or two illustrations. There has been a good deal of discussion on this point among educationists and several books have been written on this subject. First of all, I will give an illustration which is quoted by Dr. Ballard.

This is what he says:

"In an examination in History in the year 1920, the papers were evaluated by six professors of History working as a panel. The candidates were required to get 60 out of 100 marks for a pass, and it was agreed that any paper which secured less than 60 marks should be circulated among the examiners in order to ensure fairplay to all border-line cases. One of the professors, who was exceedingly conscientious, began by writing out what he considered model answers to the question, but inadvertently his model answer-paper got mixed up with the papers of those whom he had ploughed and was sent round to the other five professors for their appraisal. His paper was read by them as a bona fide answer-paper of an examinee and some of his colleagues ploughed him, the marks ranging all the way from 40 to 80."

The subject was very carefully examined by Professor Edgeworth who has written several memoirs on the subject. Now, I will mention just a few of his researches. He had his papers in geometry where it is supposed that it is not possible to have much variation, he took up an answer book and sent it round to about 28 highly competent examiners, each of these highly competent and experienced examiners marked the answer book of a particular candidate. He found that the marks varied enormously. The minimum mark was 45 and the maximum was 100. Two of these highly competent examiners gave the candidate 100 marks, one gave him 99, another 88 till the number of marks obtained came down to 45. Now, the subject was again taken up by Mr. Kuppaswami, a professor in the Trivandrum Training College and his results are published in the Educational Supplement of the Hindu of Madras. He took up the answer book of a candidate whom he declared to be the first class candidate, also the answer book of another candidate described as moderately good, and a third candidate declared as poor and not capable to pass. These answer books were sent to different examiners and their marks are tabulated in this book and you will find that every candidate got all possible marks. Therefore, we find that the marks depend upon the personal equation of the examiner to whom they are sent. Why should we have all these vagaries of the examiners? If the marks depend upon the personal equation of the examiners, then do away with them altogether. Why not put the marks in a basket and pick them up by lot? What is the use of sending the answer books to the Examiner A with one kind of personal equation and then to another Examiner B with another personal equation and waste so much time? My friend, Mr. Aney, was rather surprised when I quoted the other day a passage from my book. Kuppaswami concluded that no justice will be done to the candidates if,

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instead of going through the answer books and giving them marks according to the personal equation of the various examiners, you simply draw the marks from a basket and give the marks on the top of the answer book without reading it and, thus, do away with the intermediary position of the examiners altogether. This is really the uncertainty of all the examinations which is unavoidable.

Now, this subject was examined very carefully and statistical tables were prepared by Professor Hartog and myself when we were on the Calcutta University Commission and he and I together read about fifty thousand answer books of different candidates who had appeared in different examinations and prepared the graphs of various sub-examiners and so on. We went through certain errors which they called unavoidable errors. We put down the mathematical values of these errors and we found that our conclusions were just the same as the conclusions arrived at independently by Professor Edgeworth and published in one of the Journals. I do not want to go into the details but anyone who is interested will find it very useful to read the Sixth Volume of the Calcutta University Commission report where all these things are given and where charts are drawn up. There we came to the conclusion that within a limit of 7.5 per cent. it is certainly impossible to put down the marks very correctly however conscientious the examiner may be, provided he is a man and not an angel. He may have the best possible experience and the best possible knowledge and yet within 7.5 per cent. it is certainly impossible to fix the marks of any particular candidate. This is so far as the general examination goes. There are two classes of errors. One kind of errors are called the unavoidable errors, whose value is 7.5 per cent. We have got all these measurements and I do not want to go into the details because I want to finish this subject quickly. Then, there are the errors due to the personal equation of the examiners. Taking all these things into consideration, it is very hard indeed to determine by the English system of examination as to who is the best candidate. The candidate who scores the highest marks may not be the best candidate intellectually. He is certainly fortunate as he may have been affected by the unavoidable errors on the favourable side and not on the negative side. That is marks within 7.5 per cent. may be above and not below. Then the personal equations of the examiners may be in favour of and not against him. These two things are unavoidable. This is the general condition of our examinations as they are now practised and which I call the English system. On the top of this you come now to inherent errors of competitive examination. In addition to all these errors which are inherent in the general system of examination, additional errors are present in competitive examinations which I now desire to outline here. In competitive examinations, you have got alternative subjects. A person may take up history, another, Persian. It is humanly impossible to compare marks of these two candidates together. The answer books of one candidate may have gone to a person with a lenient personal equation while the answer book of another candidate may have gone to a strict examiner whose personal equation will be widely different. The marks obtained by these two candidates will also widely differ. Then, there is the question of equal difficulty. It is impossible to set a question paper on two different subjects which you may call questions of equal difficulty. Professor Hartog and I took great pains in 1916 and 1917 to

work out the personal equations of two different examiners and whether they can be brought to the common level of a mean examiner. Prof. Hartog and myself worked at the graph of various sub-examiners in a particular examination. I think there were 37 sub-examiners and we discovered a special formula by means of which marks given by all these examiners could be brought together to the standard of mean examiner. I submit that something of this kind will have to be done in competitive examinations also. You have to use some kind of formula by means of which the marks given in various subjects could be brought together under what you call standard examiner.

The next difficulty which I should like to point out is this. At present in the country both among teachers and students of Universities, there is a lot of complaint against the Federal Public Service Commission for their arbitrary method of admitting candidates to sit for competitive examinations. They simply say; "you cannot appear for such and such an examination". The poor candidate has spent time and money in preparing for the examination and at the last moment when his application is sent to the Public Service Commission, the Secretary to the Commission simply says "you are not fit to sit for this examination". Of course, there is a good deal of misgiving in the country about this practice adopted by the Public Service Commission. What is the standard it adopts to admit or not to admit a particular candidate. I also heard a good deal of complaint and so I took steps privately to ascertain from a friend who was an Educationist and who was connected with the Public Service Commission and I discovered that if a candidate has passed his B. A. examination in the first division he was considered fit to sit for the competitive examination, on the other hand a candidate who was only a III division in his B. A. was not allowed and a candidate who took his B. A. in second division may be allowed on the ground of his marks in other examinations. Now, Sir, I submit this is an extraordinary and arbitrary procedure. My submission is that the standard of pass for first division varies among the different universities. In this connection, I should like to draw the attention of the House to page 48 of my book on examinations. In the Calcutta University, the percentage of passes in first division was 43 per cent., 48 per cent., sometimes 53 per cent., and even 58 per cent. In the Punjab the standard of passes in first division was 13, 11, 11 and the maximum was always 13. In Allahabad university the percentage in first division is 1.6 per cent., .9 per cent., .6 per cent., .8 per cent., and .4 per cent. Therefore the standard of passes in first division varies from 58 per cent., in Calcutta university to .4 per cent., in the Allahabad university. By merely seeing the application of a candidate how on earth can the Public Services Commission say that he is fit or not fit to sit for the competitive examination. This is very arbitrary and it has created a good deal of dissatisfaction among the candidates, and those who do not know the real secret are apt to think that there is some *golmal* in the Public Service Commission and that only those who get strong recommendation are allowed to appear at the competitive examination. I think this impression ought to be removed for the good reputation of the Public Services Commission. The examinations also should be devised in such a way that they will inspire confidence in the students and in the teachers which, unfortunately, does not exist at present.

Before leaving this subject of examinations, I should like to touch upon a small difficulty felt by teachers and students alike. They do not know

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the difference between elementary mathematics and higher mathematics and lower mathematics. The teachers of mathematics are all anxious to know what exactly the Public Service Commission means by mathematics. The teachers and the students say "for goodness sake, please give us some standard by which you define mathematics". Some of the teachers in India have been writing to me and to the Public Service Commission. I do hope that the Public Services Commission will convene a conference of teachers in Mathematics and definitely lay down the scope of 'mathematics' for the purpose of examinations conducted by the commission so that all this vagueness and uncertainty in the minds of the students may be cleared. It will be not only in the interest of the students and teachers but it will also be in the interest of the teaching of mathematics.

We cannot alter the whole system of examination. The Islington Commission pointed out that the system of written examinations does not help us to pick out the best candidates, but that in the absence of any other test, that is the only method which we have to fall back upon. I would have very much liked to change the system of examination, but, unfortunately, we cannot do it. It will be a big job to change the character of all examinations. There are certain things which we cannot do immediately in order to remove all these defects and drawbacks, which I have pointed out. I will make some suggestions to minimise these defects. As regards the valuation of answer books of examinees, each answer paper should be valued by two different examiners, so that each examiner might be careful. If an examiner comes to know that the marks awarded by him will be compared with the marks given by another examiner for the same answers, then he will be more careful than he would otherwise be if his valuation was taken to be final. The first principle that I wish to lay down is that every answer paper ought to be valued by two different examiners. In case of wide divergence and discrepancy in the marks awarded by two examiners—supposing the marks in one case are 40 per cent. and in the other case 80 per cent.—in that case the answer paper should be re-examined by the chief examiner whose decision should be final.

The second suggestion is that all question papers should be moderated. However conscientious an examiner may be, there are always small points which he may overlook but which from the point of view of candidates might be very important, and in order to be fair to candidates, it is desirable that the question papers should be moderated. The person who sets a paper should be a person not connected directly with the teaching in the University although he must have had teaching experience in the past. The man who moderates should have plenty of teaching experience, and he should be a teacher in a University.

The third point is that at a certain stage there should be some weeding out of candidates. That is absolutely essential. My Honourable friend, Sir Andrew Clow, suggested at one time that we should hold a wholesale examination at the age of 16, and those who pass that examination should be declared eligible for all posts later on and those who fail at that stage should be kept out. I do not agree with him. From my experience of boys, I can say that a large number of them develop their faculties only after 16. Up to 16, they play about and they do not take life seriously. It is only after 16 that their faculties develop and their

brain power develops and I, therefore, submit that you cannot lay down definitely at the age of 16, that a candidate is fit for higher work and that a certain other candidate is fit only for clerical work. What I suggest is this. First you should fix a standard for an appointment, say Matric, B.A., or M.A. or anything else. And every person who has passed that standard should be permitted to sit for the examination if he produces a certificate of good character from the Principal of his college. Then, the answer books should be examined by two examiners. The question paper should be moderated and on the result of the examination you should pick out ten times the number of candidates required for recruitment, so that you can select the best men. Then, there should be an oral test by a committee which should have an expert on that particular subject. If it is a selection for the I. C. S., there must be an I. C. S. expert, if for the accounts service then an accounts expert, and so on, so that this expert will know everything about the requirement of the department for which recruitment is made. Secondly, you must have at least one educationist, whether from the Public Service Commission or elsewhere, who will be able to compare the standards of the various universities or colleges and will give proper advice. This cannot be done by men who are not familiar with the working of the universities. The committee should consist of five to seven persons. To satisfy all communities there should be one Englishman, one Hindu and one Muslim. This committee should award marks and the method of awarding marks varies in different places. I cannot at this stage lay down any definite principles for awarding marks, but we know that the members of this committee after consultation among themselves come to some sort of common agreement, and this agreement on the results of the oral and written examination will lead to fairly good results. Although this method has some difficulties it is still the best means of selecting suitable candidates. I request the Honourable the Home Member to restore the confidence of the candidates in these Public Service Commission examinations, and also restore the confidence of the universities and also the public.

There are two other points concerning the Home Department which I will mention. One is that it is desirable to raise the number of C. I. D. officers. The C. I. D. officers in the provinces cannot act strongly and courageously on account of misgivings in regard to their future on the change of Government. And they cannot push their inquiries for fear of trouble later on when the Government changes. There have been a number of murders and even of Police officers and in order to improve matters I think these inquiries should be conducted by the Government of India C. I. D. There have been murders of police officers but these inquiries were not pushed on as the Police officers were afraid of their future prospects being adversely affected by change of Government.

An Honourable Member: Who will finance these officers?

Dr. Sir Ziauddin Ahmad: Either the Provincial Governments or the Government of India.

I wanted to say something on constitutional matters but as my friend, Sardar Sant Singh, is not here I will not dwell on it.

My next subject is the Woolley report, which relates to archæology. I asked for a day to discuss this report but, unfortunately, that could not be given and so I will discuss it now. The Department of Archæology has

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three branches, viz., conservation of monuments, excavation and museums, and now they have added a fourth, viz., publication of old manuscripts. I am glad they have undertaken the publication of a chapter of Canoon Masudicus book written by Alberuni, i.e., Chapter V dealing with geography. Alberuni is a very famous scholar and Professor Sachan who edited his books India and Chronology said to me that he was the greatest intellect that ever lived on this globe and he advocated the editing and publication of the whole of his book Canoon Masudi. It was the dream of my life to edit this work which was left undone on account of the absence of anyone who knows all the subjects dealt with by Alberuni. I welcome their undertaking to publish the 5th chapter dealing with geography, but, surely, it is not included among the legitimate duties of the Department of Archaeology. I think I could have edited that chapter at one-fourth of the cost they will now incur.

As regards conservation, they have divided monuments into three classes; (1) those which they repair and keep in an up-to-date condition, (2) patch work, and (3) those they allow to go waste. This division is not good because there are some monuments which, though they may not be of very great historical interest, are of great engineering interest and they should be kept up from the point of view of engineering. I, therefore, suggest that this business of conservation should be divided into two distinct categories: the first is the preservation of the building. That ought to be entrusted to the Public Works Department because they are the proper men to look after buildings and repairs. It is not the function of the Archaeological Department anywhere to take up engineering work, because they are not trained as engineers. The second part is the historical, and that should be done by the Archaeological Department because they should study the style, character and inscriptions and they are the proper persons for that work.

Before I leave this matter I suggest that there is a large number of good monuments belonging to the three distinct periods of Indian History and which are lying between the four roads here and which have been entirely overlooked. They have got *kuchha* roads running in between, but they are no good to us: I once had occasion to visit them on foot and examine those buildings but I should think that pucca metalled roads should be constructed and the Public Works Department can do that. They are the buildings lying between the Muttra Road and Qutab Road and the Lodi Road and the Badarpur Road: they belong to the various dynasties and it is desirable that they should be studied: it will throw no doubt a great deal of light on the history of those periods. From the point of view of engineering also it will benefit us. As for instance, they had in those days constructed air-conditioned houses: if you sit down in those houses in the hot weather you feel as if you are in an ice house absolutely cool. If those people know three or four hundred years ago how to construct these air-conditioned houses, it is really worth while for us to know how they did it as we have to stay in Delhi during the hot weather hereafter. The Public Works Department will be able to examine them and find out how they did it. It is remarkable that when Akbar travelled, there was an air-conditioned house every twelve miles built for him and for his army. I am sure modern science and engineering will be benefited if these buildings are handed over to the Public Works Department for study and examination and we will be benefited by their discoveries.

Now for the other two departments—excavation and museums: and here I come to the Woolley report. This report is very damaging to the Archaeological Department and since we will not have any other opportunity to discuss this report at all, I may be permitted to quote a few sentences from it. In the very beginning the report says:

"In reviewing the work done by the Department in recent years I have been disagreeably impressed by the lack of any coherent plan for its archaeological activities."

He was reviewing only recent years. About the author of this report, Sir Leonard Woolley, I shall read from the *Statesman* of the 8th July, 1939:

"It is fortunately not often that a government department is the subject of so adverse a report as Sir Leonard Woolley has written about the Archaeological Survey of India. Sir Leonard is the excavator of Abraham's city, Ur of the Chaldees, and is one of the world's leading archaeologists. His opinion of work of this type in India is therefore important"

The head and front of the Survey's offending is that it is without personnel trained for the work it has to do."

As I pointed out Sir Leonard Woolley is a person of world reputation and he knows his subject very well and his opinion is worth consideration and it is very desirable that we should carry out his suggestions. Again, he says:

"Unfortunately, the small sums available for excavation in 1931 had been spent on haphazard excavations initiated for no good scientific reason on new sites or carrying on a minor scale, the clearing of old sites which had already yielded their essential information."

And then about Taxila he says:

"This is not because I consider the work done there to be sufficient or the results of future work unimportant but because it is a mistake to concentrate on a particular period, when the great need is for correlation."

Later on he says about 'later programmes' in North India:

"Apart from this I should recommend as a general policy that there should be none of those small and sporadic excavations which have of late dissipated the energies and the finances of the Department"

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official):
What is that book you are reading? Is it on Railways?

Dr. Sir Ziauddin Ahmad: I am reading from the Woolley Report. This reminds me of a story of Yusuf Zulkha who after listening to the whole story wanted to know whether Yusuf was a man or a woman! This is Archaeology I am talking about and not Railways. Sir Leonard Woolley then says:

"At Nalanda the only justification for excavating more and more monasteries is the mere chance that there may be found another hoard of bronzes such as one building out of the dozen already excavated has produced"

Repetition is really a waste of energy. He says further on:

"A highly-trained staff is as essential to an excavation conducted by the Government of India as to a foreign expedition, and the Archaeological Department is sadly lacking in trained men; there are but few men in the department with experience in digging, and the experience of those few has not been of a sufficiently high grade to qualify them to conduct important excavations and still less to train students. It is essential that the rising generation at least should be taught in a better school, and for this full advantage should be taken of foreign expeditions."

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Questions have been repeatedly asked in this House, but the opinion prevailing in the Department, apparently, is that any person who can read and write is good enough to be a trained archæologist. They had put a draughtsman in charge of archæological excavation and others who have absolutely no knowledge of the subject at all. He says further on:

"An increase of staff is obviously essential if efficiency is to be secured, but the prospects of training recruits are nil, firstly because the present organisation of duties within the department makes impossible demands upon officers and secondly because there is in the department no one capable of giving the training."

The other thing he criticises is that they are doing fraudulent work in this sense: there are old buildings and they are trying to imitate by modern work several things as if they were built about 3,000 years ago. This attempt to reconstruct old monuments in the way they would have been built in the opinion of the person in charge reminds me of the story about Alberuni whom I have just quoted. There was a gentleman called El Ghazanfer who wrote the *janam-patra* or horoscope of Alberuni, which I doubt whether it was prepared at the time of his birth. I made a good deal of investigation with the help of Professor Andreas and I came to the conclusion that this person who wrote the horoscope of Alberuni did it by retracing his steps backward: that is, he first took the events in his life and he said: "If these are the events, then what should be his horoscope" and he recast the horoscope from those events of his life; instead of reading the life from the horoscope, he prepared the horoscope from the facts of his life. The same is really the attempt made by these Archæologists. They are building and constructing some of the monuments by using the bricks as if they were so many years old. An attempt of this kind is really a fraudulent attempt, and I will just quote a relevant passage here:

"At Mohendjo-daro I examined carefully what purported to be a well preserved private house of about the 26th century B. C. and it was only after some time that I was able to realise that no single brick visible in it was more than five years old. Fraudulent reconstruction similar to this, though not so thorough going has been carried out over the whole vast site of Mohendjo-daro; it has cost and costs a large sum of money; it is not in the interest of the layman, for of the few who annually visit the place none examine the whole of it; for the archæologist it destroys the value of the ruin; it is not in the interest of the future generations, who want to see the building of 2600 B. C. not of 1935 A. D., and it is useless because it is not permanent."

They have changed the whole character of buildings at Mohendjo-daro from 2600 years B.C. to 1935. They tried to copy out the old buildings from memory alone, and have put up buildings not of the type of those that existed 2600 years ago, but of the type which exist in 1936.

Then, he says it is waste of time to do digging work, because the work is so successfully copied that even the experts are deceived. This is what he says:

"But all thirteen excavations have been elaborately 'conserved' with special bricks imitating the old so successfully as to deceive even the expert."

Then, speaking about the quality of the work, this is what he says:

"The adverse opinion which I have formed of the excavation work done by the Department in recent years was expressed in my covering note and was to some extent justified by the comment in Chapter II, but while I was there concerned with the failure of the Department to secure the necessary ground work for the archæology of India, I have yet to make it clear that the failure has been due not only to lack of judgment in drawing up a programme of research but to the quality of the research done."

Then, there is another passage here which says:

"But where excavations have been conducted by the regular officers of the Department the effects of inexperience are not less marked."

"Again, I do not propose to multiply illustrations *ad nauseum*, but I can say that on almost every site which I have visited there was evidence of the work having been done in an amateur fashion by men anxious indeed to do well but not sufficiently trained and experienced to know what good work is."

A person like myself or a Member of the Assembly not sufficiently trained and experienced to know much about the subject of Archæology will not be able to find out whether it is amateurish or professional work that is done by the Department. So, really speaking, the whole work of the Department is done by amateur engineers or photographers who know nothing at all about the subject and who carry out the work without knowledge.

Then, as regards students, he says that the present officers are not capable themselves to discharge their duties, and, naturally, they are unable to train up their successors to any higher standards than their own. Indeed, as regards the students it is a question of the blind leading the blind and in his opinion the quality of the Department is progressively deteriorating. Therefore, he says you should take a certain number of probationers and train them properly by experienced people.

Then he criticises the annual report. He says that the annual reports published by the Department do not really give a true picture. This is what he says here:

"The expensive and indigestible Annual Report and the equally esoteric Memoirs are the only official issues of the Department and there is actually a ban upon its officers publishing privately an account of their work."

So, really speaking, the report they publish is not worth anything at all.

Later on he deals with the question of Museums. He says that museums in India are not well kept because there is nobody who understands how museums ought to be kept. Therefore, this Report of the Archæological Department is the most damaging report, and the sooner we close the Department the better it is. I am not for closing it down completely, but I suggest that either we should mend it or end it. We have asked a number of questions about the working of this Department, but most of these questions were put, unfortunately, on communal lines. I do not mind whether you have more Hindus or more Muslims,—I don't mind whom you employ, but the Department should be really one which will deal with all matters relating to Archæology, and it should not be a mere apology for Archæology, and nobody, who understands nothing about the subject, should be employed in it. Sir, I think the time has come when the Finance Member should put his foot down and see that it should not be the close preserve for a few individuals so that people who don't find openings elsewhere might be absorbed in it and condemned persons are put in charge of responsible work. The object should be to establish a particular Department which will really lay the foundations for proper excavations and establish proper museums. In this case, as pointed out in the Report, it is very difficult to find one individual who can be called an expert in all subjects. The Report recommends that we ought to appoint an expert Adviser. I entirely agree with this proposition, but I think this expert Adviser should be the Director General himself. Otherwise if he simply advises and his report goes to some one else who knows nothing about the subject, he will

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be laughed at. Therefore, if you really want to keep up the Department, I am very strongly in favour of mending it, and we ought really to appoint an expert who knows the whole subject. He should be the Director General himself, and under him we should have a trained staff, and then we should work out the whole scheme of the department. This Department should not be run on communal lines, as it has, I claim, been hitherto run, because it is a question of national interest, and we should entrust this to a person who knows the subject. I do not want to go into the history of the high appointments made in this Department because it is outside the scope of my discussion. I am anxious that this Department should be re-organized so that it may be a glory to our country and it can take up the work of excavations and museums to the greatest possible utility. If they give up the publications of the older manuscripts, it will be much better, because it is clearly outside the scope of the Archaeological Department to undertake the publications of these books.

So far, I have said about the Archaeological Department. One word more before I finish the Department of Education, Health and Lands. The Central Advisory Committee for Education has been very inactive during the whole of last year so much so that not a single meeting of the Committee was held in the year 1939-40. After many speeches made by me here on the floor of this House on the occasion of the Finance Bills and otherwise, I was able to induce Sir Frank Noyce to organise this particular Committee and he agreed in the end. But, at present, this Committee is not doing the work which was expected of it, and I think we ought to give a lead in matters of education. The Committee has educational experts from all the provinces including experts from the Government of India, and a representative body like it ought to give a little lead in matters of education. The question regarding the Delhi University which I discussed a few minutes ago could have been referred to a sub-committee to be nominated by the Central Advisory Committee. The Education Department has got this important body and along with the Inter-University Bureau, they have at their command two very expert bodies and they ought to make a greater use of the opportunities which they already possess. The Government ought to utilise the services of these experts in order to come to the right decisions, and I am certain that these people will place all their knowledge at the disposal of the Government of India which will enable them to frame a policy which will really be good to the country. I do beseech that these services of these two expert bodies should be utilised more freely in order to frame a sound policy.

There is the Central Library, but I think it is rather backward. We should have a first class educational library here and Members should be at liberty to borrow books. I would also request the Government to revive what they used to have in the past, the system of writing memoirs on important topics. From 1918 to 1926—I have not seen later issues—a large number of memoranda dealing with important subjects were published, and I know that if they asked influential men who know the subjects well to write some important memoirs on various aspects of education—the compulsory primary education is a very important question, the Wardha scheme is a very important question, technical education is an important question—these are matters which can be referred to a committee and the memoirs ought to be prepared for the benefit of the provinces. I do not want to encroach on the provinces, but we have already given a lead

in agricultural matters, we are doing that through the Imperial Council of Agricultural Research. The provinces have educational experts but they have got limited experience. Here if you have men from all parts of India trained in the various universities, knowing the traditions of the different provinces and they are brought together to deliberate on any particular problem of education, I am sure that good results will come out of it.

I now come to the Department of Labour. I am sorry that Sir Ramaswami Mudaliar is not here and also Sir Andrew Clow is not here, because the first thing that I want to take up is the question of recognition of unions.

Mr. President (The Honourable Sir Abdur Rahim): The Chair may inform the House that Sir Ramaswami Mudaliar is unable to attend the Assembly under doctor's advice.

Dr. Sir Ziauddin Ahmad: I am very sorry that on account of illness he is unable to come. I pray that he may have a rapid recovery through the grace of God and that he may be here probably day after tomorrow. I would like to bring to the notice of the Honourable Member a paragraph written by the Whitley Commission about unions. The Royal Commission on Labour said at page 518 of their report:

"The Trade Unions Act should be re-examined in not more than three years' time; all limitations imposed on the activities of registered unions and their officers and members should be reconsidered so as to ensure that the conditions attached to registration are not such as to prevent any well-conducted *bona fide* union from applying for registration."

Here the Royal Commission has recommended that after a period of three years the whole policy should be revised. In 1932, that is eight years ago, the Executive Council passed a resolution that communal unions ought not to be recognised, but eight years have passed away and many things have happened. The whole political fabric has altered and I think the time has now come when we ought to recommend to the Government of India that, as recommended by the Whitley Commission, they ought to reconsider their entire policy with regard to the recognition of unions. In this connection, I should like to state that there are certain predilections in India, which I call an Indian fiction. There is an academic fiction, namely, that every student must complete 75 per cent. of the lectures and even though he has attended 74.9 per cent. of the lectures, that won't do, and the candidate cannot appear in the examination. Another fiction is that ticketless travel should be made a cognisable offence. That is the hobby of the Indian Railway Conference Association. Similarly, there is the bugbear that communal unions should not be recognised. This I call a trade fiction, in the same way as I call the other one an academic and Railway fictions. So many things have passed since they passed this Resolution that it is now high time that they reconsidered the whole subject. In 1932 nobody recognised the Muslim League and that its voice impressed few persons. But now the position is very different and the political conditions have altogether changed. After the passing of the 1935 Act there has come the Provincial Autonomy and there is a change in the mentality of the people. Therefore, whatever was true in 1932 is certainly not true in the year 1940, and according to the recommendation of the Whitley Commission itself it is very desirable that this revision should be

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made. I have studied all the leading reports of the International Labour Office and we find that in every country communal unions are recognised, there is no bar against their recognition. But it is one of the idiosyncrasies of India that we must have this restriction, which does not exist in any other country of the world, and this I call a labour fiction, in the same way as I call the academic fiction in the case of boys who must attend 75 per cent. of the lectures and nothing less.

Mr. President (The Honourable Sir Abdur Rahim): Is the Honourable Member concluding his speech now?

Dr. Sir Ziauddin Ahmad: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): He can continue his speech next day.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 27th March, 1940.

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