

16th July, 1923

THE
LEGISLATIVE ASSEMBLY DEBATES

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VOL. III

PART VII



(16th to 28th July, 1923.)

THIRD SESSION

OF THE

LEGISLATIVE ASSEMBLY, 1923.



SIMLA
GOVERNMENT CENTRAL-PRESS
1923



LEGISLATIVE ASSEMBLY.

The President.

The Honourable Sir FREDERICK WHYTE, KT.

Deputy President.

Sir JAMSETJEE JEEJEEBHOY, BART., K.C.S.I., M.L.A.

Panel of Chairmen.

Maulvi ABUL KASEM, M.L.A.

Sardar Bahadur GAJJAN SINGH, M.L.A.

Mr. N. M. SAMARTH, M.L.A.

Colonel Sir HENRY STANYON, KT., C.I.E., V.D., M.L.A.

Secretary.

Mr. L. GRAHAM, M.L.A., I.C.S.

Assistants of the Secretary.

Mr. W. T. M. WRIGHT, I.C.S.

Mr. S. C. GUPTA, BAR.-AT-LAW.

Mr. G. H. SPENCE, I.C.S.

Marshal.

• Captain SURAJ SINGH, Bahadur, I.O.M.

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LEGISLATIVE ASSEMBLY.

Monday, 16th July, 1923.

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

DEATH OF MR. PYARI LAL MISRA.

Mr. President : I regret to have to inform the Assembly that by the death of Mr. Pyari Lal Misra on the 9th of July we lost one whom we all knew as a very active participator in these debates and as one who has played a considerable part in the public life of his own Province, namely, the Central Provinces. I am sure I shall be carrying out the wishes of this House if I convey to his bereaved relatives our sense of their loss and ours.

Mr. T. V. Seshagiri Ayyar (Madras : Nominated Non-Official) : Sir, may I be allowed to associate myself with all that you said about Mr. Pyari Lal Misra. He belonged to the Democratic Party and was one of the most active workers in it. He took a deep interest in everything connected with politics, and even before he came to this Assembly he was known as a public man. His loss is very much regretted and we have suffered very much from his death.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : Sir, in the death of Mr. Pyari Lal Misra I feel a personal loss. He not only represented my Province, but he was one of my oldest friends. I have watched his career from his early boyhood. He had risen from a subordinate position in Government service to be a member of the Bar, then a Member of the Local Council, and latterly a Member of this Honourable House. I thank you, Sir, for making such an appreciative reference to his services in this House. We feel obliged to you, and the House for the appreciation of the services of my late esteemed colleague and fellow representative from the Central Provinces.

Sir Deva Prasad Sarvadhikary (Calcutta : Non-Muhammadan Urban) : Sir, in associating myself with all that has fallen from you and from my colleagues, I desire to bear testimony to the conspicuous honesty of purpose of the late Mr. Misra. However, much we may have had reason from time to time to differ from him, his honesty of purpose was always to the fore. We feel that by his death the House had indeed a great loss.

The Honourable Sir Malcolm Hailey (Home Member) : I hope you will allow me to add, on behalf of the Government Benches, expression of very sincere regret at the news which you have conveyed to us, and to say that we also on our side desire to associate ourselves with that expression of sympathy which it is the wish of the House you should convey to the relatives of our deceased friend.

Mr. Harchandrai Vishindas (Sind : Non-Muhammadan Rural) : Sir, I also join in these remarks and endorse all that has been said by your good self and the other speakers because Mr. Pyari Lal Misra was a special

friend of mine, and oftentimes I used to see his work in this House. I especially remarked the quality to which Sir Deva Prasad Sarvadhikary has given utterance, namely, his honesty of purpose, and I may add industry also.

Colonel Sir Henry Stanyon (United Provinces : European) : Sir, as a former Judge and Member of the Bar of the Central Provinces, I earnestly desire to associate myself in everything that has been said by other speakers with regard to Mr. Misra, and in doing so I am quite sure that I am authorised to represent the feelings of the whole non-official European community.

MEMBERS SWORN.

Rai Bahadur Girish Chandra Nag, M.L.A. (Surma Valley *cum* Shillong : Non-Muhammadan) ; Krishna Sivaswamy Ayyangar Rama Ayyangar, M.L.A. (Madura and Ramnad *cum* Tinnevely : Non-Muhammadan Rural).

INABILITY OF GOVERNMENT TO ACCEPT CERTAIN RECOMMENDATIONS OF RETRENCHMENT COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member) : Sir, with reference to the concluding portion of my reply to a question by Sir Deva Prasad Sarvadhikary on the 2nd of July as to the action taken with regard to the recommendations of the Retrenchment Committee, I place on the table a further statement giving fuller reasons in the more important cases why Government have been unable to accept the recommendations of the Committee.

Statement showing the reasons why Government have been unable to accept the recommendations of the Retrenchment Committee in some of the more important cases.

ABOLITION OF EDUCATIONAL COMMISSIONER.*

It was considered necessary to retain an experienced adviser upon educational matters with the Government of India, but in order to effect economy, it was proposed, as an experiment for one year, to put him in charge of the duties of the Superintendent of Education, Delhi and Ajmer-Merwara, in addition to his own work. At the same time the Central Advisory Board and the staff of the Bureau of Education have been brought under reduction. Thus a saving of approximately Rs. 75,000 out of the estimate of Rs. 1,00,000 made by the Retrenchment Committee should be effected.

ABOLITION OF THE APPOINTMENT OF INSPECTOR GENERAL OF IRRIGATION.†

The Retrenchment Committee recommended the abolition of the post of Inspector General of Irrigation and also the amalgamation of the Public Works Department with some other department of Government. Had this recommendation been accepted in full, it would have led to the abolition both of the Inspector General and of the Public Works Secretary. Both these officers had technical functions, the one in connection with Irrigation, the other with Civil Works, and it was decided that the responsibility of the Central Government in regard to these matters was such that expert advice at headquarters was essential. A single Consulting Engineer to the Government of India, who would primarily be an irrigation expert, has, therefore, been appointed, who discharges the technical duties which formerly devolved upon the two officers mentioned.

* Page 130, paragraph 15 of Report.

† Page 130, paragraph 30 of Report.

TOTAL REDUCTIONS IN THE EDUCATIONAL EXPENDITURE.

*North-West Frontier Province.**—A lump reduction of Rs. 1,00,000 in the budget grants for 1923-24 under the head "31—Education" was made provisionally in order to give partial effect to the recommendations of the Indian Retrenchment Committee. But further investigations showed that it was not possible in a secondary school to ration teachers on a pupil basis in the manner recommended by the Committee. At the most it was considered possible to cut Rs. 60,000 in the current year. The Government of India will, therefore, require a supplementary grant of Rs. 40,000 this year. The question whether expenditure on education should not be reduced or restricted in other ways in 1924-25 is being examined.

Delhi.†—A reduction of Rs. 75,000 was made provisionally in the budget grants for 1923-24 under the head "31—Education". Further examination showed that it would be false economy to starve the private colleges into decay and that reductions on secondary education could not be made on the lines proposed by the Committee, as in the case of the North-West Frontier Province. The Government of India will, therefore, require a supplementary grant of Rs. 50,000 this year (Rs. 25,000 on account of arts colleges and Rs. 25,000 on account of secondary schools). The question whether expenditure on education should not be reduced or restricted in other ways in 1924-25 is being examined.

Delhi University.‡—The Government of India were advised that the university could not be put an end to without a repealing Act, and that by the mere repeal of the Act the three Delhi colleges now included in the university would not automatically be restored to the Punjab University. Doubt was also expressed as to whether a repealing Act could be passed through the Legislature before the close of 1922-23. It was accordingly decided to keep the university in being so long as the Assembly voted the money needed. The matter was brought up in the Assembly and the money for 1923-24 was voted.

The remaining recommendations regarding the reduction of educational expenditure are dealt with in the following statement :

Page of Report.	Paragraph of Report.	Recommendations of the Committee.	Remarks.
192	3	We consider that if any grant is made to the Aitchison College, it should be limited to Rs. 15,000.	Recommendation given effect to. The grant has been reduced to Rs. 15,000.
192	3	We are informed that the (Rajkot) College authorities hope to make the Institution self-supporting in 1923-24. No provision should therefore be necessary.	It has been found impossible to withdraw the Central Government's subvention before 1924-25, but for the current year the grant has been reduced by Rs. 15,000.
197	19	"The grant to the Government College, Ajmer, has been increased from Rs. 28,614 in 1913-14 to Rs. 64,700 in 1922-23. In 1921 the teaching staff comprised a Principal and 8 Professors as against a Principal and 6 Professors in 1913-14, although the average daily attendance of students had only risen by 9. We consider that there is no justification for the increased staff and that in present financial circumstances the staff should	The Agent to the Governor General has definitely stated that no reduction in the staff of the College is possible. His views were invited on a proposal to reduce the college to an intermediate status. In his report, which has just been received, he has strongly deprecated the reduction until a definite decision is arrived at about the proposed establishment of a University for Rajputana. His views are under consideration.

* Pages 193-5 of Report.

† Pages 195-6 of Report.

‡ Page 196, paragraph 15 of Report.

Page of Report.	Paragraph of Report.	Recommendations of the Committee.	Remarks.
		<p>be reduced to at least pre-war level. We are informed, that the question of raising the fees charged for tuition is now under consideration and we recommend that the grant for 1923-24 should be limited to Rs. 45,000."</p>	<p>The fees for tuition have been raised and an additional income of Rs. 5,000 a year is expected thereby.</p>
198	20	<p>"This table shows that whereas the average daily attendance at the Government schools has fallen off, there has been an increase in the number of teachers employed. We consider that the number of teachers should be reduced to pre-war standard, saving 19 teachers, also that the scale of fees which is lower than in the aided schools should be raised and the grant reduced to Rs. 70,000.</p> <p>"The standard of staffing in the aided schools is also excessive and we think that the grant to these schools should be reduced to Rs. 10,000."</p>	<p>The Chief Commissioner has reported that the fees have been raised to the rates prevailing in the United Provinces. He deprecates reduction in the teaching staff of the schools as also any reduction in the grants-in-aid which are now given at rates below those followed in the United Provinces, Delhi or Punjab. His views are under consideration.</p>
198	21	<p><i>Primary Schools.</i>—The average number of pupils per teacher in the Government Primary schools is only 19.4 and in the aided schools 12.7. We consider that these standards should be materially raised, which would set free funds for increasing the number of schools.</p> <p><i>N.B.</i>—The Chief Commissioner has effected a reduction of Rs. 18,566-5-1 towards meeting the lump out of Rs. 20,000 made by the Legislative Assembly in the education budget of Ajmer-Merwara for 1923-24.</p>	<p>The Chief Commissioner deprecates any retrenchment in Primary education; his views are under consideration. He has reported that he is considering the question of raising the District Board cess which may provide extra funds.</p>
195	12	<p>That the grant of secondary education in Baluchistan be reduced by Rs. 15,000.</p>	<p>The Agent to the Governor-General has been able to effect a reduction of Rs. 15,000 in all under the head "31—Education."</p>
195	13	<p>That the provision for scholarships in Baluchistan should not exceed Rs. 24,000.</p>	
196	24	<p>That the grants-in-aid to secondary schools in Rajasthan amounting to Rs. 34,000 should be reduced to Rs. 20,000.</p>	<p>The Agent to the Governor-General has intimated that a reduction of Rs. 8,380 only can be effected during the current year.</p>
196	26	<p>That the grant for secondary education in Hyderabad be reduced by Rs. 18,400.</p>	<p>The Resident at Hyderabad intimated in May last that the lump reduction of Rs. 9,000 made under the head "31—Education" in the Central budget for 1923-24 would be effected by reducing the grant to the secondary schools in the administered areas to the extent of Rs. 9,000.</p>

PUBLIC HEALTH COMMISSIONER.*

It has been decided not to abolish the post of Public Health Commissioner for 1923-24. But savings amounting to Rs. 13,000 have been effected by the abandonment of the proposal to depute the Public Health Commissioner to attend a Conference in Paris during the current year and by the appointment of a Captain in place of a Major to the post of Assistant Director General, Indian Medical Service (Sanitary) with effect from the 1st June 1923.

REDUCTION IN BACTERIOLOGICAL OFFICERS.†

The Government of India have been unable to agree with the Retrenchment Committee that all the existing appointments of bacteriological officers holding unspecified posts in the Medical Research Department should be abolished. They have decided that 11 out of the 17 sanctioned posts should be held in abeyance in 1923-24 and that not more than 6 posts should be filled until the financial situation improves. The pay of the six officers will be charged to central revenues but the Indian Research Fund Association will find the money for their travelling and field allowance and the expenses generally of their enquiries. The Association is unable to meet the pay of the officers.

INDIAN STORES DEPARTMENT.‡

The views expressed by the Indian Retrenchment Committee regarding the Indian Stores Department have been carefully considered by the Government of India: they have, however, now decided to proceed with the expansion and development of that Department as circumstances and the financial situation permit. In arriving at this decision they were influenced by the following facts:—

- (1) In the absence of a properly constituted Stores Department with an intelligence, purchase and inspection agency it is impossible to divert to Indian mills and workshops the large indents for stores which are at present sent to the London Stores Department for compliance. The organization of each branch of inspection and purchase means another step in the direction of transferring the balance of Government purchases India.
- (2) Economies are expected from the centralised purchase of stores. The sooner these can be effected the better.
- (3) The existing headquarters staff of the Department was created with a view to expansion along the lines already announced, and it would be in the highest degree uneconomical, while retaining this headquarters staff, to cripple its activities by postponing such expansion for an indefinite period.

The Retrenchment Committee recommended that the further expansion of the Department should be postponed until it had been ascertained whether the provinces collectively were prepared to utilize it, but this recommendation appears to have been based on a mistaken conception of the position. Compared with the purchasing transactions of the Government of India and of Railways, the purchases of provincial Governments are comparatively trifling and, whether Local Governments choose to utilize the services of the Department or not, the quantity of stores purchased by the Central Government and Railways alone amply justifies the development of the Indian Stores Department.

* Page 204, paragraph 3 of Report.

† Page 208, paragraph 8 of Report.

‡ Provision was made only for 12 in the budget for 1922-23.

§ Page 216, paragraph 15 of Report.

QUESTIONS AND ANSWERS.

APPOINTMENTS TO THE COUNCIL OF INDIA.

222. ***Mr. K. C. Neogy** : With reference to my starred question No. 195, dated the 20th January, 1923, regarding appointments to the Council of India, will Government be pleased to state whether they have received any reply from the Secretary of State on the subject ?

The Honourable Sir Malcolm Hailey : No reply has been received from the Secretary of State.

Mr. Harchandrai Vishindas : Are Government in a position to state whether the recommendations of the Joint Parliamentary Committee for the introduction of more Indians in the India Council have been given effect to ?

The Honourable Sir Malcolm Hailey : I am afraid I do not recollect the actual passage of the Joint Parliamentary Committee's report.

Mr. Harchandrai Vishindas : I have read it this morning.

The Honourable Sir Malcolm Hailey : If the Honourable Member will refer me to it, I will give him an answer.

Mr. K Ahmed : Was the Government kind enough, while giving the answer to my Honourable friend Mr. Neogy, to keep in mind my supplementary question with regard to the additional number of members from India for the India Council ?

The Honourable Sir Malcolm Hailey : No, Sir.

Mr. K Ahmed : In view of the fact that my Honourable friend from Karachi has put the same question as was my supplementary question to the original question at the last Delhi Session, would the Government of India be good enough to remind the Secretary of State in regard to this, that additional numbers of Members in the Council of India from amongst Indians may be appointed

The Honourable Sir Malcolm Hailey : With regard to the supplementary question I may be allowed to state that we do not, as at present advised, propose to make any further communication to the Secretary of State on the subject.

GRANTS REJECTED BY LOCAL LEGISLATURES

223. ***Mr. K. C. Neogy** : (a) Are Government in a position to make any statement to supplement their reply to my starred question No. 641, dated the 27th March 1923, regarding the extent of authority of the Governor General in Council to instruct a Governor in regard to the exercise of his statutory powers for the restoration of grants rejected by the Local Legislative Council ?

(b) If the opinion of the Law Officers of the Crown has been obtained on this point, will Government be pleased to place a copy thereof on the table ?

The Honourable Sir Malcolm Hailey : (a) and (b). Government are advised that the exercise of the power of certification vested in the Governor of a Province under proviso (a) to sub-section (2) of section 72D of the Government of India Act is subject to the superintendence, direction and control of the Governor General in Council, but regret that the usage regulating the publication of the opinions of the Law officers prevents them from laying those opinions on the table.

RECRUITMENT OF PORTERS, EAST INDIAN RAILWAY.

224. ***Mr. N. M. Joshi :** Will Government be pleased to give the following information :

- (a) (i) How are the porters at the Howrah Station recruited, i.e., are they recruited direct by the East Indian Railway Company or are they recruited through some Agency by issuing to it a periodical license ? (ii) If the latter, what is that Agency and what are the terms or conditions laid down for it by the East Indian Railway Company ? (iii) Will a copy of these terms or conditions be laid on the table or made available to the Members of the Assembly ?
- (b) (i) Who is the present license-holder of that Agency ? (ii) When was the license issued to him and what is the period of that license ?
- (c) (i) Is any admission or license fee charged to each and every porter by the license-holder when a license is issued to him for the first time ? (ii) If so, is the license-holder allowed to charge this fee under the terms or conditions of the contract entered into with him by the East Indian Railway Company ? (iii) If so, what is the maximum fee allowed to be charged under the terms or conditions of the contract ? (iv) What is the present admission or license fee ? (v) Is this always the same or does it vary with every new license-holder ? (vi) If the latter, under what rule is this fee allowed to vary ? (vii) Is it a fact, as is alleged by the *Amrita Bazar Patrika* of Calcutta in its editorial article of the 14th June 1923, that the last two predecessors of the present license-holder used to charge each porter less admission or license fee than the present license-holder ? If so, what was the fee of these past license-holders ? (viii) Do Government intend to take the necessary steps to bring down this admission or license fee to the minimum ? If not, why not ?

The Honourable Mr. C. A. Innes : I propose to answer this and the next three questions together.

Government are not in possession of all the detailed information asked for in the Honourable Member's questions but their attention has been drawn to the articles in question and the matter is already under reference to the Railway Administration. A reply will be sent to the Honourable Member as soon as the Agent's reply is received.

Mr. N. M. Joshi : May I also ask, Sir, whether the Government of India would draw the attention of the proper authorities to the recommendation of the Washington Conference as regards employment agencies run for profit ?

The Honourable Mr. C. A. Innes : I did not know that any employment agency came into this question, but I will certainly look into the point.

Dr. Nand Lal : May I ask what system, in respect of the recruitment of railway porters is in vogue on the North-Western Railway ?

Mr. President : The North-Western Railway does not arise under these questions.

Mr. N. M. Joshi : Is not Government aware that the Agent at Howrah, who engages the labourers there, is an employment agency ?

The Honourable Mr. C. A. Innes : I have already said I would look into the point raised by the Honourable Member.

LEVIES ON PORTERS.

†225. ***Mr. N. M. Joshi :** (a) What is the average monthly income of a porter at the Howrah Station ?

(b) (i) Is it a fact, as is alleged by the *Amrita Bazar Patrika* in its editorial article of the 14th June 1923, that the present license-holder for recruitment of porters, for his act of supervision over the porters, levies a monthly toll of Rs. 7 on each porter over and above the admission or license fee that he has to pay at the time of his admission ? (ii) If so, is this levy allowed under any of the terms or conditions of the contract ? (iii) If not, why has this levy been allowed to continue ? (iv) If Government have no information regarding this matter, will they kindly enquire into it and place the result of their enquiry before the public at an early date ?

(c) (i) Is it a fact that the present license-holder has engaged nearly 20 mates or supervisors under him for supervising the work of the porters and that, as is alleged by the *Amrita Bazar Patrika* in its editorial article of the 14th June 1923, they exact Rs. 7-8-0 from each porter ? (ii) If so, why is this amount exacted and is this exaction allowed under any of the terms or conditions of contract between the license-holder and the East Indian Railway Company ? (iii) If not, why is this system of exaction allowed to continue ? (iv) If Government have no information on the point, will they kindly enquire into the matter and place the result of their enquiry before the public at an early date ?

(d) (i) Have Government laid down any rules to the license-holder about the manner in which the porters are to be recruited, paid and treated ? (ii) If so, will they kindly lay a copy of these rules on the table ? (iii) What steps do Government take to see that the rules laid down by them are strictly observed by the license-holder ?

(e) (i) Is it a fact that the porters are indiscriminately dismissed from their service and deprived of their licenses without any sufficient reason ? (ii) How many porters were dismissed from service during the year 1922 ?

† For answer to this question—see Answer below Question No. 224.

WRONGFUL RESTRAINT OF BALDEO KANOO, PORTER.

†226. *Mr. N. M. Joshi : (a) Has the attention of Government been drawn to a case (the summary of which has been given by the *Amrita Bazar Patrika* in its editorial article of the 14th June 1923). recently instituted in the Howrah Police Court by the Superintendent of the Howrah Station Police, at the instance of the Howrah Porters' Association, against Baladin Kalwar, Munji Kalwar, and Ganga Goala, the mates or supervisors working under the present license-holder, who were convicted under Sections 341 and 384 of the Indian Penal Code for wrongfully restraining one Baldeo Kanoo, a licensed porter at the Howrah Station, and extorting money from him ?

(b) If the answer to (a) be in the affirmative, will Government be pleased to state whether they have taken any steps to stop the practice of exactions and extortions on the part of the license-holder and his subordinate mates and supervisors ? If so, what steps have they taken ? If not, why not ?

(c) Will Government be further pleased to state whether it is a fact that Baldeo, the complainant, and his two witnesses, Bishwanath and Ramprasad, in the case referred to in (a) above, were dismissed from service by the license-holder ? If so, what was the reason of this dismissal ?

(d) Is it, also, a fact that the mates or supervisors who were convicted in the case referred to in (a) above, are still retained in their posts by the license-holder ? If so, why ?

GRIEVANCES OF PORTERS, HOWRAH.

†227. *Mr. N. M. Joshi : Will Government be pleased to state whether the Agent of the East Indian Railway Company has ever looked into the state of affairs in the case of the porters at the Howrah Station after it was brought before the public by the Calcutta Press ? If so, what has he done so far to remove the grievances of the porters ? If not, why not ?

EMIGRATION AGENTS IN CEYLON, MALAYA AND MAURITIUS.

228. *Mr. N. M. Joshi : Will Government be pleased to state whether they have appointed Emigration Agents in Ceylon, Malaya and Mauritius ? If so, will Government be pleased to state the names of these Agents ? If the Agents have not yet been appointed, will they state the reason why they have not yet been appointed ?

Mr. M. S. D. Butler : It is hoped that Indian Emigration Agents in Ceylon and Malaya will be appointed shortly. Government have decided to abandon the idea of appointing an Agent in Mauritius pending further experience elsewhere. Some time has been taken in correspondence with Local Governments principally concerned regarding the selection of officers and the conditions of their employment.

RECONSTITUTION OF OFFICE OF DIRECTOR-GENERAL OF STORES, INDIA OFFICE.

229. *Rai Bahadur Lachmi Prasad Sinha : With reference to paragraph 218 of the report of Stores Purchase Committee will the Government be pleased to state whether the question of the reconstitution of

the office of the Director General of Stores, India Office, has been taken up? If not, when do the Government propose to take up the matter?

The Honourable Mr. A. C. Chatterjee: I propose with your approval, Sir, to answer this and the next question together.

The recommendation of the Stores Purchase Committee, to which the Honourable Member refers, presupposes the establishment of a fully organized stores department in India. The Indian Stores Department is at present only in the process of formation, and it is consequently premature to consider the question of the reconstitution of the London Store Department; although, as the Honourable Member is no doubt aware, the interim measure suggested in paragraph 218 of the Stores Purchase Committee's Report has already been carried into effect. Until the Indian Stores Department is fully organized and is in a position to handle a substantial volume of business, it is impossible to expect any appreciable reduction in the expenditure of the London Store Department. The question is, however, under the consideration of Government, who are about to address the High Commissioner on the subject.

EXPENDITURE ON STORES DEPARTMENT, LONDON.

†230. ***Rai Bahadur Lachmi Prasad Sinha:** (a) In view of the formation of the Indian Stores Department, will the Government be pleased to state whether the expenditure on the Stores Department in London under the High Commissioner has been reduced?

(b) If not, why not?

(c) Will the Government be pleased to state what steps they propose to take to reduce the expenditure?

BRANCH POST MASTERS.

231. ***Rai Bahadur Lachmi Prasad Sinha:** (1) (a) Will the Government be pleased to state whether there is any system of employing unpaid apprentices as under training for the posts of Branch Post Masters?

(b) If so, will the Government be pleased to state the number of such unpaid candidates?

(c) Is it a fact that those unpaid apprentices were required to furnish security bond?

(2) Will the Government be pleased to state the number of approved candidates amongst those unpaid apprentices?

(3) (a) Is it a fact that the services of such approved candidates have been dispensed with?

(b) If so, will the Government be pleased to state the number of men whose services have been dispensed with in each Province?

(4) Is it a fact that outsiders have been brought in supersession of the claims of those candidates?

(5) Will the Government be pleased to state whether they propose to reconsider the question of reinstating those approved candidates?

The Honourable Mr. A. C. Chatterjee: The information asked for is being collected and will be communicated to the Honourable Member as soon as it is received.

† For answer to this question—see Answer below Question No. 229.

POSTAL DEPARTMENT LEAVE RESERVE.

232. *Rai Bahadur Lachmi Prasad Sinha : (1) Is it a fact that the present sanctioned leave reserve in the Postal Department is only 15 per cent. of the clerical strength of the Department ?

(2) (a) Is it a fact that clerks in the Postal Department are being refused leave even on Medical Certificates owing to the low percentage of leave reserve ?

(b) If so, will the Government be pleased to state whether they propose to take any step to raise the present sanctioned percentage of leave reserve ?

The Honourable Mr. A. C. Chatterjee : (1) The sanctioned leave reserve in the case of Post Offices and the Railway Mail Service is equal to 17 per cent. of the total working staff.

(2) (a) There may have been occasional instances in which leave has been unavoidably refused, even though the requests for the grant of leave were supported by medical certificates. If the Honourable Member can mention any specific instances in which this has occurred, I shall be willing to have them examined.

(b) The reply is in the negative. Government are of opinion that the leave reserve is adequate.

Mr. Harchandrai Vishindas : Will Government be pleased to state how the leave reserve in this department compares with the leave reserve in other departments ?

The Honourable Mr. A. C. Chatterjee : I should like notice of the question, Sir.

REDUCTION IN THE NUMBER OF POSTAL PEONS.

233. *Rai Bahadur Lachmi Prasad Sinha : (1) (a) Will the Government be pleased to state whether the number of Postal peons employed in the delivery staff in mofussil towns and villages are being reduced ?

(b) If so, is the Government aware that such reductions in the number of Postal peons is reducing the number of Postal deliveries in the interior villages ?

(2) Is the Government aware that in certain Mofussil villages in the District of Monghyr Postal deliveries have been so curtailed as to result in considerable delay in the transmission of letters and money-orders ?

(3) Will the Government be pleased to state whether they propose to take early steps to ameliorate their condition ?

The Honourable Mr. A. C. Chatterjee : (1) A reduction in the number of postmen throughout the country, with the consequent curtailment of deliveries, is one of the measures that have had to be adopted in order to effect the very large reduction which was demanded in respect of the expenditure of the Post and Telegraph Department.

(2) and (3). I have no such information but I shall make enquiries. If however the Honourable Member will furnish me with the particulars of any cases in which, in his opinion, some amelioration is essential, the matter will receive attention.

Dr. Nand Lal : Is the Government of India aware that the delivery of letters in villages is very dilatory and that there is a great amount of complaint in that direction ?

The Honourable Mr. A. C. Chatterjee : No, Sir, no more dilatory than is inevitable on account of the retrenchment that has been effected.

Rai Bahadur Lachmi Prasad Sinha : Is the Government of India aware that the delay in the transmission of monthly remittances from labourers through Postal money orders has become a source of hardship to their families ?

The Honourable Mr. A. C. Chatterjee : The answer is in the negative.

Rai Bahadur Lachmi Prasad Sinha : Will the Government of India be pleased to take steps to inquire into the matter and remedy it ?

The Honourable Mr. A. C. Chatterjee : Yes, inquiries will be made.

PERSONAL ASSISTANTS TO POST MASTERS GENERAL.

234. ***Rai Bahadur Lachmi Prasad Sinha :** (1) Is it a fact that each of the Post Master Generals are given a Personal Assistant ?

(2) Will the Government be pleased to state the different kinds of allowances sanctioned for each of such Personal Assistants ?

(3) (a) Is it a fact that some of these allowances paid to such Personal Assistants vary in different seasons of the year ?

(b) If so, will the Government be pleased to state the reasons of granting such varying scale of allowances ?

The Honourable Mr. A. C. Chatterjee : (1) Every Postmaster-General has two or more Personal Assistants.

(2) Every Personal Assistant is granted an allowance of Rs. 100 a month which was formerly called a "duty allowance" and is now classed as "special pay." The Personal Assistants to the Postmaster-General, Bengal and Assam, and the Postmaster-General, Bombay, also draw allowances under the Calcutta and Bombay House Allowance Schemes, respectively, while the Personal Assistants to the Postmaster-General, Burma, draw Burma allowance and allowances under the Rangoon House Allowance Scheme.

(3) and (4). The amounts of the allowances under the Calcutta and Bombay House Allowance Schemes vary with the seasons of the year, and the variation is one of the features of the Schemes which were sanctioned by the Secretary of State many years ago for the benefit of all gazetted officers both of the Central and of the Local Government stationed in these cities.

WAITING ROOM AT MOHESHKHUND RAILWAY STATION.

235. ***Rai Bahadur Lachmi Prasad Sinha :** (a) With reference to the reply given to my starred question No. 1003, will the Government be pleased to state whether the work of constructing the Waiting-room at Moheshkhund Railway Station has been taken up and if so, when did the work of construction commence ?

(b) Is it a fact that construction work has been stayed for the last 4 or 5 months owing to some difference between the Contractor and the Engineer ?

The Honourable Mr. C. A. Innes : (a) The Agent reports that the waiting room at the railway station in question has nearly been completed.

(b) Government have no information.

DANGERS TO PASSENGERS AT MOHESHKHUND.

236 ***Rai Bahadur Lachmi Prasad Sinha :** (1) (a) Is the Government aware that the unfenced condition of the very deep foundation dug out for the erection of the Waiting-room at Moheshkhund Station is very dangerous to the safety of the passengers and the public using the railway platform during night ?

(b) Is it a fact that a passenger fell into the foundation and got severely injured ?

(c) Is it a fact that such injured person has had to be removed to Hospital for his injuries ?

(2) (a) Will the Government be pleased to state whether any compensation has been awarded to such injured person ?

(b) If not, will the Government be pleased to state the reasons for it ?

The Honourable Mr. C. A. Innes : (1) (a) The Agent reports that the excavation made for the erection of the waiting room at the station has been fenced.

(b) A passenger crawled through the fence, slipped into the foundation and sustained very slight injury.

(c) Government have no information.

(2) (a) and (b). No compensation was claimed.

CONGESTION AT HYDERABAD, SIND.

237. ***Mr. W. M. Hussanally :** (a) Is it a fact that the Indian portion of the city of Hyderabad, Sind, is very congested ?

(b) If so, is the Cantonment at that place blocking the way of the expansion of the city on the hill ?

Mr. E. Burdon : (a) Government understand that this is so.

(b) The Cantonment area is said to be blocking the expansion of the city in one direction, but this Government understand is not the only direction in which the city can be expanded.

REMOVAL OF HYDERABAD CANTONMENT.

238. ***Mr. W. M. Hussanally :** (a) Did the Government of India appoint a committee last year to consider the question of the removal of the Cantonment of Hyderabad, Sind ?

(b) If so, what was the personnel of that Committee ?

(c) What were the terms of their reference ?

(d) What were their recommendations ?

(e) Were their recommendations communicated to the local Municipality and the Bombay Government ?

(f) If so, what were their replies ?

Mr. E. Burdon : (a) Yes.

(b) Lieutenant-General Sir Walter Braithwaite, K.C.B., the then General Officer Commanding-in-Chief, Western Command ; E. J. Bolus,

Esq., I.C.S., Collector of Hyderabad (Sind); Mr. Chatursingh Aimal, Vice-President of the Hyderabad Municipality; Lieutenant-Colonel N. C. Bannatyne, representative of the Hyderabad Cantonment Committee; the Honourable Member himself; Lieutenant-Colonel H. N. North, D.S.O., officiating Chief Engineer, Western Command; Mr. Gopaladas Jhamatmal, representative of the Hyderabad Municipality; Lieutenant-Colonel E. S. J. Anderson, Controller of Military Accounts, Western Command; and Major G. A. Kempthorne, D.S.O., Deputy Assistant Director of Medical Services, Western Command.

(c) To investigate the question of relieving the existing congestion in the city of Hyderabad (Sind) and the possibility of locating the normal garrison in the neighbourhood of Hyderabad or elsewhere, the new cantonment being built in accordance with the present day conditions governing the provision of military accommodation.

(d) The Committee were of opinion that the best means of relieving the existing congestion lay in the transfer to the civil authorities of the land now occupied by the military cantonment.

(e) Yes.

(f) The Municipality stated that they were unable to find the funds for the proposed transfer of the cantonment and the question has been dropped on the recommendation of the Bombay Government who are also unable to provide funds for carrying out the measure recommended.

COMPENSATION FOR REMOVAL OF HYDERABAD CANTONMENT.

239. *Mr. W. M. Hussanally : (a) Is it a fact that Government of India demanded about 2 lacs of rupees from the Municipality to compensate them for the removal of the Cantonment of Hyderabad, Sind ?

(b) If so, what were the terms offered by the Municipality ?

Mr. E. Burdon : (a) No.

(b) One of the conditions under which the Government of India were prepared to agree to the removal of the cantonment from its present site was that no additional expenditure should be thrown on to the army estimates. The expenditure involved had to be borne by the local civil authorities. The approximate cost of the scheme recommended for the removal and reconstitution of the cantonment was estimated roughly at Rs. 80 lakhs. The Municipality made no offer.

REMOVAL OF CALCUTTA CANTONMENT.

240. *Mr. W. M. Hussanally : (a) Is it a fact that the Government of India in the past bore all the expenses of the removal of the Cantonment at Calcutta or any other place ?

(b) If so, are the Government prepared to consider the question of extending the same privilege to the city of Hyderabad, Sind ?

Mr. E. Burdon : (a) I have been unable to trace any case in which the military estimates have borne the cost of removing a cantonment, the location of which was altered at the request of the civil authorities and the civil population.

(b) This question does not now arise.

MILITARY POPULATION OF HYDERABAD.

241. *Mr. W. M. Hussanally : (a) What is the strength of the military population of the Cantonment of Hyderabad, Sind ?
 (b) What is the total population of the Cantonment ?
 (c) What is the total area of the Cantonment ?
 (d) How much of this area is built upon ?
 (e) What is the population of Hyderabad city according to the last census ?
 (f) What is the total area of the city ?
 (g) How much of it is built upon ?

Mr. E. Burdon : (a) 2,214.
 (b) 6,104.
 (c) 2,650 acres.
 (d), (e), (f) and (g). The Government of India have no information on the subject, but are enquiring. I will let the Honourable Member know the result in due course.

Mr. Harchandrai Vishindas : Is it not a fact that while the rich have expanded towards the Central Jail site, there is no room for the expansion of the poor ?

Mr. E. Burdon : I have no local knowledge of the Cantonment. If the Honourable Member wishes to have the information, I can make enquiries.

Mr. S. C. Shahani : Is there any proposal before Government to remove the small cantonment at Hyderabad, Sind, either to Karachi or to Quetta, as a matter of convenience to the city of Hyderabad ?

Mr. E. Burdon : No ; there is no proposal of that kind at present before Government.

POPULATION OF HYDERABAD.

242. *Mr. W. M. Hussanally : What is the comparative density of population of the city and the Cantonment of Hyderabad, Sind ?

Mr. E. Burdon : The information asked for by the Honourable Member has been called for and will be furnished to him when received.

REMOVAL OF HYDERABAD CANTONMENT.

243. *Mr. W. M. Hussanally : (a) Is there any proposal before Government to remove the small Cantonment of Hyderabad, Sind, either to Karachi or Quetta as a matter of retrenchment ?

- (b) If not, will the Government consider the proposal ?
 (c) If such a proposal has been before Government, have they decided to remove it ?
 (d) If they have negatived the proposal, what has been the impediment ?

Mr. E. Burdon : (a) No.
 (b) (c) (d). No, there can be no question of removing the Cantonment elsewhere as a matter of retrenchment.

NEW CANTONMENT AT KARACHI.

244. *Mr. W. M. Hussanally : (a) Is it a fact that a new Cantonment is being built at Karachi by extending the present Cantonment to Drigh Road ?

(b) If so, why cannot the Hyderabad Cantonment be shifted to Karachi ?

Mr. E. Burdon : (a) No. The proposal to extend the existing cantonment towards the Drigh Road aerodrome is still under consideration and has not yet taken definite shape.

(b) This question does not at present arise but I may explain that apart from everything else there would be the same financial difficulty in the way of removing the cantonment to Karachi as at present bars its removal to the suggested site at Kotri.

FAILURE OF BANKS.

245. *Mr. K. C. Neogy : With reference to the reply to starred question No. 108, dated the 3rd July, 1923, will Government be pleased to state whether it is a fact that a few other Banks failed about the same time as, or since the failure of, the Alliance Bank of Simla, Limited ? And if so, whether Government have taken, or propose to take, action similar to that taken in the case of the Alliance Bank of Simla, Limited ?

The Honourable Sir Basil Blackett : Government have seen reports of the failure of one or two small banks. The answer to the second part of the question is in the negative.

Mr. Harchandrai Vishindas : Will Government be pleased to lay down any policy with regard to their assisting failing banks in future ?

The Honourable Sir Basil Blackett : Sir, you drew attention to the fact that supplementary questions became a debate the other day ; and as we are to have a debate on Wednesday, I suggest that the question be postponed till then.

Dr. Nand Lal : May I ask what object the Government had in view in extending their sympathy to the Alliance Bank ?

Mr. President : That does not arise out of the question.

Mr. S. C. Shahani : Will Government be pleased to mention the names of the banks that have to their knowledge failed about the time of the failure of the Alliance Bank ?

The Honourable Sir Basil Blackett : I have not the names in front of me, but I shall be ready to give the names to Honourable Members on Wednesday.

PUBLICATION OF CORRESPONDENCE RE ALLIANCE BANK FAILURE.

246. *Mr. K. C. Neogy : Will Government be pleased to publish the correspondence that passed between the Government of India and the Secretary of State in regard to action taken in connection with the failure of the Alliance Bank of Simla, Limited ?

The Honourable Sir Basil Blackett : Government do not propose to publish the correspondence.

Dr. H. S. Gour : Seeing that the Government is in a quandary, regarding the end from which their initiative came, will not the Honourable the Finance Member avail himself of the opportunity of publishing the correspondence so that we may be able to ascertain the exact origin of the initiative regarding the support given to the Alliance Bank ?

The Honourable Sir Basil Blackett : Sir, in view of the fact that Government is not in a quandary, the rest of the question does not arise.

Mr. W. M. Hussanally : May I inquire if the correspondence on the question is confidential.

The Honourable Sir Basil Blackett : The Government of India's correspondence is always confidential.

RAILWAY ESTABLISHMENT ROLLS.

247. ***Rai Bahadur Lachmi Prasad Sinha :** Will the Government be pleased to state what progress has been made in the direction of compiling and publishing an Establishment roll of each of the Railway Administrations of India ?

Mr. G. G. Sim : The attention of the Honourable Member is invited to the answer given on the 9th July 1923 to Question No. 165 by Mr. P. L. Misra.

Mr. S. C. Shahani : Will Government be pleased to state how each Railway Administration is carried on without an establishment roll ?

Mr. G. G. Sim : Establishment rolls are maintained by each individual Railway. This question, I understand, refers to the printing and publishing of the rolls for the whole of India.

SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS.

248. ***Rai Bahadur Lachmi Prasad Sinha :** (a) Will the Government be pleased to state what action they have taken in the matter of separation of judicial and executive functions ?

(b) Has the Government any report as to how many of the Provinces are considering the question of such separation and how many have actually separated the functions ?

(c) If so, will the Government be pleased to state the names of such Provinces ?

The Honourable Sir Malcolm Hailey : (a) The Honourable Member is referred to the Resolution of the Government of India in the Home Department No. F-196-Judicial, dated the 7th December 1921, published in the supplement to the "Gazette of India."

(b) and (c). The Governments of the United Provinces and Bihar and Orissa have made proposals to the Government of India which are under consideration and according to information available the question is being examined by certain other Local Governments. Separation has not yet taken place in any province ; as the Honourable Member perhaps realizes, the matter is one in which the initiative rests in the first instance with Local Governments, who are handicapped at present by financial stringency.

Mr. Harchandrai Vishindas : Sir, can the Government of India state whether they propose at any time hereafter to consider the question for the whole of India ?

The Honourable Sir Malcolm Hailey : As soon as we receive the recommendations of the other Local Governments who, we know, are considering the question, we shall of course take up their proposals, because they may need legislation : we shall then have to decide whether such legislation shall be put forward and in what form.

Dr. Nand Lal : Has the Government of India any knowledge whether the Punjab Government has taken any steps in this direction, namely, the separation of judicial from executive functions ?

The Honourable Sir Malcolm Hailey : I do not remember to have seen any recommendations from the Punjab Government.

Mr. K. Ahmed : May I ask, Sir, about the Government of Bengal, whether they have in their opinion or in any other way requested the Government of India that they would like to have the separation of judicial and executive functions ?

Mr. President : These questions, which relate to the Provincial Governments, ought in the first instance to be asked in the local Councils.

Mr. K. Ahmed : But in view of the fact that the Honourable the Home Member has referred to it, a supplementary question, according to the rules, to elicit further facts on the subject does arise.

The Honourable Sir Malcolm Hailey : Our position in the matter is largely concerned with the consideration whether legislation is required for any steps that are taken in this direction ; the necessary provision for finance will of course lie with the Local Government. We have seen the report of the Committee appointed by Bengal but, so far as I am aware, the Bengal Government have not submitted to us any recommendations on the subject. Certainly there have been no proposals for legislation.

STAFF SELECTION BOARD ENQUIRY COMMITTEE.

249. ***Raj Bahadur Lachmi Prasad Sinha :** (a) Will the Government be pleased to state whether the Staff Selection Board Enquiry Committee has finished their labours ?

(b) If so, will the Government be pleased to place a copy of such report on the table of this House ?

(c) If not, will the Government be pleased to state whether they propose to expedite the enquiry with a view to an early submission of the report ?

The Honourable Sir Malcolm Hailey : (a) No.

(b) Does not arise.

(c) It is hoped that the Committee will conclude its work during the present session, and submit its report to Government.

SUPERSESSION OF MR. BHAGWAN DAS, B.A., AT ABBOTTABAD.

250. ***Bhai Man Singh :** (a) Is it a fact that when an additional Senior Anglo-Vernacular Teacher's post was created in July 1922 at Abbottabad, one Mr. Bhagwan Das, B.A., B.T., a Teacher at Kohat

sub-protem in the Senior grade, was superseded by one Masud-ur-Rahman, a Teacher far junior in service and inferior in educational qualifications ?

(b) If so, will Government be pleased to give reasons for this supersession ?

(c) Is it also a fact that the record of service of Mr. Bhagwan Das has been good and approved of by all his superior officers ?

(d) If so, do Government propose to consider the case of Mr. Bhagwan Das and appoint him to the new Senior Post ?

Mr. M. S. D. Butler : (a) The answer is in the negative. M. Masud-ur-Rahman was appointed *sub-protem* as 3rd master on the 20th December 1920, while Lala Bhagwan Das was appointed *sub-protem* to the same grade as 3rd master, at a later date, namely, the 13th June 1921. M. Masud-ur-Rahman is senior in his grade to Lala Bhagwan Das and has been confirmed in that grade.

(b), (c) and (d). In view of the foregoing these questions call for no reply.

EXCLUSION OF BHAGUR FROM DEOLALI CANTONMENT.

251. ***Rai Bahadur Pandit J. L. Bhargava :** (1) Are the Government aware that on 28th February 1923, Sir Ibrahim Rahimtulla, Leader of the Bombay Legislative Council, gave assurance to the Council that the "Government of Bombay have already recommended to the Government of India to exclude Bhagur from the limits of the Deolali Cantonment" ?

(2) (a) Have such recommendations been received by the Government of India ?

(b) Have the Government taken into consideration these recommendations ?

(c) If not, when should the decision of the matter be expected ?

Mr. E. Burdon : (1) On the date mentioned, Sir Ibrahim Rahimtulla stated in the Bombay Legislative Council that the Government of Bombay had decided to recommend to the Government of India that Bhagur village should be excluded from the cantonment limits. He did not say that the Government of Bombay had already recommended the exclusion of the village.

(2) (a)—(c). The attention of the Honourable Member is invited to the reply given on the 10th July to the questions asked by Mr. Joshi on the same subject.

Mr. S. C. Shahani : Will Government be pleased to state if in any place readjustments of municipal and cantonment limits are done without reference to the Government in the jurisdiction of which that place is situated, and secondly, are Government aware if the Bombay Government have satisfied themselves that in the exclusion of Bhagur from the limits of the Deolali Cantonment no risk is involved to the troops stationed at Deolali ?

Mr. E. Burdon : The answer to the second part of the question was given in my reply to Mr. Joshi's question on the same subject. The Bombay Government did give an assurance that sanitary control could be maintained as a matter of administration by the civil authorities and on that assurance it was decided that we should exclude the village. As

regards the first part of the question, an alteration of cantonment limits is not carried out without reference to the Government of India. I am unable to make any statement about municipalities.

CLASSIFICATION OF POLITICAL EXPENDITURE.

252. * Colonel Sir Henry Stanyon : (a) Is an order ever issued under Section 67-A (3) (v) of the Government of India Act, or any decision given under 67-A (4) of the Act which has the effect of classifying as Political expenditure which is not recorded under the major head " Political " ?

(b) If so, what is the reason for the distinction ?

(c) If such an order is issued under 67-A (3) (v), or if a decision is given under 67-A (4) having this effect, is the advice of the Auditor General taken before the order is issued or the decision given ?

The Honourable Sir Basil Blackett : (a) Yes.

(b) The existing accounts classification has closer reference to the department in which the expenditure occurs than to the object of the expenditure or the grounds on which it is sanctioned. For example, expenditure in the Public Works Department on buildings or other works required by a non-commercial department has to be charged under the existing classification under the head ' Civil Works.' But when it happens that such a work is required on political grounds, it may be classified as ' political ' under Section 67-A(3) (v) of the Government of India Act.

(c) It is not necessary to obtain the advice of the Auditor General in such a case.

RATES PAYABLE ON BILLS OF EXCHANGE.

253. * Colonel Sir Henry Stanyon : (a) Will Government be pleased to state whether they are aware of the widespread dissatisfaction in commercial circles caused by the decision of the Finance Department not to undertake legislation on the lines of the Honkong Bill of Exchange Ordinance, 1921, definitely laying down whether a Past Due Bill of Exchange is payable at the rate of exchange ruling at the date of the ultimate payment or at the rate of exchange ruling at the date of maturity ?

(b) Are Government aware that their action in this respect is directly contrary to the considered, emphatic and unanimous opinion of the Associated Chambers of Commerce of India and Ceylon ?

(c) Will Government be pleased to give the name of any Chamber of Commerce or Public Body which does not favour legislation on the lines indicated by the Associated Chambers ?

The Honourable Sir Basil Blackett : (a) and (b). Government are aware that many of the Commercial community, including those represented on the Associated Chambers of Commerce of India and Ceylon, are anxious for this legislation and it was pressed upon Government by the latter body. Government, have, however, so far been unwilling to undertake legislation in the absence of practical unanimity in commercial circles.

(c) The legislation proposed was not favoured by the Indian Merchants' Chamber, Bombay, and by the Bengal National Chamber of Commerce.

Mr. S. C. Shahani : Will Government be pleased to state if they would reconsider the opinion of the Associated Chambers of Commerce of India and Ceylon with a view to undertaking legislation on the lines recommended by the Associated Chambers ?

The Honourable Sir Basil Blackett : I think I have already answered that question.

LEGISLATION RE DIVORCE SUITS.

254. * **Colonel Sir Henry Stanyon :** (a) Is Government aware that as a result of the decision of the English Divorce Court last year in the case of *Keyes v. Keyes and Gray*, a conflict of judicial opinion and a diversity of practice is growing up in the Indian High Courts, where some Honourable Judges take the view that under the Government of India Act of 1861 the Indian Legislature was incompetent to confer jurisdiction upon Courts in this country to dissolve a marriage between persons not domiciled in India, and that, consequently, though such persons may have been married and may still be resident, and though the matrimonial offence giving a right to divorce may have been committed, in India, no valid decree of divorce can be passed under the Indian Divorce Act (IV of 1869) ?

(b) Does Government contemplate the introduction of legislation to ensure—

- (i) that the Courts in India shall give effect to the jurisdiction which Act IV of 1869 purports to confer on them :
- (ii) that such Courts shall not be competent to question the power of the Indian Legislature to confer such jurisdiction : and
- (iii) that in matters of jurisdiction in India such Courts shall not hold themselves bound by the decisions of foreign Courts which possess no territorial jurisdiction in this country ?

Mr. M. S. D. Butler : (a) Yes.

(b) The Government of India have addressed the Secretary of State in the matter.

AMENDMENT OF INDIAN DIVORCE ACT.

255. * **Colonel Sir Henry Stanyon :** (a) Is Government aware that an amendment of the Law of Divorce has been approved by both Houses of Parliament in England and is about to be enacted whereby a wife will become entitled to obtain a dissolution of marriage on grounds similar to those available to a husband ?

(b) If so, does Government contemplate legislation for a similar amendment of the Indian Divorce Act, 1869, or does it intend to leave such amendment to be introduced by way of a private Bill ?

Mr. M. S. D. Butler : (a) The Government of India have no official information but have seen statements in the Press in the sense of the Honourable Member's question.

(b) Until the Government of India have seen the enactment in question they are unable to make any statement.

FINANCE DEPARTMENT LETTER TO INDIAN MERCHANTS' CHAMBER RE ALLIANCE BANK FAILURE.

256. ***Mr. K. C. Neogy :** With reference to answer to Sir Sivaswamy Aiyer's question regarding the Alliance Bank failure, on July 5th, has the attention of Government been drawn to that part of the Judgment of the Chief Justice of the Bombay High Court on the appeal in the Imperial Bank case, in which he observed that " Mr. McWatters, in reply to the Indian Merchants' Chamber, used language which cannot be easily reconciled with what is now disclosed " ?

The Honourable Sir Basil Blackett : Yes, I would refer the Honourable Member to the answers which I have already given in reply to other Honourable Members. Government's letter to the Indian Merchants' Chamber did not refer to the arrangements between Government and the Imperial Bank by which the latter were put in a position to take action.

Mr. Harchandrai Vishindas : Was such language, if used by Mr. McWatters, used for a set purpose or accidentally? If the first, why ?

The Honourable Sir Basil Blackett : I think the answer will be given on Wednesday.

Dr. Nand Lal : Will the Government of India be kind enough to enlighten this Assembly in clear words as to what was the object in view which actuated the Government of India in extending their sympathy to the Alliance Bank ?

The Honourable Sir Basil Blackett : In so far as that question has not been answered already it will be answered in the future.

INDIAN SEAMEN AND WORKMEN'S COMPENSATION ACT.

257. ***Mr. K. C. Neogy :** Will Government be pleased to state whether any reference has been made to the Board of Trade in England on the question of providing the Indian seamen employed in vessels registered under the English Merchant Shipping Act of 1894, an alternative remedy under the Indian Workmen's Compensation Act ?

The Honourable Mr. A. C. Chatterjee : The attention of the Honourable Member is drawn to the reply given to a similar but unstarred question asked by Mr. Joshi on the 2nd July last.

Mr. K. Ahmed : Have the Government of India, especially has my Honourable Friend Mr. Chatterjee's Department referred the matter to England, to the Board of Trade, at all ?

The Honourable Mr. A. C. Chatterjee : We are in communication with the Secretary of State and not with the Board of Trade in the first instance.

Mr. K. Ahmed : Have the Government of India referred that matter to the Secretary of State in England showing our demands, Sir ?

EXCLUSION OF BHAGUR FROM DEOLALI.

258. ***Mr. K. G. Bagde :** (a) Have the Government received any proposal from the Bombay Government recommending to exclude the village of Bhagur, near Deolali, District Nashik, from the operation of the Cantonment Act ; and if so, on what date ?

(b) When did the Government first receive a petition from the residents of Bhagur in connection with their grievances under the Cantonment Act ?

(c) Has any and what final order been passed in connection with this matter ?

(d) If the reply to part (c) be in the negative, when is such an order likely to be passed ? and

(e) Were Octroi and Licence fees collected from the villagers during any part of the year 1923 ?

Mr. E. Burdon : The attention of the Honourable Member is invited to the reply given on the 10th July 1923 to questions asked by Mr. Joshi, Nos. 186-198, from which he will note that the Government of India have decided to exclude Bhagur village proper from the cantonment of Deolali.

UNSTARRED QUESTION AND ANSWER.

GOVERNMENT CONTROL OVER COMPANY-WORKED RAILWAYS.

109. **Rai T. P. Mukherjee Bahadur :** Will the Government be pleased to state whether the Government is now taking steps to take charge of Railways as soon as the term of the company is over ?

The Honourable Mr. C. A. Innes : The Government is taking the steps necessary for taking over the East Indian and the Great Indian Peninsula Railways on the expiry of their leases.

ACQUISITION OF A TUG FOR THE IRAQ RIVER FLEET.

Captain E. V. Sassoon (Bombay Millowners' Association : Indian Commerce) : Sir, the question of which I have given private notice runs as follows :

“ 1. Has the Government of India seen an article recently published in an Indian newspaper on what is described as a case of reckless waste of the Indian taxpayer's money ? It is alleged that in 1916 the Government of India agreed to terms which proved to be grossly extravagant for the acquisition of a tug for the Iraq River Fleet.

“ 2. Are the facts as stated in the article in question, and if so, why did the Government of India incur any expenditure from Indian revenues on hiring a river craft for use in Mesopotamia ? ”

Mr. E. Burdon (Army Secretary) : The Government of India have seen the article in question including the suggestion which it contains that it was extravagances of the character mentioned that led the Government to double the salt tax. The actual facts are these. The tug in question was taken up by the Straits Settlements Authorities on behalf of His Majesty's Government and the Straits Settlements Authorities fixed the terms on which the tug was acquired. No payment in respect of the tug was made from Indian revenues.

MOTION FOR ADJOURNMENT OF THE ASSEMBLY.

QUESTION OF UNEMPLOYMENT.

Lieut.-Colonel H. A. J. Gidney (Nominated : Anglo-Indians) : Sir, I ask for leave to move the adjournment of the House of which I have already given notice. The notice is in these terms :

“ The appalling condition leading to unparalleled economic upheaval in India due to the unemployment of middle classes, Domiciled Community and Indians.”

Sir, in asking for your permission for leave to move the adjournment of this House, I feel I must demonstrate to you before you grant it that not only is it a matter of urgency but it is of recent occurrence.

The Honourable Sir Malcolm Hailey (Home Member) : May I ask purely as a matter of form and procedure whether you are prepared to give leave to move the adjournment of the House ?

Mr. President : At present, from my knowledge regarding the question which the Honourable Member proposes to raise, it appears to me to be neither urgent nor definite in the sense in which those words are used in the rules. But if the Honourable Member can draw my attention to any event of recent occurrence which bring it within the scope of the rule, I am prepared to hear him, but otherwise on general grounds it is not within the scope of the rule.

Lieut.-Colonel H. A. J. Gidney : I thank you for the opportunity, but after what the Honourable the Home Member has said, I fear that I shall not be successful.

The Honourable Sir Malcolm Hailey : I was not opposing it. I was asking merely in the general interests of procedure.

Lieut.-Colonel H. A. J. Gidney : We are in cloudland, but I may say that the situation is very acute and those Members who come from the capital towns of India will bear me out when I state here that the position in those places is certainly one of great acuteness and urgency. I refer particularly to Calcutta where the local press has given great prominence to the situation ; I refer also to Bombay. I think that the publicity given to this matter recently in the public press shows that although the matter of unemployment has been one of some duration, yet, I think that since the publication of the Incheape Committee's Report the wholesale dismissals from the Railways and various Government Departments have accentuated matters to such an extent as to really give it a complexion of urgency, such as undoubtedly exists to-day in the capital towns

not so much in the mofussil towns. I therefore submit, Sir, with all respect to the Honourable the Home Member that it is really a matter of urgency and I plead with you to adjourn this House so that we can from the floor of this House proclaim to all India and various Provincial Governments the circumstances as to the acute condition of unemployment amongst the middle classes. I specify the middle classes, especially the Domiciled Community, and not the general situation of unemployment with which this House cannot cope and with which no Government could cope. I therefore submit that it is a matter of extreme urgency and the present accentuation renders it recent in origin.

Mr. President : I am afraid the Honourable Member has mistaken the bearing of the rules. The rule, as I think I have explained, provides an opportunity for Members of this House to draw the attention of Government to a matter of recent occurrence which could not otherwise be discussed under the ordinary procedure of the House. The matter to which the Honourable Member is referring, namely, the appalling condition of the middle classes due to unemployment is a matter which, though urgent in his reading of the word, is not urgent in the sense of the rule and therefore I am afraid I cannot admit it.

The Honourable Sir Malcolm Hailey : I was not opposing the Honourable Member in any way ; I was merely acting in what I conceived to be the interests of the procedure of the House in asking the President a question as to the admissibility or otherwise of such a motion.

THE LAND ACQUISITION (AMENDMENT) BILL.

Mr. M. S. D. Butler (Secretary, Department of Education, Health and Lands) : I beg to present the report of the Select Committee to which was referred the Bill further to amend the Land Acquisition Act, 1894, for certain purposes.

THE INDIAN ELECTRICITY (AMENDMENT) BILL.

The Honourable Mr. A. C. Chatterjee (Industries Member) : I beg to move for leave :

“ To introduce a Bill further to amend the Indian Electricity Act, 1910.”

The House will remember that last year we passed a Bill to amend the Indian Electricity Act and to bring it up-to-date. At that time a provision was introduced in the Bill enabling a licensee under the Act to have trees that endanger aerial lines to be removed under the orders of a magistrate. At the time, Sir, the framers of the Bill overlooked the fact that in the word ‘ licensee ’ we were not including railway administrations. As Members are aware, a great many railways now are electrifying some portions of their lines, especially in the suburbs of the big cities, and a difficulty has arisen with regard to the powers of these railways to exercise the same privileges as are now enjoyed by licensees under the Act. This is a small Bill which aims at removing this difficulty. The Statement of

[Mr. A. C. Chatterjee.]

Objects and Reasons explains the purpose and I hope that leave will be granted.

Mr. President : The question is :

“ That leave be given to introduce a Bill further to amend the Indian Electricity Act, 1910.”

The motion was adopted.

The Honourable Mr. A. C. Chatterjee : Sir, I introduce the Bill.

THE INDIAN PORTS (AMENDMENT) BILL.

The Honourable Mr. C. A. Innes (Commerce Member) : Sir, I beg to move for leave :

“ To introduce a Bill further to amend the Indian Ports Act, 1908.”

I do not propose to detain the House over this little Bill, which is fully explained in the Statement of Objects and Reasons. It is designed to remedy a defect in the Indian Ports Act, which has just come to our notice. It is a rather serious defect, because as the law stands at present, Local Governments and Port Trusts have no power to regulate the disposal and the discharge of oil in ports and harbours. That is the object of this Bill. It is merely an enabling Bill. Each Local Government will be able to decide for itself whether such rules are necessary in the particular circumstances of each port. When the rules have been framed, the law requires that they must be published for three months in order that all parties interested may have an opportunity for objecting.

Mr. President : The question is :

“ That the Report of the Select Committee on the Bill further to amend the Act, 1908.”

The motion was adopted.

The Honourable Mr. C. A. Innes : Sir, I now introduce the Bill.

THE INDIAN STAMP (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member) : Sir, I beg to move :

“ That the Report of the Select Committee on the Bill further to amend the Indian Stamp Act, 1899, be taken into consideration.”

As Honourable Members will see from the Report of the Select Committee, there is no difference of opinion in regard to what is now clause 3 (i) and (ii), the operative portions of the Bill, but there is a difference of opinion as regards promissory notes. I think it will probably be for the convenience of the House, therefore, if I confine myself at the present stage to moving that the report be taken into consideration and that when we come to the clauses themselves we should deal with the difference of opinion that was disclosed in the Select Committee in regard to promissory notes.

Mr. President : The question is :

“ That the report of the Select Committee on the Bill further to amend the Indian Stamp Act, 1899, be taken into consideration.”

The motion was adopted.

Mr. President : I propose to postpone clauses 1 and 2 and to take clause 3 first. The question is that clause 3 do stand part of the Bill.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural) : I beg to move :

“ That in clause 3 (i), for the words and figures ‘ No. 36, No. 37 and No. 52,’ the words and figures ‘ and No. 37 ’ be substituted.”

My object is, as will be evident, to drop No. 36 and No. 52. Sir, when the Bill is passed into law it will be very difficult for any one who is not a Member of this House to find out exactly what these numbers stand for, unless of course reference is made to the principal Act. I find that the items in the Schedule to the English Stamp Act are not numbered at all, and if any such amendment were necessary to the English Act every item to be amended will have to be set out in full. Now, Sir, this is after all a very small matter. But I think that this is rather symbolic of the principle, or rather the lack of principle, that governs Indian taxation. These items, Government take it, are merely so many numbers ; “ Do we want any additional revenue ? Then let us raise the rates under this or that number ; it does not very much matter what these items stand for.” I will place before the House the statement from the principal Act with regard to No. 36, which I want to be omitted :

“ 36. Letter of allotment of shares in any company or proposed company or in respect of any loan to be raised by any company or proposed company, the existing duty is one anna ; it is proposed to be raised to two annas.”

The next item which I propose to be omitted is No. 52 :

“ 52. Proxy. Empowering any person to vote at any one election of the members of a district or local board or a body of municipal commissioners, or at any one meeting of :

- (a) members of an incorporated company or other body corporate whose stock of funds is or are divided into shares and transferable,
- (b) a local authority, or
- (c) proprietors, members or contributors of the funds of any institution : The present stamp duty is one anna and it is proposed to enhance it to two annas.

Now, Sir, confining myself first of all to No. 36, we find that this relates to letters of allotment of shares in a limited company. Now, this instrument is of mere temporary importance. It has been defined in an English case as representing the acceptance by the company of an offer to take shares. It is nothing more than that. It is not evidence of any proprietary interest in the shares, and as a matter of fact this has got to be exchanged for the share certificate which is issued at a subsequent stage. As is well known, a mere acceptance of an offer does not require any stamp duty in other spheres of action. It is only in regard to the shares of limited companies, that we find that the acceptance of an offer, which is required to effect the contract, has to be stamped. Having regard to the nature of this instrument, I do not think that the duty should be enhanced at all. The duty under the English Stamp Act for a letter of allotment has long been one penny, and I may point out to the House that a low rate

[Mr. K. C. Neogy.]

was maintained for about a century. And although England experienced financial stress and strain of an unusual character in the last and present century, it never occurred to the Chancellor of the Exchequer to put forward any proposal for enhancing a duty of this kind.

The next item, as I have read out to this House, provides for the stamp duty on proxies, and I call this a tax on representation, because as I have already pointed out, proxies are to be used not merely for the purpose of representation of the share-holders at meetings of limited companies, but also at meetings of local and other public bodies at which such representation is permissible. Now, Sir, I put it to Government, is it wise having regard to the present state of education and business enterprise in this country to increase the tax on representation in this manner? These two items represent a substantial item of taxation on the formation of companies. As has been pointed out in some of the opinions on this Bill which have been circulated to us, it would not be at all expedient to tax the formation of companies in this way, when particularly capital is shy and there is comparatively little confidence in incorporated companies. Furthermore, I submit that these two items lend themselves peculiarly to evasion. First of all, a letter of allotment is a matter purely between the company, rather the promoters of the company, and the shareholders. If you increase the taxation on the letter of allotment, perhaps the necessary formalities will be dispensed with, at least in the smaller companies, and the stamp duty evaded altogether, and the world would know nothing about it unless the matter is dragged before a court, which very seldom happens. With regard to proxies, you will only effectively diminish the number of proxies which are made use of at meetings of companies and public bodies, and what do you gain? If this enhanced taxation can be evaded in this manner, do you think you will get any increased revenue by your proposal? I should think, not at all.

Now, Sir, although the Honourable Mr. Innes is the father of this Bill, the Honourable the Finance Member has stood sponsor for it. I was wondering whether, while coming out to India, the Honourable the Finance Member jettisoned his principles of taxation as rather inconvenient cargo. What is the principle underlying the Stamp Act in England? The principle which seems to be recognized in England is that the rate should be so low that it will ensure a large revenue without any inconvenience to trade. It is held in England that high rates are a direct inducement to evasion or to an entire neglect of the requisite formalities, and therefore they lead to injustice where claims are disputed. And then again, coming to shares and other commercial instruments, we find it stated by well known authorities that taxation will tend to drive away floating capital from the countries where such enhanced stamp duty is imposed. Now, Sir, I think that since 1694, when England borrowed this particular form of taxation from Holland, and during successive stages when the stamp law came up for revision, the one principle that the English financiers kept before them was to maintain a low rate, which had been shown by experience to yield a very large revenue.

I think it is this feature which distinguishes the English system of stamp duty from certain continental systems.

12 noon.

I should like to know from the Honourable

the Finance Member as to what are the reasons which have led him to make a departure in this respect from the well-known principles of English taxation. Now, Sir, I imagine, that my Honourable friend, Mr. Samarth, is waiting to spring to his feet with his war-cry, "Help the transferred Departments!" As is well known, this Bill is intended to benefit the provinces, and I am not sure that my Honourable friend will not trot out the argument that, well, the provinces are in such a bad way that you must do all that you can to help them in regard to their finance. Now, Sir.....

Mr. President : Order, order. The Honourable Member is getting a little wide of the mark under this clause. Those remarks might have been relevant on the main motion that the Report of the Select Committee be taken into consideration. We are beyond that stage. He and subsequent speakers must confine themselves to the issue raised as between two annas and one.

Mr. K. O. Neogy : The effect of acceptance of my amendment will be to diminish the revenue which otherwise might be available to the provinces, and that I think will be the main argument that is going to be urged against me, and therefore I thought I might as well anticipate the objectors in this matter. Now, Sir, I will be very brief and bring my remarks to a close. I find that under the existing arrangements Bengal gets Rs. 4 lakhs 99,000 annually as her share of the unified postage and revenue stamps, this share being taken to represent the revenue share of the unified stamp, and Madras similarly gets Rs. 3 lakhs 50,000 annually, and Bombay Rs. 3 lakhs 30,000. Now, this amount is taken to represent the sale proceeds of the one anna unified stamp used for the purposes of revenue only, which, as we know, is a provincial asset. As the one anna stamp is used for receipts and for various other instruments also, it must be admitted that the revenue derived from the two heads to which I am referring is very slight indeed. I do not know whether the Government of India are in a position to make any definite statement with regard to that. I believe they are not, because it would be very difficult to make a calculation so as to find out as to how much the two particular items to which I refer yield out of the total assignment which the different provinces get. But, Sir, whatever that may be, it is not very difficult for us to make a guess, and I am sure that I am not far wrong when I say that the amount derived from these two items would be comparatively negligible, and therefore the increased revenue that you expect from doubling these heads of taxation will also be very negligible, if there be any increase at all, for I maintain that these two items, lending themselves to evasion as they do, will in the end disappoint the framers of this Bill.

Mr. President : Amendment moved :

"In clause 3, sub-section (i), for the words and figures 'No. 36, No. 37 and No. 52' substitute the words and figures 'and No. 37'."

The question I have to put is that that amendment be made.

The Honourable Sir Basil Blackett : Sir, Mr. Neogy has accused me of jettisoning my principles of taxation as I crossed the seas. I should like to assure him that, so far from doing anything of the sort, I have both retained them and brought with me various volumes about

[Sir Basil Blackett.]

taxation. Among them is an interesting one by Sir Nathaniel Highmore entitled "Stamp Duties"; unfortunately I have here only the second edition, which is dated 1902, and not the latest one. In that I find that in 1900 the duty on letters of allotment and letters of renunciation which had previously been a penny was raised to six pence where the amount to which the letter of allotment or letter of renunciation relates is not less than five pounds. Unfortunately I have been unable to obtain a full statement of the exact rates of duty on stamps in England at the present time, but I remember very well that since the war they have all been raised; whether this particular one has been raised or not I am not quite sure. But my recollection is that it has, so that the comparison that Mr. Neogy made between the rate of a penny and the rate of two annas is not quite so much in favour of the British tax-payer as he suggests. If he wishes to support the introduction of English rates of stamp duty into this country and will bring forward a Bill on the subject, I shall be very happy to consider how far I can support him in taxing the Indian tax-payer. Mr. Neogy's amendments refer to two out of the four specific duties which are raised by this clause. I should like to say that the reason why these particular duties are proposed to be raised by an all-India Act is that it was felt by the Government of India that it was not desirable that on instruments of this particular character there should be varying rates in the different provinces. The provinces soon after the reforms came in began to look to the stamp duties as a direction in which they could raise the additional revenue which they needed from people who could well afford to pay, and they were proposing to raise among other duties these particular duties. The Government of India came to the conclusion that it was undesirable that this should be dealt with piecemeal by the different provinces, and arranged to introduce a Bill altering these particular rates throughout India, and this is the Bill that we have before us now. Mr. Neogy has quoted an opinion to the effect that these particular duties to which he refers will possibly interfere with the promotion of Companies for the development of India. Sir, I have read through all the opinions that we have received, and I think they are practically unanimous—I have hardly found a case in which they differ—practically unanimous in favouring a small increase of these duties. Mr. Neogy went on to make a further observation that we shall get practically no revenue out of this. As a dialectical argument, if we will get practically no revenue, it would not damage the companies. I am unfortunately not in a position, as Mr. Neogy says, to give any real estimate of what will be the product of the increase of duties proposed in this Bill. One can make a guess that there is something like a crore in the total Bill, but it is only a guess and I do not want to mislead the House by putting forward figures which the Government do not feel that they can substantiate by any definite facts. The Bill, as Mr. Neogy rightly says, aims at providing the provinces with some small increase of their revenues and thereby to assist them in providing money for the transferred departments. So far as the Government of India itself is concerned, neither this duty nor the other duties will make any appreciable difference to the total revenue of the Government of India. It will bring in some small sum in the North-West

Frontier Province and in Ajmer, and help *pro tanto pro tanto* I should say—to reduce the expenses of those provinces to the tax-payer of India as a whole. But that is not a consideration of any importance. The importance of this Bill, of this clause and of this particular duty, is that it will provide some small addition to the revenues of the provinces and from a class of tax-payer who not only can afford to pay but certainly in this instance thoroughly recognises that he can afford to pay. I hope, therefore, the House will not support this amendment.

The amendment* was negatived.

Sir P. S. Sivaswamy Aiyer (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I beg to move the omission of sub-clause (iii) of clause 3 of the Bill. This sub-clause relates to the enhancement of duty on promissory notes payable on demand. There has been a very widespread opposition to the enhancement of duty on promissory notes. These instruments are very largely in use all over India, not merely among the educated classes or among the moneyed classes in the towns, but also among the agriculturists, among the small traders, among the illiterate classes all over the country. Almost all the opinions which have been received bear testimony to this fact that this is a class of instruments which is very largely resorted to all over the country. That may perhaps be said to be just the reason why the stamp duty on them should be enhanced so that a large amount of revenue might be derived ; but on the other hand having regard to the prevalence of this class of instruments among small tradesmen in the rural areas and having regard also to the illiteracy which prevails in these areas, it would be a source of great inconvenience and hardship to enhance the stamp duty. At present the fact that a promissory note payable on demand bears only a duty of one anna has come home to the knowledge of all people in the country. • But if you raise the stamp duty from one anna to two annas, it will give rise, not merely to inconveniences, but to serious loss and hardship. In the first place, the stamp duty of one anna can be paid by procuring an adhesive stamp of one anna. But if you take it out of the category of instruments upon which one anna is chargeable, you cannot affix these stamps and stamps of higher denominations will not be so easily procurable.

The Honourable Sir Basil Blackett : I do not want to interrupt the Honourable Member's speech, but I should like to point out to him that he is under a misapprehension. I am very sorry that when his Minute of Dissent came round at the same time as the document for signature I did not notice this point. But it is stated " that the removal of promissory notes from the class of instruments chargeable with the duty of one anna will disentitle them to the privilege of the use of adhesive stamps." That is not the case. Provision for the use of adhesive stamps on promissory notes can be made by rules and will be provided for.

Sir P. S. Sivaswamy Aiyer : That will remove only one of the inconveniences which I am pointing out.

* " In clause 3 (i), for the words and figures ' No. 36, No. 37 and No. 52 ' substitute the words and figures ' and No. 37 '."

Mr. Harchandrai Vishindas (Sind : Non-Muhammadan Rural) :
One word. As regards 4 annas ?

Sir P. S. Sivaswamy Aiyer : That will only remove one of the inconveniences which, I have pointed out, is likely to arise from the enhancement of the duty. Now, the real hardship comes in on account of the provisions of section 35 of the Stamp Act, according to which if a promissory note is not properly stamped, the defect can not be cured by payment of a penalty, and the instrument will not be admissible in evidence in the civil courts for any purpose. That is the real source of the hardship which will be caused by an enhancement of the stamp duty. Even those people who are in favour of an enhancement can reconcile themselves to this enhancement only by suggesting that the provisions of section 35 of the Stamp Act should be amended. For instance, the Bombay Government is in favour of enhancing the stamp duty on promissory notes. But they propose to get over the hardship which is likely to be caused by the enhancement, by an amendment of section 35 of the Stamp Act so as to validate insufficiently stamped promissory notes on payment of a penalty. The question whether the provisions of section 35 should or should not be modified was considered in the Select Committee and the recommendation of the majority of the Select Committee is in favour of a temporary relaxation of the provisions of section 35, by removing from its operation instruments which may be executed within the interval of one year subsequent to the amendment of the Stamp Act. But that temporary relaxation will not really be sufficient to meet the requirements of the case. I do not think that the interval of one year which is allowed by the amendment of clause 2 will be sufficient to bring home to the minds of the people who are likely to be affected by this enhancement that the duty has been raised. If the provisions of section 35 are permanently relaxed, I should have no objection to the enhancement of the stamp duty from one anna to two annas, assuming of course, that it is necessary to have recourse to this particular class of instruments for enhancing the revenue. But inasmuch as it has not been found practicable to relax permanently the provisions of section 35, I think it is necessary that the duty on promissory notes payable on demand should remain at the present rate of one anna. The reason why it has been considered impracticable to permanently modify section 35 is this. This provision invalidating insufficiently stamped promissory notes has been in existence in the Stamp Act for a period of nearly 60 years. It has been in existence in the English Act for a similar period, and the reason why such a provision has found a place in the Stamp Law is that, otherwise it might give rise to a very considerable amount of evasion. Now I do not wish to pronounce an opinion upon the question whether section 35 should or should not be permanently relaxed. But as the majority of the Select Committee have recommended only a temporary relaxation of section 35 it seems to me that it is altogether insufficient to meet the requirements of the case. I may here refer to one or two opinions which have been received to show the House to what a large extent promissory notes enter into the economic life of the country. I will refer to the opinion received from the Upper India Chamber of Commerce, which is probably the most elaborate. Now they observe :

“ My Committee are very strongly opposed to the proposal to increase the duty on Promissory Notes made in sub-section (11) of section 2 of the Bill. In their opinion to raise the stamp duty, or to place on an *ad valorem* basis the stamp duty on demand Promissory Notes might almost be described as a chimerical scheme.

A great deal has been made by the supporters of the proposal of the fact that the Chambers of Commerce were consulted in regard to this proposal,”

but they point out that the people who are represented in the Chambers are not the people most affected. Then they say :

“ One certain and almost immediate result of the raising of the duty or of placing it on an *ad valorem* basis will be widespread evasion and consequent prosecution for understamping. And the worst feature of this will be that the persons who are most likely to be prosecuted will not be the original drawers of the notes but those to whom they will pass in the ordinary course of business.”

I may point out that under section 62 a man who accepts, endorses or receives payment of a promissory note or an unstamped or understamped one is also liable to prosecution.

They go on to observe :

“ Demand Promissory Notes serve the purpose of currency to a very great extent in districts where banks and other financial facilities are not available. They are used as a means of remittance to finance buying and selling operations all over the country. Almost the whole of the export trade of large portions of the country is financed by demand promissory notes and the makers of these bills are the small traders who carry on buying operations in the various crop centres and marts on behalf of importers at the ports. The bills come to the central money market at the various towns under the endorsement of local *shroffs* and are discounted by the local banks, the proceeds going to the village for purchase of the various crops. During the season when the crops are moving the number of such bills emanating from these small marts is in the aggregate very large and represents amounts varying from Rs. 100 to Rs. 25,000 individually. The first advance is made by the village *arathia* who send out these various drawings to the central market under his own signature. He, however, is not the maker of the Bill : very often there are five or more transfers of the bill before it reaches its destination and is presented for payment,”

and so on.

Now, even in Bombay, though the Government is in favour of an enhancement, provided it is accompanied by a permanent relaxation of the provisions of section 35, the majority of the judges of the High Court who have recorded opinions are opposed to this measure. Now it is not merely the provisions of section 35 that have to be modified, but also other provisions. For instance section 62 exposes the holder of an insufficiently stamped promissory note to a liability to prosecution. Now having regard to all the inconveniences and hardships and to the great length of time which will have to pass before this amendment of the law comes to the knowledge of the class of people who are really affected by the enhancement, I think it would be very inexpedient to enhance the stamp duty on promissory notes. For very good reasons the Government have decided not to raise the duty on cheques, the reasons being that they are transactions of extremely common occurrence and that it is desirable to encourage banking. Now, if as sources of revenue we had to choose between an enhancement of the duty on cheques and an enhancement of the duty on promissory notes payable on demand, I for one should prefer to raise the stamp duty upon cheques, which is paid really by people with a banking account, to whom stamped cheque books are supplied by the banks and to whom the addition of one anna would not matter much. But these promissory notes are often entered

[Sir P. S. Sivaswamy Aiyer.]

into between illiterate persons, persons to whom the knowledge of this new amendment is not likely to come till it is perhaps too late, and I think it would be most inexpedient to raise the stamp duty on promissory notes payable on demand. For these reasons I think it is desirable to omit sub-clause (3) of clause 3 of the Bill.

Mr. S. C. Shahani (Sind Jagirdars and Zamindars : Landholders) : Sir, I rise to support the amendment that has been put forward by Sir P. S. Sivaswamy Aiyer, namely, that there should be no enhancement of duty upon demand promissory notes. My first reason against the enhancement is that the small tradesmen will be adversely affected and that business will on that account suffer. The revenue that is to be derived from the amendment of the Stamp Act is to come mainly from the enhancement of the duty on promissory notes, and if so, I would object to it on another ground too. It does not seem to have occurred to the Members of the Assembly after the certification of the Salt Tax to determine not to be a party to the raising of any taxation by the Government of India. Government have chosen to certify the doubled Salt Tax ; and it would be only in the fitness of things if we resolved to let Government certify this enhancement of duty too. Some part of the enhanced duty is intended for the Local Governments, and possibly a very small part for the Central Government ; but whatever be the extent of the revenue which is to be derived under the amended Act, I submit that it would be absolutely proper and self-respecting on the part of the Assembly to decide not to be a party to the passing of this Bill to amend the Stamp Act.

Raj Bahadur Pandit J. L. Bhargava (Ambala Division : Non-Muhamadan) : I have also given notice of a similar amendment and I rise to support this. As has been pointed out by Sir Sivaswamy Aiyer, there is more than one ground for not enhancing the duty on promissory notes payable on demand. There is one additional reason why no duty should be raised on stamps, and it is this, that nearly in all Provinces stamp duties and court fees have been considerably enhanced and there is a general feeling against any further taxation in the shape of stamp duty.

Dr. Nand Lal (West Punjab : Non-Muhamadan) : Sir, if I may think of the needs of the Government of India, then I may allow myself to oppose this amendment, but if I may take into consideration the present current of opinion of the people, then I should prevent myself from opposing this amendment. Taking the view of the people, I feel forced to support this amendment, and my reasons are as follows :

In the first place, so far as the theory goes, it is all very well to say that the commencement clause is inserted in the Bill and that the Act will be considered to be in force with effect from the date which is given therein. But if we may think of practice, how it is acted upon, then I must say that some people in villages do not know whatsoever whether there has been any change in the law or not : and this is one of the grounds which has impressed me very much to be in favour of this amendment. Now, suppose this duty is enhanced, In some village a

moneylender advances money to a poor peasant. The promissory note is executed and it is stamped with one anna. The peasant thinks that the document is sufficiently stamped, so does the moneylender. Some time after litigation crops up and the case finds its place in a court. The document is produced ; that document will be considered insufficiently stamped and hence inadmissible. Therefore, this alteration in the Bill, this enhancement of the Stamp duty, will, I am afraid, give rise to many unhappy results.

The second ground which I beg to urge is this. We should never forget to examine the pulse of the people whom this Government of India is governing. They will feel, and some of them are still feeling, aggrieved in consequence of the increase both in the court fees and stamp duty, and, if the Government of India will also allow themselves to make this proposed enhancement, I am afraid, the people will not only not countenance it but will also take it as an additional cause for complaint ; and I shall, therefore, be the last person to see this Assembly doing a thing which may give birth to any kind of discontent, because this is not the proper occasion that we should do any act which may make one section of the people or some people feel exasperated on account of this quick succession in the enhancement of duties.

The third ground which has prompted me to raise my voice in favour of this amendment is this, that I am afraid there will not be much gain to the Government of India, and I share this view with the Honourable the Finance Member that the Government of India, so far as its jurisdiction is concerned, will not be benefited very much, but that the Local Governments may be benefited to a certain extent, so far as their financial condition is concerned. But, Sir, I may say at once that we should try to see that we may not be subjected to criticism. The Local Governments may be able to manage for themselves and perhaps they may make it a convenience to make the people a little more satisfied in a better manner than we may do so. The opinion of the Government of India that this enhancement is such that it should be legislated upon or allowed by the Central Legislature, I may submit at once, with due deference to the Law Member and the Law Advisers of the Government, does not seem to be very sound. This expression of opinion which I am putting forward is subject to correction. As advised at present, I must say that that argument has not great force in it.

On these three grounds, I feel inclined to support this amendment. If these conditions would not have been in existence, according to my way of thinking, I may say at once that I should have opposed this amendment, but, conditioned as we are, I feel compelled, as I have already submitted, to support this amendment, which speaks for itself so far as the present circumstances are concerned.

Mr. J. N. Mukherjee (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, with your permission I beg to move an amendment to the amendment that is now before the House. The reason upon which the amendment of Sir Sivaswamy Aiyer is based will perhaps be removed from the way if we leave the present rate of duty on promissory notes exactly as it is now up to Rs. 250. My Honourable friend's argument is that

[Mr. J. N. Mukherjee.]

the small proprietors or business men or agriculturists, who do not keep any information as to any change in the law, will be very largely affected if all at once the duty be changed from one anna to two annas. My submission to the House is that these difficulties can be removed if we leave transactions up to Rs. 250 exactly as they are, the duty remaining as it is. The illiterate classes will have to pay one anna, because we cannot suppose that these illiterate classes go in for business of values more than Rs. 250, generally speaking.

Therefore, Sir, I put it for the consideration of the House that in clause 3 (iii), after the words "Promissory note [as defined by section 2 (22)]—

(a) when the amount
or value is less than Rs. 250 "

instead of "two annas" I would beg to put "one anna," and I would ask the House to consider the *via media* which I suggest.

Colonel Sir Henry Stanyon (United Provinces : European) : Sir, the questions before this Honourable House are simple.

The first question is, are the Provincial Governments in need of additional revenue? The answer to that question from every Government of whose opinion I am aware is strongly in the affirmative.

The next question is whether this House is prepared or disposed to assist those Local Governments in obtaining that additional revenue?

With regard to Dr. Nand Lal's suggestion that additional revenue by means of stamps should be treated separately by each Local Government by its own legislation, the impracticability of that suggestion will be obvious to everybody.

It is impossible to imagine that a promissory note should be stamped with one anna in one Province, two annas in another, six annas in a third and so on. The whole of the stamp revenue, though it goes largely to swell the provincial revenues, must be enacted by the Central Legislature.

Well, I will assume for the sake of what I am saying that this House is disposed to come to the help of the Provincial Government.

Then the third and last question remains : how is this to be done? The Government have come forward with a Bill which was suggested by some and is strongly approved by all the Local Governments. The opinions on that Bill are what we might have expected them to be. Those who will collect the revenue are all in favour of it : those who will have to pay it are all against it. It is for this House to decide between these two conflicting views. Now I have no statistics before me, but my own impression is that by far the greater part of the additional revenue which it is hoped to obtain by the raising of these duties will come by way of the enhanced duty on promissory notes, and that if we drop promissory notes from the Bill the residue is hardly worth the trouble of legislation. The amendment now before the House is purely destructive as it stands.

There is nothing constructive about it. No alternative is proposed : we are asked to cut out the pro-note irrespective of what the result may be. But the Honourable the Mover of the amendment has certainly put forward constructive suggestions in his speech in support of the amendment.

If I heard him correctly he said that he would not object to the proposed increase in duty if section 35 were amended, so as to make it lawful to validate under-stamped pro-notes, not in the first year of duty but for all time. (*Voices* : "No, no.") That seems to be a reasonable proposal. The promissory note has been coupled up with all the other one-anna instruments for a long time, but if you are going to take it out of that category for the purpose of a higher duty then I for one do not see anything unreasonable in giving to this higher stamped promissory note the advantage which comes of subsequent validation. A further suggestion contained in the dissentient opinion is that adhesive stamps should be allowed. That also is a matter upon which I cannot pose as an authority, but speaking from the point of view of the man in the street, there seems to be no reason why two anna and four anna adhesive stamps should not be used and allowed.

Then the Bill may also be open to amendment by the introduction of a commencement clause postponing its coming into force to some date which would give the country plenty of notice of the change,—let us say, the first January, 1924. These are all constructive proposals, and they deserve the consideration of Government ; but to refuse to raise the duty altogether is purely destructive, and if we are to help the Provincial Governments in the way that I think we should help them, we should not object to the raising of the duty. It is always possible to prove hardship, and there is hardship, whenever a tax is imposed or an existing tax is raised ; but where there is financial stringency a self-governing people loyal to themselves are always willing to undergo such hardship. I therefore oppose the amendment as it stands.

Mr. K. M. Nayar (West Coast and Nilgiris : Non-Muhammadan Rural) : Sir, I quite see the force of the arguments advanced by my Honourable friend Sir P. S. Sivaswamy Aiyer and associate myself with what has fallen from him. If therefore I support this amendment it is not at all because of any hostility as a result of the certification of the Salt Tax.

Mr. Harohandrai Vishindas : Before the Honourable the Finance Member replies, might I ask how much revenue is expected from this duty ?

The Honourable Sir Basil Blackett : Sir, perhaps it would be convenient if I first of all said that in the event of this amendment being withdrawn or negatived, the Government would be very ready to consider my friend Mr. Mukherjee's suggestion that the duty should remain at one anna up to Rs. 250, and I think if we did that the greater part of the objection which we all recognise, that this will possibly work hardship to the very small man, will thereby be met. This is a case where the people who are going to pay this duty are in vast bulk perhaps not the small man ; but there will be a good many of these small men with small promissory notes to whom the fact of this change will not be brought home. Really

[Sir Basil Blackett.]

the whole difficulty that we have been in is how to get over that problem, how to bring home to the small man if this duty is changed, the fact that it is changed, in time to prevent him from being hurt by the change. Now the main thing that hurts him is the fact that these promissory notes, if insufficiently stamped or not stamped in the first instance, cannot be validated afterwards. I am not really sure that hurts him quite so much as has been suggested, because it is not the man who owes the money but the money lender who lends the money who is hurt if he cannot sue on an under-stamped promissory note. I think if that point is taken into consideration it is not really the small cultivator so much as the man who lends money to the small cultivator who is going to get into trouble. That is a point to be remembered, although I do not think it gets completely over the difficulty. The very small man will in certain circumstances suffer hardship, but I believe myself that we can get over that by alteration of the scale so as to leave the duty at one anna up to Rs. 250. I had better perhaps answer some of the other remarks that have been made, but if by this means we could get this amendment withdrawn and proceed to consider a scale, I need perhaps not spend too much time answering the other arguments.

As regards Mr. Shahani I do not want to dwell on what he has said. After all if this House thinks that the Provincial Governments are in need of money, and that an increase of the duty on promissory notes is a form of tax that can be afforded by the taxpayer and will help the Provinces, I do not think that any incidents that may have happened last March ought to induce Mr. Shahani to cut his own nose off in order to spite my face. Mr. Bhargava made the point that stamp duties had been so much increased that these particular duties ought not to be increased. I think he misunderstood the position. The position is that we have left it to the Provincial Governments to raise the other stamp duties as they wish, because they are duties in which it does not matter if the duty varies from one Province to another.

But when they proposed to raise these we said, "No. These must be raised, if at all, simultaneously throughout India, and therefore they must be raised by an Act of the Central Legislature." It is just exactly that that we are doing now. What we are proposing to do now is what the provinces would have liked to have done for themselves, but what we thought we ought to do for the provinces in order that there might be a uniform rate throughout India. I do not know whether I need answer the other arguments of Sir Sivaswamy Aiyer who moved this motion, because they merely came to this that this would be a hardship on the small man which ought not to be imposed upon him, and if the suggestion of my Honourable friend Mr. Mukherjee is taken that we should alter the scale, we shall get over that difficulty. I should like to make it clear—I understand the suggestion to be, in place of clause 2 and of the present clause 3 we should omit clause 2 and alter the scale in clause 3. That being the position, I would suggest to the House to now come to a conclusion on this particular amendment in order that we may go to the next question as to what the scale should be.

Mr. J. N. Mukherjee : That is my suggestion, Sir,—to omit clause 2.

Mr. Harchandrai Vishindas : The answer to the Honourable Sir Dash Brackett with regard to the disabilities falling upon the money lender is that that may be true so far as the question of evasion of duty is concerned, but the burden of paying the enhanced stamp duty surely falls upon the executant. That is a point for consideration, and as all legislation is introduced with a view to save the poor man and the peasant in India as far as possible from taxation, that is the main reason for Sir Sivaswamy Aiyer's amendment. It was just suggested in the speech of my Honourable friend Sir Henry Stanyon that if you take away the promissory note then you entirely destroy the object of the Bill. With a view to the elucidation of that point I appeal to the Honourable the Finance Member to let us know the exact amount of revenue that is expected to be derived from this source. That is one point. In reply to Sir Henry Stanyon, it may be said that Sir Sivaswamy Aiyer has really made constructive alternative proposals, namely, that the duty on cheques can be enhanced and that won't affect poor people at all.....

Mr. President : Order, order.

Mr. Harchandrai Vishindas : That is the suggestion.

Mr. President : I cannot allow the Honourable Member to roam over all possible alternatives on this motion. We are reverting to the position which we had when discussing the salt tax.

Mr. Harchandrai Vishindas : As the Honourable the President has mentioned the salt tax, I say the reason why the doubling of the salt tax was attacked was also that it affected the poor people. The same principle should be observed here. I support the amendment on these grounds, but not on the ground put forward by Mr. Shahani. Mr. Shahani said that as a protest against the salt tax we should refuse this Bill altogether, but as the President pointed out during the speech of Mr. Neogy that stage has been passed. When the proposal that the Select Committee do report was being considered Mr. Shahani should have got up and said, "I oppose the whole Bill," as a kind of protest against the salt tax. He will agree with me that this is not a proper stage for that proposal at all, and I do not support this amendment on that ground at all.

(Several Honourable Members : "Let the question be put.")

Mr. President : Though I am very reluctant to accept the closure, the situation has been altered by the speech of the Honourable the Finance Member.

Sir P. S. Sivaswamy Aiyer : I want to press the amendment.

The motion that the question be put was adopted.

Mr. J. N. Mukherjee : There is my amendment.

Mr. President : The Honourable Member's amendment must come afterwards. The Honourable the Finance Member has explained fully his attitude to the amendment of Sir Sivaswamy Aiyer in relation to the new proposal which

[Mr. President.]

Mr. Mukherjee made. Mr. Mukherjee's amendment will come on afterwards, but as it is already on the paper it will have to be moved by Mr. Agnihotri.

The original question was :

“ That clause 3 stand part of the Bill,”

since which an amendment has been moved :

“ to omit sub-section (iii) of clause 3.”

The question that I have to put is that sub-section (iii) be omitted.

The Assembly divided :

AYES—38.

Abdul Majid, Sheikh.
Abdul Qadir, Maulvi.
Agnihotri, Mr. K. B. L.
Ahmed, Mr. K.
Ahsan Khan, Mr. M.
Aiyer, Sir P. S. Sivaswamy.
Asad Ali, Mir.
Asjad-ul-lah, Maulvi Miyan
Ayyangar, Mr. K. S. R.
Ayyar, Mr. T. V. Seshagiri.
Bagde, Mr. K. G.
Basu, Mr. J. N.
Bhargava, Pandi J. L.
Das, Babu B. S.
Faiyaz Khan, Mr. M.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Ibrahim Ali Khan, Colonel Nawab
Mohd.

Joshi, Mr. N. M.
Jatthe, Mr. A. B.
Mahudeo Prasad, Munshi.
Majumdar, Mr. J. N.
Mudalinar, Mr. S.
Nabi Hadi, Mr. S. M.
Nag, Mr. G. C.
Nand Lal, Dr.
Nayar, Mr. K. M.
Neogy, Mr. K. C.
Reddi, Mr. M. K.
Sarvadhikary, Sir Deva Prasad.
Sassoon, Captain E. V.
Shahani, Mr. S. C.
Sinha, Beohar Raghubir.
Mohan Lal, Mr. Bakshi.
Srinivasa Rao, Mr. P. V.
Subrahmanyan, Mr. C.
Venkatapatiraju, Mr. B.

Vishindas, Mr. H.

NOES—38.

Abdul Hamid Khan Khudadad Khan,
Mr.
Amjad Ali, Maulvi.
Ansonge, Mr. E. C.
Ayyangar, Mr. R. Narasimha.
Bardswell, Mr. H. E.
Barnes, Mr. H. C.
Barua, Mr. D. C.
Bhanja Deo, Raja B. N.
Blackett, Sir Basil.
Bridge, Mr. G.
Burdon, Mr. E.
Butler, Mr. M. S. D.
Calvert, Mr. H.
Chatarji, Mr. P. C.
Chatterjee, Mr. A. C.
Faridoonji, Mr. R.
Gebbie, Mr. F. St. J.
Ghulam Sarwar Khan, Chauhanuri.

Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Gwynno, Mr. C. W.
Hailey, the Honourable Sir Malcolm.
Holme, Mr. H. E.
Hussanally, Mr. W. M.
Innes, the Honourable Mr. C.
Mitter, Mr. K. N.
Muhammad Hussain, Mr. T.
Muhammad Ismail, Mr. S.
Mukherjee, Mr. J. N.
Mukherjee, Mr. T. P.
Percival, Mr. P. E.
Richey, Mr. J. A.
Samarth, Mr. N. M.
Sim, Mr. G. G.
Singh, Mr. S. N.
Sinha, Babu Adit Prasad.
Sinha, Babu L. P.

Stanyon, Colonel Sir Henry.

Mr. President : The ' Ayes ' are 38 and the ' Noes ' are 38 and I give my vote for the ' Noes '.

The motion was negatived.

Mr. K. B. L. Agnihotri (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, I beg to move :

" That in sub-clause (iii) (a), for the figures ' 250 ', the figures ' 1,000 ' be substituted and for the words ' two annas ' the words ' one anna ' be substituted."

It is rather unfortunate. . . .

Sir Deva Prasad Sarvadhikary : I want to propose " 2,000 " for " 1,000 " if I have your leave and in that case I ought to come before Mr. Agnihotri. I have not given notice of this motion but there are reasons why I should like to urge 2,000.

Mr. President : I should take Mr. Agnihotri's amendment first of all in relation to the figure 250 and the Honourable Member can then bring forward his motion.

Dr. H. S. Gour (Nagpur Division : Non-Muhammadan) : On a point of order. May I suggest that Mr. Mukherjee's amendment might be taken up first and then Mr. Agnihotri's amendment would be a modification of that amendment. So far as I can see that amendment must come in first and that can be amended by subsequent speakers by raising the figure from 250 to 500 or 1,000.

Dr. Nand Lal : I like to support this motion

Mr. President : Mr. Agnihotri has already given notice of his intention to amend both the rate and the figure in clause 3 of the Bill and I have called him to move the first part.

Mr. K. B. L. Agnihotri : It is very unfortunate that the amendment of Sir P. S. Sivaswamy Aiyer should have failed. The amendment proposed by him was in consonance with the views of the public as well as of the Provincial Governments ; the Provincial Governments suggested that in case it was desired by the Government of India to increase the taxation on the promissory notes then certain other provisions be made in the Bill. The Select Committee have made some new provisions but the fixing of the limit of Rs. 250 with two annas, is very undesirable. In the first place the amount of 250 is very small indeed. In the second place we shall not be able to give protection to the poor people and the middle class people who are generally habituated to the use of promissory notes ; even the small traders shall not be able to get the desired protection and the provision will not even partially meet with the wishes of the public. Therefore, Sir, I propose that Rs. 1,000 should be the minimum amount on which the old duty be payable. I may state here that it is the view of the Bombay Chamber of Commerce that Rs. 2,000 should be fixed as such minimum. I considered that Rs. 2,000 was rather a high amount, which the Government may not be prepared to accept and therefore I suggested a minimum of Rs. 1,000 only by way of compromise. Now, to my great surprise I find Mr. Mukherjee's further reduction. I am not prepared to accept the proposed amendment of Mr. Mukherjee as

[Mr. K. B. L. Agnihotri.]

the amount put by him is very very small and the small traders in the mofussil will not get any protection. Therefore in order to protect their interests and the interests of the illiterate villagers, I propose the minimum amount of Rs. 1,000, on which a duty of one anna should continue.

Mr. President : The question is :

“ In sub-clause (iii), for the figures ‘ 250 ’ substitute the words ‘ 1,000 ’.

Sir P. S. Sivaswamy Aiyer : May I make a suggestion, Sir. The amendment reads—“ when the amount or value is less than Rs. 250.” I beg to suggest that it may be worded—“ when the amount or value does not exceed Rs. 1,000.” Because if a hundi is drawn for Rs. 1,000 it would be liable to the enhanced stamp duty, and therefore I suggest that the wording ought to be “ either less than Rs. 1,001,” or “ does not exceed Rs. 1,000.”

Mr. K. B. L. Agnihotri : I have no objection to accepting that suggestion.

Mr. J. N. Mukherjee : I think, Sir, I may put to the House the amendment that I have submitted to it, namely :

“ That instead of Rs. 1,000 the limit should be Rs. 250 up to which the duty should be one anna.”

My reason for differing from my Honourable friends is that if our object is to get revenue, the limit of Rs. 1,000 will not materially help us in getting a substantial portion of what we want. We all know, Sir, that provincial revenues are depleted and it is mainly for the benefit of the provincial revenues that this Bill has been introduced, so that if the limit be put so high, in my humble opinion, “ the game will not perhaps be worth the candle,” as the saying goes. By my amendment we shall save the people whom we want to save, and this should be the rule of our conduct. We should try and get some revenue unquestionably, for the Provinces but if we put the limit up to which we charge one anna duty, so high, we shall defeat our purpose. With this object I put my amendment, namely :

“ That one anna be substituted for two annas up to Rs. 250.”

Mr. President : I think it would be more convenient to put the amendment separately, so that Members can discuss the proposal to substitute the words ‘ one thousand ’ for the words ‘ two hundred and fifty ’, bearing in mind that the amendment to substitute ‘ one anna ’ for ‘ two annas ’ will follow.

The Honourable Sir Basil Blackett : Sir, the House is I think in search of a scale and possibly it may be convenient if I got up at this point. The Government do not wish to accept the amendment moved by Mr. Agnihotri, but they are prepared, as I said before, to accept a change in the scale. Now, the amendment which Mr. Mukherjee has moved is that :

“ When the amount or value does not exceed Rs. 250 the amount shall be one anna ; in any other case four annas.”

I do not think that would do in practice, because, suppose a man wants to draw a promissory note for Rs. 300 or Rs. 400, he will obviously

prefer to draw two for Rs. 200 each at one anna instead of one for Rs. 400 at 4 annas. I think that therefore you cannot quite apply that scale. What I would suggest to the House, if we can possibly come to an agreement, is that we might have this :

“ When the amount or value does not exceed Rs. 250, one anna.”

That saves the small man.

“ When the amount or value is greater than Rs. 250 but does not exceed Rs. 1,000, two annas ; in any other case four annas.”

If that could be accepted we are prepared to adopt it.

Mr. K. B. L. Agnihotri : Sir, I am advised to accept the suggestion put forward by Sir Basil Blackett.

The original amendment moved by Mr. Agnihotri was, by leave of the Assembly, withdrawn.

The Honourable Sir Basil Blackett : Sir, I beg to move the amendment which I tried to frame just now, namely,

“ That for (1) and (2) of part (a) of clause 3 (iii), substitute the following :

‘ (1) when the amount does not exceed Rs. 250, one anna ;

(2) when the amount exceeds Rs. 250 but does not exceed Rs. 1,000, two annas ;

(3) in any other case, four annas ’.”

Sir P. S. Sivaswamy Aiyer : Sir, may I move an amendment to that, namely, to substitute Rs. 500 for Rs. 250.

Sir Deva Prasad Sarvadhikary : Sir, I desire to move an amendment, namely :

“ To substitute the word and figures ‘ Rs. 2,000 ’ for the word and figures ‘ Rs. 1,000 ’.”

and for definite reasons. Have I your leave to do that ?

Mr. President : Yes, the amendment is in order.

Sir Deva Prasad Sarvadhikary : Well, Sir, it is in no captious or capricious spirit that I am moving this amendment. I am sure that we are obliged to the Honourable the Finance Member for the concession which he has already made in the interests of the smaller people ; but there is another class of small people whom we have very much in mind, and they are the small tradesmen and small commercial men who have to negotiate with banks. Rs. 2,000 is the usual hundi limit and it is on that limit that I want to put the two anna stamp, so that this class of small people may be equally benefited. It is for this reason, Sir, that I wish to substitute Rs. 2,000 for Rs. 1,000.

Mr. President : Further amendment moved :

“ In the amendment proposed, substitute the words ‘ Rs. 2,000 ’ for the words ‘ Rs. 1,000 ’.”

The Honourable Sir Basil Blackett : Sir, I should very much like to reach an agreement because the House has treated me very well over this, but I really think the Government have gone as far as they can, if I may say so, in the interests of the Provincial Governments. Sir Deva Prasad's proposal would alter the rate for everybody from Rs. 250 to Rs. 2,000,

[Sir Basil Blackett.]

yet it would lose quite a considerable amount of the revenue which we are seeking in this matter. I have tried to meet the House and I hope that the House will not press this. The proper way of meeting Sir Deva Prasad would be, I think, up to Rs. 2,000, 4 annas; above Rs. 2,000, 6 annas. But I do not wish to propose that and I therefore say on behalf of Government that they cannot accept the amendment.

Mr. President : Amendment moved :

“ In the proposed amendment substitute the words ‘ Rs. 2,000 ’ for the words ‘ Rs. 1,000 ’.”

The question is that that amendment be made.

The motion was negatived.

Mr. President : Amendment moved :

“ In sub-section (iii) of clause 3, for (a) (i) and (ii) substitute the following :

‘ (a) when payable on demand :

(i) when the amount or value does not exceed Rs. 250—one anna ;

(ii) when the amount or value exceeds Rs. 250 but does not exceed Rs. 1,000—two annas ;

(iii) in any other case—four annas ’.”

The question is that that amendment be made.

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Mr. President : The question is that clause 2 stand part of the Bill.

The Honourable Sir Basil Blackett : I propose, in view of the change that was made in clause 3, that clause 2 be omitted.

Mr. President : The question is that clause 2 stand part of the Bill.

The motion was negatived.

Mr. President : The question is that clause 3 be re-numbered clause 2.

The motion was adopted.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir Basil Blackett : Sir, I move that the Bill be passed.

Mr. President : The question is that the Bill to amend the Indian Stamp Act, 1899, as amended, be passed.

Mr. K. Rama Ayyangar (Madras and Ramnad *cum* Tinnevely : Non-Muhammadian) : Sir, I should think this Bill ought not to be passed into law at this stage, and I suggest that the matter be put off, and that the opinion of the provincial Legislative Councils be invited before it is passed into law. My submission is that this increase in stamp duty

on pro-notes has been made at the instance of a motion here carried by a casting vote. It is certainly valid, it may be passed into law if insisted on, but it would be very proper to consider what the feeling is that prevails in the provinces, and the matter may be reconsidered in the light of the reviews of the provincial Legislative Councils. In fact time has been allowed by the Select Committee in this case—till which the penal provisions of section 35 shall not apply. I would therefore suggest that this Bill be passed into law at a later stage, and if necessary the Councils of the provinces should also be asked to make a statement as to what they approve of in the matter.

Sir Deva Prasad Sarvadhikary (Calcutta : Non-Muhammadan Urban) : Sir, I am afraid we cannot support the observations from the last speaker. It is necessary that this Bill should be passed without delay because the provincial Governments have been long waiting for a measure like this for supplementing their depleted resources. But there is just one observation I desire to make with regard to what the Honourable Sir Basil Blackett said in reference to the difficulties about a unified stamp to which Sir Sivaswamy Aiyer referred. Sometime ago in 1921 there was a proposal in the Bengal Legislative Council for a separate receipt stamp of one anna for the purpose of receipts as well as promissory notes, as in olden times. The Honourable Mr. Kerr, as he was in those days, pointed out that there were very great difficulties in keeping accounts, and that is the reason why they had a unified postage and receipt stamp ; and the question of assignments and allotments came. I do not want to go into the question of assignments and allotments now ; I am sure Sir Basil Blackett will be generous to the provinces, and that the provinces will then now have more, but what I desire to point out is the difficulty that Mr. Kerr pointed out in this connection. He deprecated the separation of the receipt stamp from the postage stamp, and one of the things he said in that Bengal debate in 1921 was that there was serious complication arising out of the fact that in 1906 as at the present day the income from revenue stamp was a provincial asset, whereas the receipts from postage stamps are Imperial revenue. And then he proceeded to state that when the reforms came into force, the matter was further considered in connection with financial arrangements, and the Government of India said that they were satisfied that any change in the existing system of unified stamps would result in great inconvenience to the public, and that the existing practice must therefore be retained. That is how matters stood in 1921. Since then there has been a rise in the postage stamp, and now there is going to be a rise in the promissory note stamp. How this is to be done is one of the matters to which I would invite the attention of the Government in connection with this question. With these observations, I desire to give my support to the passing of the Bill.

Mr. President : I may point out that no motion is in order at this stage for circulation or re-circulation. The Honourable Member might exercise his right, if he chose, to object to the motion that the Bill be passed to-day on the ground that amendments have been made in the Bill to-day. If that is the objection, I am prepared to hear it. But I must point out to him that he cannot move a motion that the Bill be re-circulated at this stage.

Mr. K. B. L. Agnihotri (Central Provinces Hindi Divisions : Non-Muhammadian) : Sir, I rise to support my friend, Mr. Ayyangar to the extent of one part of his objection, that is, that the Bill may not be passed into law to-day because of certain amendments having been made in the Bill. Sir, as I have already pointed out, it is very unfortunate that the provisions of this Bill should have been accepted by the House to-day, at least so far as regards promissory notes. But as certain amendments have been passed under some sort of confusion, there is no other alternative but to support Mr. Ayyangar in his wish that the passing of the Bill be postponed for a day or two before it be enacted into law, so that we may get another opportunity to put forth our views on the point. There is another objection to the Bill. It has been pointed out by many speakers, that the revenue received from this enhanced duty will go to the provinces. There should have been provided in this Bill a clause that the provincial legislature should be consulted in regard to or should have a voice in the extension of this Bill to their own provinces if they wanted it. Therefore, Sir, I think that so far as the objection goes to the postponement of the passing of this Bill into law to-day till some other day, we should all support Mr. Ayyangar.

Mr. K. C. Neogy : Sir, while I support the motion for postponement of the final passing of this measure into law, I desire to correct one error into which Mr. Agnihotri has just now fallen, because under the Government of India Act and the Devolution Rules it is not left to the option of the different provinces either to adopt a particular scale in regard to revenue stamps or not. The scale must be uniform throughout India ; that is the position ; so if we pass this into law, it must hold good in respect of all the various provinces. But, Sir, I desire to bring out one point which I think my Honourable friend, Mr. Ayyangar, wanted to make in this connection, and that is this. As we know, this legislation is intended exclusively for the benefit of the provinces. (*Mr. N. M. Samarth* : " Mainly.") It is exclusively, I say, not mainly. Now that being the case, I think that it is a pure accident that we should be legislating in this matter at all to-day, because while in regard to judicial stamps the provincial Governments are quite independent in regard to fixing their own scales ; in regard to non-judicial stamps the authorities in England and the Montagu-Chelmsford Report pointed out that it was desirable that there should be uniformity of rates in regard to commercial transactions which were to be assessed for revenue purposes in this manner. I say therefore that it is an accident that this Legislature should be called upon to legislate in this matter. Now the point to which I was referring was that, as Mr. Ayyangar said, the provincial legislatures should be given an opportunity of expressing their opinion on this Bill before it is passed into law. I have no intention of blocking this motion for any indefinite period of time, but I think that Government should make it a point to give each and every individual Provincial Legislature an opportunity of expressing its opinion on the provisions of any such measure that may be brought forward in future. What do we find here ? The Bill was circulated for opinion upon a motion which was carried in this House at Delhi. In the collection of

opinions we find individual Chambers of Commerce consulted, some officials here and there and some Bar Associations. That is all. But what about the Provincial Legislatures? (*Sir Deva Prasad Sarvadhi-kary* : " They took the initiative.") (*Mr. N. M. Samarth* : " They took the initiative.") They did not. I want my Honourable friend, Mr. Samarth to point out a single instance in which they took the initiative in this matter. I think I am a faithful student of the proceedings of the Provincial Legislatures, and I do not find that the Provincial Legislatures have been consulted at all. I do not mean the provincial executive Governments who have put forward the suggestion that the rates of non-judicial stamps should be increased. So, as I said, it is not my desire to postpone this measure for an indefinite period of time, but I should like to see a convention established under which Government, on all future occasions when they may ask this Legislature to legislate for the benefit of the provinces, should give the Legislatures of the different provinces an opportunity of expressing their opinion on such measures. I hope, Sir, that this suggestion of mine will be taken into favourable consideration by Government.

Mr. President : Before I let the debate proceed any further, I should like to clear up a difficulty which evidently is in the Honourable Member's mind. If a Member rises to object to this motion being taken to-day, it lies in the discretion of the Chair to decide whether it be taken or not. No dilatory motion can be made and the House can only vote for and against the passage of the Bill. No amendment can be made at this stage except one, in the words of Standing Order 49, either formal or consequential upon an amendment made after the Bill was taken into consideration. Therefore I cannot take to-day a motion for the postponement of the consideration of the Bill. Nobody has actually put the objection, and therefore....

Mr. K. B. L. Agnihotri : I do object on that very ground, i.e., on the ground of amendments having been made in the Bill which alter the nature of the Bill ; that came from the Select Committee.

Mr. President : I must point out that the ground of the objection of the Honourable Member appears to me to be the hope that he may be able to move amendments of substance when the Bill is taken up again. He must not entertain that hope, because he will not get that opportunity.

Mr. K. B. L. Agnihotri : Not exactly that, Sir.

Mr. President : In any case, the Bill has been fully considered and it is no business of mine whether the Local Governments have consulted their Legislatures or not.

The Honourable Sir Basil Blackett : Sir, I will first refer to the speeches that have been made. They are not difficult to answer, because each speaker has answered the one before, and there are not many points left. But I should like to point out this, that this Bill has been twice before the Local Governments and the only change that we have made from the form, in which they considered it is that we have inserted the step between 250 and 1,000, and left the original duty of one anna unchanged up to 250. My purpose in rising now is in the words of Standing Order

[Sir Basil Blackett.]

49 (4) to move a consequential amendment. As the Bill stands at present the second clause reads "In Schedule 1 to the said Act". I think it would be better, as we have now left out clause 2, if we restore the words "In Schedule 1 to the Indian Stamp Act, 1899." It would read better, I think, in that form. I hope the House will not consider it necessary to delay the passing of this Bill. It has been, as I say, very carefully considered, having been circulated twice, and we have discussed it in full to-day, and of course the moment at which it comes into force is the moment from which the hope of additional revenue begins to accrue to the people in whose interest we are acting.

Mr. President : Consequential amendment moved :

"In clause 2, to omit the word 'said' in order to insert the words 'Indian Stamp Act, 1899'."

The question is that that amendment be made.

The motion was adopted.

Mr. President : The question is that the Bill, as amended, be passed.

The motion was adopted.

THE CODE OF CRIMINAL PROCEDURE (SECOND AMENDMENT) BILL.

The Honourable Sir Malcolm Hailey (Home Member) : Sir, I beg to move :

"That the Bill further to amend the Code of Criminal Procedure, 1898, for certain purposes, be taken into consideration."

I have no further remarks to make to the House in commending this Bill to it. It was explained by me somewhat fully to the House on introduction. We have received no comments or criticisms relating to its various clauses.

Mr. President : The question is :

"That the Bill further to amend the Code of Criminal Procedure, 1898, for certain purposes, be taken into consideration."

The motion was adopted.

The Honourable Sir Malcolm Hailey : I move that the Bill be passed.

Mr. President : The question is that the Bill be passed.

The motion was adopted.

THE INDIAN LUNACY (AMENDMENT) BILL.

The Honourable Sir Malcolm Hailey (Home Member) : Sir, I move :

"That the Bill further to amend the Indian Lunacy Act, 1912, be taken into consideration."

We have received no comments in regard to this proposal.

Mr. President : The question is :

“ That the Bill further to amend the Indian Lunacy Act, 1912, be taken into consideration.”

The motion was adopted.

The Honourable Sir Malcolm Hailey : Sir, I move that the Bill be passed.

Mr. President : The question is that the Bill be passed.

The motion was adopted.

THE INDIAN TERRITORIAL AND AUXILIARY FORCE (AMENDMENT) BILL.

Mr. E. Burdon (Army Secretary) : Sir, I move :

“ That the Bill to amend the Indian Territorial Force Act, 1920, and the Auxiliary Force Act, 1920, for certain purposes, be taken into consideration.”

It is quite unnecessary for me to add anything to the few remarks I made in regard to this Bill on the day when I introduced it. It relates to a matter of relatively unimportant details and the amendment which it is proposed to make is of an obviously necessary character.

Mr. President : The question is :

“ That the Bill to amend the Indian Territorial Force Act, 1920, and the Auxiliary Force Act, 1920, for certain purposes, be taken into consideration.”

The motion was adopted.

Mr. E. Burdon : Sir, I move that the Bill be passed.

Mr. President : The question is that the Bill be passed.

The motion was adopted.

THE INDIAN ARMY (AMENDMENT) BILL.

Mr. E. Burdon (Army Secretary) : Sir, I move :

“ That the Bill further to amend the Indian Army Act, 1911, and the Indian Lunacy Act, 1912, for certain purposes be taken into consideration.”

The purpose of this Bill was explained by me on the day when I introduced it and since then no comments and no criticisms have been received.

Mr. President : The question is :

“ That the Bill further to amend the Indian Army Act, 1911, and the Indian Lunacy Act, 1912, for certain purposes, be taken into consideration.”

The motion was adopted.

Mr. E. Burdon : Sir, I move that the Bill be passed.

Mr. President : The question is that the Bill be passed.

The motion was adopted.

THE CUTCHI MEMONS (AMENDMENT) BILL.

The Honourable Sir Malcolm Hailey (Home Member) : I move :

“ That the Bill to amend the Cutchi Memons Act, 1920, be taken into consideration.”

This again is a small matter which calls for no comment on my part.

Mr. President : The question is :

“ That the Bill to amend the Cutchi Memons Act, 1920, be taken into consideration.”

The motion was adopted.

The Honourable Sir Malcolm Hailey : I move that the Bill be passed.

Mr. President : The question is that the Bill be passed.

The motion was adopted.

Mr. President : I have been asked to acquaint Members of the Select Committee on Mr. Neogy's Legal Practitioners Bill that the Committee will meet this afternoon at 3 o'clock.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 17th July, 1923
