

18th September, 1924

0

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume IV, Part V

FIRST SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1924



**SIMLA
GOVERNMENT OF INDIA PRESS
1924**

CONTENTS

VOLUME IV, PART VI—17th September to 24th September 1924.

	PAGES.
Wednesday, 17th September, 1924—	
Questions and Answers	3557-3611 ✓
Unstarred Questions and Answers	3611-29 ✓
Resolution <i>re</i> Separation of Railway Finance from General Finance—Discussion adjourned	3629-86
Thursday, 18th September, 1924—	
Questions and Answers	✓ 3687-3715
Unstarred Questions and Answers	✓ 3715-19 ✓
Riot at Kohat	3719-21
Resolution <i>re</i> Suspension of the Taxation Inquiry Committee and Substitution of an Economic Inquiry Committee—Debate adjourned	3721-62
Friday, 19th September, 1924—	
Questions and Answers	✓ 3763-3812 ✓
Unstarred Questions and Answers	✓ 3812-16 ✓
Personal Explanation by Sardar Bahadur Captain Hira Singh <i>re</i> Remarks made by Pandit Madan Mohan Malaviya	3816-17
The Land Customs Bill—Passed as amended by the Select Committee	3817-35
The Provident Funds Bill—Considered	3835-57
Saturday, 20th September, 1924—	
Messages from the Council of State	3859
The Provident Funds Bill—Passed as amended	3859
Resolution <i>re</i> Separation of Railway Finance from General Finance—Adopted as amended	3860-69
Excess Grants for 1922-23	3870-76
Demands for Supplementary Grants	3876-81
Deputation of Mr. Denys Bray to the Frontier in connection with the Riot at Kohat	3881
Riot at Kohat	3881-82
Monday, 22nd September, 1924—	
Questions and Answers	✓ 3883-3904
Unstarred Questions and Answers	✓ 3904-16 ✓
Nominations for the Standing Finance Committee for Railways	3916-17
Resolution <i>re</i> Suspension of the Taxation Inquiry Committee and Substitution of an Economic Inquiry Committee—Adopted as amended	3917-55
Resolution <i>re</i> Abolition of the Cotton Excise Duty—contd.	3955-64

LEGISLATIVE ASSEMBLY.

Thursday, 18th September, 1924.

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

QUESTIONS AND ANSWERS.

MOPLAH COLONIZATION IN THE ANDAMANS.

2155. ***Mr. K. K. Nambiyar** : (a) Will the Government be pleased to state whether the scheme of sending Moplah women and children to the Andamans, is working satisfactorily.

(b) Will the Government be pleased to give the total number of Moplah women and children who have taken advantage of the scheme and the total expense incurred by the Government in that connection.

The Honourable Sir Alexander Muddiman : The scheme is reported to be working satisfactorily. 185 Moplah convicts have been settled on the land and twenty-one families consisting of 30 women and 49 children have taken advantage of the opportunity of settlement. Schools have been opened and the people seem contented. No estimate of the cost is at present available. For further information I would refer the Honourable Member to the communiqué issued by the Collector of Malabar which appeared in the *Statesman* on 3rd September 1924, a copy of which I have directed to be sent to the Honourable Member.

THE LADY HARDINGE MEDICAL COLLEGE, DELHI.

2156. ***Khan Bahadur Ghulam Bari** : Will the Government be pleased to state how the Lady Hardinge Medical College is governed.

Mr. J. W. Bhore : The Lady Hardinge Medical College, Delhi, is administered by a Governing Body registered under Act XXI of 1860.

REPRESENTATION OF THE LEGISLATIVE ASSEMBLY ON THE GOVERNING BODY OF THE LADY HARDINGE MEDICAL COLLEGE, DELHI.

2157. ***Khan Bahadur Ghulam Bari** : (a) Is it a fact that the Legislative Assembly has no representation on the governing body of the Lady Hardinge Medical College ?

(b) Is it also a fact that the Government promised in the winter session to consider the suggestion of representing the Legislative Assembly on the governing body of the Lady Hardinge Medical College.

(c) If so, will the Government be pleased to intimate the decision arrived at.

Mr. J. W. Bhore : (a) Yes.

(b) Yes.

(c) The attention of the Honourable Member is invited to the reply given by me on the 3rd September 1924, to Lala Hans Raj's question No. 1587.

RETURN OF RAILWAY MATERIAL AND ROLLING-STOCK SENT TO MESOPOTAMIA DURING THE WAR.

2158. ***Khan Bahadur Ghulam Bari :** (a) Is it a fact that during the war all sorts of Railway material, including rolling-stock, was sent by the Government to Mesopotamia ?

(b) If so, will the Government be pleased to lay on the table a list of such material ?

(c) If the answer to part (a) is in the affirmative, will the Government be pleased to state if all or any of those materials have been brought back to India ?

(d) Will the Government be further pleased to state if India has been compensated for such material as has not been restored to this country ?

Mr. A. A. L. Parsons : (a) Yes.

(b) Complete lists of all classes of material are not available.

(c) Some of the rolling-stock sent to Mesopotamia was returned.

(d) Yes.

IMPROVED FACILITIES FOR THIRD CLASS PASSENGERS.

2159. ***Khan Bahadur Ghulam Bari :** (a) Is it a fact that the attention of the Government has often been invited to the bad plight of third class passengers ?

(b) If so, will the Government be pleased to state what steps have been taken by the Government during the last two years to make them less uncomfortable ?

Mr. A. A. L. Parsons : (a) Yes.

(b) The Honourable Member is referred to the reports, copies of which have been placed in the Library, received from Railway Administrations with reference to Mr. N. M. Joshi's Resolution in connection with improved facilities for third-class passengers, which was passed in this Assembly on September 7th, 1922.

A statement will also be included in the Administration Report on Indian Railways for 1923-24 giving details of the facilities introduced for third class passengers during that period. Copies of this Report will be placed in the Library shortly.

OPENING UP OF THE LYALLPUR DISTRICT BY MEANS OF LIGHT RAILWAYS.

2160. ***Khan Bahadur Ghulam Bari :** (a) Are the Government aware that Lyallpur district is one of the biggest wheat-producing districts in India ?

(b) Is it a fact that the Government intended to open up the Lyallpur district in the Punjab by means of light railways, but the scheme was dropped on account of the war ?

(c) If so, do Government propose to take up the scheme again in the near future ? If so, when ?

Mr. A. A. L. Parsons : (a) Yes.

(b) and (c). Investigations were made some years ago into the possibilities of affording additional railway communications in the

Lyalpur District of the Punjab and these have been recently under re-examination. The estimates that have been made hitherto of capital cost and probable net earnings have not shown good enough results to justify construction. It is not possible to say when they can be undertaken, but we have reason to believe the Punjab Communications Board have the matter under consideration.

ERECTION OF A SHED ON THE PLATFORM OF LYALPUR RAILWAY STATION.

2161. *Khan Bahadur Ghulam Bari : (a) Are the Government also aware that passengers are put to great inconvenience for want of a shed on the platform of Lyalpur railway station ?

(b) If so, do the Government propose to remove this inconvenience ?

Mr. A. A. L. Parsons : (a) and (b). The matter will be brought to the notice of the Agent, North Western Railway.

Sardar V. N. Mutalik : May I know, Sir, if there is any authority which any Member can approach in the first instance on such questions ?

Mr. A. A. L. Parsons : The Agent ; and probably the matter could be raised by a communication made to any member of the Local Advisory Committee.

INCONVENIENCES TO PASSENGERS AT SHAIKHUPURA RAILWAY STATION.

2162. *Khan Bahadur Ghulam Bari : (a) Are the Government aware that the Shaikhupura railway station building is the cause of trouble and inconvenience to the passengers, going there, on account of :

(i) there being no separate exit for first, second and intermediate class passengers ;

(ii) there being no waiting room for any class of passengers ;

(iii) there being no shed on the platform ; and

(iv) there being no raised platform.

(b) If so, do the Government propose to remove these grievances ?

Mr. A. A. L. Parsons : (a) and (b). Government understand that arrangements for the provision of separate booking offices, a waiting room for upper class passengers, and a waiting hall for third class passengers are in hand. The other inconveniences complained of have been brought to the notice of the Agent, North Western Railway.

Khan Bahadur Ghulam Bari : Are the Government aware that there is simply a rest room for officers and no waiting room for passengers ?

Mr. A. A. L. Parsons : I have already informed the Honourable Member in my reply that arrangements for providing a waiting room for upper class passengers and a waiting hall for third class passengers are in hand.

RURAL INCOME-TAX ASSESSMENTS.

2163. *Khan Bahadur Ghulam Bari : (a) Are the Government aware that since the creation of a separate Income-tax Department, the Income-tax officers seldom go to villages for assessments ?

(b) Are the Government also aware that regular assessment is confined to towns only ?

(c) Are the Government further aware that such persons in villages who were once assessed continue to be taxed even if their conditions of life entitle them to exemption ?

(d) If so, do the Government propose to see that no injustice is done to the poor villagers ?

The Honourable Sir Basil Blackett : (a) and (b). Under the instructions issued in paragraph 62 on page 104 of the Income-tax Manual, Income-tax Officers are required to call for returns of their incomes from all persons who in their opinion would be liable to pay income-tax. The Government have no reason to believe that these instructions are not observed in the case of rural assessments. If the Honourable Member can quote specified instances in which these instructions have not been followed, the Commissioner of Income-tax of the province concerned will be glad to investigate such cases.

(c) and (d). The Government have no reason to suppose that persons who are entitled to exemption are being taxed inasmuch as the Income-tax Act, 1922, provides ample means by which any assessee can secure the rectification of any mistake or irregularity in assessment.

REMOVAL TO DELHI OF THE IMPERIAL LIBRARY, CALCUTTA.

2164. ***Khan Bahadur Ghulam Bari :** (a) Is it a fact that the Imperial Library is still at Calcutta ?

(b) If so, do the Government propose to have it shifted to the Imperial Capital ?

Mr. J. W. Bhore : (a) Yes.

(b) The Government of India have under consideration the whole question of the future of the Imperial Library, Calcutta.

ACCESSIBILITY OF THE PUBLIC TO GOVERNMENT OF INDIA RECORDS IN CALCUTTA.

2165. ***Khan Bahadur Ghulam Bari :** (a) Is it a fact that all the Government records at Calcutta are not open to the public ?

(b) If so, will the Government be pleased to lay on the table a list of all such documents which are regarded as confidential ?

Mr. J. W. Bhore : (a) Yes.

(b) No such list is available and the compilation of one would entail an undue amount of labour.

REVISION OF THE PAY OF DIVISIONAL ACCOUNTANTS OF THE PUBLIC WORKS DEPARTMENT, BOMBAY.

2166. ***Mr. Harchandrai Vishindas :** Will Government be pleased to state :

(a) If their attention has been drawn to the questions and answers printed at page 54, Volume XI of the proceedings of Bombay Legislative Council, relating to the anomalous disparity existing between the pay of divisional accountants of the Public Works Department—officers of higher grade drawing lower pay than their subordinates, namely, head clerk and senior accounts clerk in the same office ; to which the Honourable Member in charge replied that the question rested with the Auditor General ?

- (b) If so, have the Government of India taken any steps for the removal of the said anomaly by raising the pay of the aforesaid divisional accountants above the level of that of their aforesaid subordinates ?
- (c) If it is a fact that the revision of the scale of pay of the divisional accountants has been under the consideration of the Government of India since 1921 ?
- (d) If so, what has been the cause of delay and do Government propose to expedite such revision ?

The Honourable Sir Basil Blackett : (a) Government have seen the questions and answers referred to in part (a).

(b), (c) and (d). The Auditor General submitted proposals for a revision of the pay of divisional accountants in 1921, but on account of financial stringency the Government found it necessary to postpone the consideration of the proposals in common with other similar proposals. The Auditor General now states that he is about to submit fresh proposals on the subject.

Mr. Harchandrai Vishindas : Might I inquire when it is expected that this question will be disposed of by the Auditor General ?

The Honourable Sir Basil Blackett : I can only say in the near future.

RATES OF PAY OF EUROPEAN, PARSİ AND INDIAN SUBORDINATE LOCO. RUNNING STAFF ON THE NORTH WESTERN RAILWAY.

2167. ***Mr. Harchandrai Vishindas :** (a) Has the attention of Government been drawn to the letter addressed by the General Secretary, N. W. R. Union to the Loco Running Superintendent published in the "N. W. R. Union Weekly" of the 28th July 1924 at pp. 245 *et seq.* pointing out the disparity between the pays of equally qualified Indian Railway servants on the one hand and Parsis and Europeans on the other as in the following table ?

Firemen.

Indian firemen (illiterate).	Parsi firemen.
Rs. 0-8-0 to Re. 0-10-6 per day in five years.	Rs. 60 to Rs. 80 in three years.
European firemen.	Indian firemen (literate).
Rs. 80 to Rs. 100 in 3 years.	Re. 0-11-0 to Re. 0-14-0 per day in five years.

Shunters.

Indian shunter (illiterate).	Parsi shunter.
Re. 0-13-0 to Re. 0-15-0 per day in three years.	Rs. 90 to Rs. 100 in two years.
European shunter.	Literate Indian shunter.
Rs. 100 to Rs. 130 in two years.	Re. 0-15-0 to Re. 1-1-0 in three years.

Drivers.

Indian Drivers (illiterate).	Parsi Drivers.
Rs. 31 to Rs. 61 and Rs. 68 (special).	Rs. 115 to Rs. 180.
European Drivers.	Literate Indian Drivers.
Rs. 140 to Rs. 230.	Rs. 38 to Rs. 70 and Rs. 75 (special).

(b) Are the figures given above correct ?

(c) If so, can this be reconciled with the reply given by Government to Mr. W. M. Hussanally's question No. 1214 in the last session where it was stated that there was no distinction observed ?

(d) And if it is now found according to the above figures that such a distinction does exist are Government prepared to remove such distinctions and maintain racial equality ?

(e) If not, why not ?

Mr. A. A. L. Parsons : (a) Government have seen the letter referred to.

(b) No.

(c), (d) and (e). The statements made appear to be based on the old scales of pay which were abolished with effect from the 1st March 1923. A table of the existing rates is laid on the table.

I may say that there is now no differentiation made between the pay of the classes of employees on communal, or other grounds.

Existing rates of pay for the subordinate Loco. running staff of the North Western Railway.

Year.		Class I.			Class II.		
		Rs.	A.	P.	Rs.	A.	P.
1st year	Fireman earned.	0	8	6 per day plus O. T.	Fireman earned.	0	11 0 per day plus O. T.
2nd "	Fireman earned.	0	9	0 per day plus O. T.	Fireman earned.	0	11 6 per day plus O. T.
3rd "	Fireman earned.	0	9	6 per day plus O. T.	Fireman earned.	0	12 0 per day plus O. T.
4th "	Fireman earned.	0	10	0 per day plus O. T.	Fireman earned.	0	13 0 per day plus O. T.
5th "	Fireman earned.	0	11	0 per day plus O. T.	Fireman earned.	0	14 0 per day plus O. T.
1st year	Shunter earned.	0	13	0 per day plus O. T.	Shunter earned.	0	15 0 per day plus O. T.
2nd "	Shunter earned.	0	14	0 per day plus O. T.	Shunter earned.	1	0 0 per day plus O. T.
3rd "	Shunter earned.	0	15	0 per day plus O. T.	Shunter earned.	1	1 0 per day plus O. T.
<i>Drivers.</i>							
		Rs.					
1st year	Driver	31	p. m.	plus O. T.	earned	Drivers	38 p. m. plus O. T. earned.
2nd "	"	34	"	"	"	"	41 " " "
3rd "	"	37	"	"	"	"	44 " " "
4th "	"	40	"	"	"	"	47 " " "
5th "	"	43	"	"	"	"	50 " " "
6th "	"	46	"	"	"	"	53 " " "
7th "	"	51	"	"	"	"	55 " " "
8th "	"	51	"	"	"	"	60 " " "
9th "	"	56	"	"	"	"	65 " " "
10th "	"	56	"	"	"	"	65 " " "
11th "	"	61	"	"	"	"	70 " " "
12th "	"	61	"	"	"	"	70 " " "
13th "	"	68	"	"	"	"	75 " " "

NOTE.—Specially selected men from Class III who have completed two years service in the Rs. 175 grade, have good records and are light in fuel consumption, will be eligible for transfer to class IV and will be rated at Rs. 180 in the latter class. They will then work their way to the maximum of class IV.

Existing rates of pay for the subordinate Loco. running staff of the North Western Railway.

Year.	Class III.	Class IV.
1st year	1st year employed in shed Rs. 30 p. m.	Boys of 16 will start on Rs. 30 p. m., boys of 17 on Rs. 35 p. m., and boys of 18 to 20 on Rs. 40 p. m.
2nd "	2nd year employed in shed Rs. 35 p. m.	Employed in shed Rs. 40 p. m.
3rd "	3rd year employed in shed Rs. 40 p. m.	Employed in shed Rs. 45 p. m.
4th "	4th year employed in shed Rs. 45 p. m.	Employed in shed Rs. 50 p. m.
5th "	5th year Fireman Rs. 55 p. m. O. T. earned.	Employed in shed Rs. 55 p. m.
6th "	6th year Fireman Rs. 60 p. m. O. T. earned.	Fireman Rs. 70 p. m. O. T. earned.
7th "	7th year Fireman Rs. 70 p. m. O. T. earned.	Fireman Rs. 80 p. m. O. T. earned.
8th "	8th year Fireman Rs. 80 p. m. O. T. earned.	Fireman Rs. 90 p. m. O. T. earned.
1st year	Shunter Rs. 90 p. m. <i>plus</i> O. T. earned	Shunter Rs. 120 p. m. <i>plus</i> O. T. earned.
2nd "	" 100 " " "	" 130 " " "
3rd "	" " " "	" " " "
1st year	Driver Rs. 115 p. m. <i>plus</i> O. T. earned	Driver Rs. 140 p. m. <i>plus</i> O. T. earned.
2nd "	" 125 " " " "	" 150 " " " "
3rd "	" 135 " " " "	" 160 " " " "
4th "	" 145 " " " "	" 171 " " " "
5th "	" 155 " " " "	" 180 " " " "
6th "	" 165 " " " "	" 190 " " " "
7th "	" 175 " " " "	" 200 " " " "
8th "	" 175 " " " "	" 210 " " " "
9th "	" 180 " " " "	" 220 " " " "
10th "	" Special grade " "	" 220 " " " "
11th "	" " " " "	" 230 " " " "
12th "	" " " " "	" Special grade.
13th "	" " " " "	" " " " "

NOTE.—Specially selected men from Class III who have completed two years service in the Rs. 175 grade, have good records and are light in fuel consumption, will be eligible for transfer to Class IV and will be rated at Rs. 180 in the latter class. They will then work their way to the maximum of class IV.

SUNDAY ALLOWANCES TO THE TRANSPORTATION STAFF ON THE NORTH WESTERN RAILWAY.

2168. ***Mr. Harchandrai Vishandas** : (a) Will Government be pleased to state if it is a fact that while European, Anglo-Indian and Parsi drivers working on Sundays get double pay, Hindus and Muslims do not ?

(b) If so, are Government prepared to give equal treatment to all the sections ?

(c) If not, why not ?

Mr. A. A. L. Parsons : The practice on different lines of giving Sunday allowances to Transportation Staff varies and the Honourable Member has not stated to which particular line he refers. If, however, as

in the case of his previous questions he refers to the North-Western Railway the answers to his questions are :

- (a) European and Anglo-Indian drivers only receive an extra day's pay if they work on Sundays.
- (b) and (c). Indian drivers similarly receive an extra day's pay when they work on holidays applicable to their communities.

CLOSING OF RAILWAY GOODS OFFICES ON INDIAN HOLIDAYS.

2169. ***Mr. Harchandrai Vishindas** : (a) Are Government aware that big commercial houses have their offices closed on Indian holidays and have therefore to suffer hardship by the railway goods offices remaining open on those days, by reason of their liability to demurrage, owing to non-clearance of goods on those days ?

(b) If the reply be in the negative do Government propose to ascertain the views of the mercantile community on this ?

(c) If the reply to (a) is in the affirmative are Government prepared to consider the question of closing the railway goods offices on Indian holidays ?

(d) If not, why not ?

Mr. A. A. L. Parsons : (a) Government are aware that railway goods offices are open on Indian holidays, but they are not aware that hardship is generally entailed by this.

(b), (c) and (d). Railway goods offices are now closed for business on 54 days in the year and to close them on all Indian holidays would mean the increase of *dies non* by periods, varying according to provinces, of 17 to 24 days, with a corresponding increase in delays to rolling stock and loss of business. A copy of the question and answer will however be furnished to the Indian Railway Conference Association.

Mr. Harchandrai Vishindas : Is it not a fact that Sunday is observed as a holiday in regard to all the communities, being a Government holiday, and the other Indian holidays are regarded as holidays for Indians and Europeans alike ? Is there any discrimination made between Sundays and other holidays as to whether they are Indian holidays or European holidays in public offices ?

Mr. A. A. L. Parsons : I can only speak for the Railways, and I am afraid I must ask for notice. I think the practice differs to a certain extent on different Railways.

DISTRIBUTION OF FINES REALISED FROM EMPLOYEES ON THE NORTH WESTERN RAILWAY.

2170. ***Mr. Harchandrai Vishindas** : (a) Is it a fact that fines realized from N. W. Railway employees are distributed among the various social organizations of the Railway employees and public institutions ?

(b) If so, will Government be pleased to state the proportion in which they have been distributed during the last two years between European, Christian and Indian organizations ?

Mr. A. A. L. Parsons : (a) Fines realised from railway employees are disbursed as compassionate allowances and as grants to hospitals for sick employees, to schools, recreation clubs, etc.

(b) The information is being obtained and will be supplied to the Honourable Member.

Mr. N. M. Joshi : May I ask a supplementary question, Sir ? I would like this information to be given to the Assembly, not to the Honourable Member alone.

Mr. A. A. L. Parsons : Certainly, Sir.

PROVISION OF LATRINE ACCOMMODATION IN THIRD CLASS COMPARTMENTS INCLUDING SERVANTS' COMPARTMENTS.

2171. ***Mr. Harchandrai Vishindas :** Have Government provided latrine accommodation in all third class compartments including servants' compartments ? If not, why not ?

Mr. A. A. L. Parsons : Special attention has been given to the provision of latrine accommodation in third class stock and it is now the general practice of railway administrations to provide latrine accommodation in all new passenger stock with the exception of stock designed for short distance and suburban traffic.

The percentage of third class broad and metre gauge carriages fitted with latrine arrangements on all Indian railways is approximately 80 per cent.

Separate figures for servants compartments are not available.

Mr. Harchandrai Vishindas : Is it known whether any latrine accommodation is provided in servants' compartments anywhere on any railway lines ?

Mr. A. A. L. Parsons : I am afraid I do not know, Sir.

Mr. Harchandrai Vishindas : You do not know ?

Mr. A. A. L. Parsons : I personally do not know.

Mr. Harchandrai Vishindas : Can an inquiry be made from the railways on this subject ? If ordinary third class passengers are provided with latrine accommodation, as is certainly the case, is there any reason why servants should be deprived of that arrangement ?

Mr. A. A. L. Parsons : I think there might be practical difficulties, but I will make inquiries.

REFUND OF INCOME-TAX CHARGED ON THE TENTAGE ALLOWANCES OF MILITARY OFFICERS.

2172. ***Mr. W. S. J. Willson :** (i) Is it the case that tentage allowance has long been a right by regulations, namely, certain regulations stating that an officer's pay is made up of various elements one of them being tentage allowance (to save Government the expense of providing and keeping up tents) ?

(ii) Is it the case that there is in fact a regulation stating that tentage allowance is *not* liable to income-tax ?

(iii) Has the attention of Government been drawn to the article on page 1 of the "Pioneer" of 25th August 1924 ?

(iv) Is it the case that the Controller of Military Accounts or other authority recently issued instructions to the effect that before an officer

can sustain a claim for exemption from income-tax on that portion of his pay and allowances which is made up of tentage :

- (a) he must sign a certificate either to the effect that he is in possession of camp equipment in good condition, or
- (b) that he has expended a particular sum each month on its upkeep ?

What authority is there for demanding such certificate ?

(v) Was it the practice to demand any such certificate to enable an officer to draw his pay and/or tentage ? Have these certificates only been asked for in support of an exemption from or refund of income-tax ?

(vi) Is it the intention of Government that difficulties should be placed in the way of officers obtaining the refunds to which they are undoubtedly entitled ? Have such refunds been refused for any year prior to 31st March 1923 and are refunds being disputed for the current year ?

Mr. E. Burdon : (i) Yes.

(ii) A definite ruling to this effect has recently been issued.

(iii) Yes.

(iv) and (v). The facts are as follows. Until June 1923 it has been the established practice to require all officers to sign a certificate in their pay bills to the following effect ; " Certified that I am in possession of suitable camp equipage." By a circular order, dated the 8th June 1923, this certificate was abolished and officers were required instead to certify in their pay bills that they had spent the whole of their tentage allowance in maintaining tents in the discharge of their duties. The professed object of requiring these certificates was to obtain evidence that the tentage allowance was eligible for exemption from income-tax. The second of the two certificates referred to above, which purported to be based on the provisions of sections 4 (3) (vi) of the Indian Income-tax Act, 1922, has now, that is to say, since July 1924, been abolished and the original form of certificate has been restored.

(vi) Certainly not. Government are about to issue instructions sanctioning the refund of income-tax which has wrongly been charged on tentage allowances during the current year and the years 1922-23 and 1923-24.

Mr. W. S. J. Willson : Why only two years, Sir ?

Mr. E. Burdon : Refunds, I think, have been sanctioned for the whole period in issue.

INDIANS IN THE INDIAN MEDICAL SERVICE HOLDING TEMPORARY COMMISSIONS.

2173. ***Mr. Chaman Lall :** (a) Will Government be pleased to state the number of Indians holding temporary commissions in the I. M. S., who volunteered before the 11th of November 1918 and the number of actual holders of temporary commissions in the I. M. S. at present ?

(b) Will Government state their reasons for keeping holders of temporary commissions who volunteered during the war, on temporary employment even after several years' service ?

(c) How many of these have held specialists' jobs since their admission as temporary commissioned officers ?

(d) Have any of these been recommended by their O. Cs. for permanent commissions ?

(e) How many of them have been given permanent commissions ?

(f) Is it a fact that the tendency of Government recently has been not to accept a further term of one year's engagement of temporary officers ?

Mr. E. Burdon : (a) The number of Indian officers now holding temporary commissions, who joined before the date mentioned by the Honourable Member is 55. The total number of officers at present holding temporary commissions in the Indian Medical Service is 155.

(b) The reason is that permanent appointments are not available and the officers in question are willing to continue to serve with a temporary commission.

(c) Of the total number of officers at present serving with temporary commissions, the number that have held specialist appointments is 13.

(d) In order to furnish the information desired, it would be necessary to examine the files of all the officers who have held temporary commissions. The value of the information to be obtained would not be sufficient to justify the expenditure of time and labour involved.

(e) Of the Indian officers who have held temporary commissions, 98 have been granted permanent commissions.

(f) No, except in so far as the exigencies of retrenchment have rendered this course necessary.

SPECIALISTS' APPOINTMENTS FOR INDIANS IN THE INDIAN MEDICAL SERVICE HOLDING TEMPORARY COMMISSIONS.

2174. ***Mr. Chaman Lall :** (a) Is it true that temporary Indian officers of the I. M. S. in spite of their having held specialists' appointments are not given a chance to work as specialists during peace time ?

(b) Is it a fact that temporary officers when applying for permission to take up special courses such as X-Rays are refused such permission ?

Mr. E. Burdon : (a) The answer is in the negative.

(b) Priority must be given to the claims of permanent officers, and as it is not possible to meet all these claims, it has been necessary to refuse the applications of temporary officers.

RAILWAY CONCESSION FARES FOR SCHOOL CHILDREN.

2175. ***Mr. Jamnadas M. Mehta :** (a) Are Government aware that the benefit of concession fares is not allowed by Railway Companies to students attending schools not recognised by Government ?

(b) Are Government aware that the existing rules unnecessarily prejudice nearly sixty thousand students attending *bona fide* institutions ?

(c) Are Government prepared to take immediate steps to remove the anomaly and to place *bona fide* students on a footing of equality so far as concession fares are concerned ?

Mr. A. A. L. Parsons : (a), (b) and (c). The Honourable Member is referred to the reply given to Mr. B. Das' question No. 1904 on 15th September 1924, in this Assembly.

AMENDMENTS MADE IN THE INDIAN LEGISLATIVE RULES.

2176. *Mr. A. Rangaswami Iyengar : With reference to the Legislative Department Notification No. F.-112/24-G. of 14th August 1924, published in the Gazette of India of 16th instant will the Government be pleased to state :

- (1) Why the amendments made in the Indian Legislative Rules in March last have been superseded by the present Rules ?
- (2) In what respects the new procedure for re-introduction of motions of legislative measures notwithstanding the previous rejection or postponement thereof by dilatory motions carried by the Assembly, differs from the earlier procedure adopted for the same purpose in March last ?
- (3) Whether any difference has been observed by the Government in principle or method as between the re-introduction of rejected or postponed motions or legislative measures and of rejected or postponed motions on grants in the Assembly and in the Provincial Legislative Councils in the several series of amendments to the Legislative Rules published in Extraordinary Gazette of India since March last ?
- (4) In what order were the rules laid before the Houses of Parliament under section 129-A. of the Government of India Act and whether the Parliament was notified of the supersession of the earlier amendments by the later amendments and of the reasons therefor.

Sir Henry Moncrieff Smith : (1) The principal considerations which dictated the revision of the rules made in March last were the following :

- (a) Rule 20A in its original form implied on the face of it that in cases not governed by the rule, it was not open to the Member in charge of a Government Bill to defer moving that the Bill be passed, and also that in such cases it was open to a Member other than the Member in charge to move this motion. The Government of India attached importance to the removal of this implication, and the revised rule, which it may be observed does no more than crystallise established practice, already recognised to some extent in the Standing Orders, has accordingly been drawn in general terms.
- (b) The substitution of existing rule 36A for original rules 36A and 36B effected the following objects :

First, the elimination of the provision for an announcement by the Member in charge that Government proposed to move the Governor General to exercise his personal powers under section 67B of the Government of India Act. This alteration can hardly have taken the Honourable Member by surprise, if he recollects my reply to a question on the subject put by Mr. Neogy on the 19th March last ;

Secondly, the substitution of the formal making of a recommendation by the Governor General as the act involving

the withdrawal of a Bill in respect of which a dilatory motion has been carried ;

Thirdly, the removal of an unnecessary difference of procedure in the case of Bills in respect of which a dilatory motion has been carried, and Bills which the Chamber refuses to take into consideration, refer to Select Committee, or pass.

(2) The original and revised rules are available for the perusal of the Honourable Member, who can draw his own conclusions. The principal differences have been indicated in the reply to (1).

(3) While it is true that the sets of rules to which the Honourable Member refers both involve a departure from the ordinary rule against repetition of motions, they are in no sense *in pari materia*, and the Government of India are of opinion that no question of difference of principle or method arises.

(4) The concern of the Government of India terminated with the formal report by them to the Secretary of State of the various notifications amending the Indian Legislative and Provincial Legislative Rules. They have no knowledge of the procedure which the Secretary of State has followed or will follow in complying with the requirements imposed by section 129A of the Government of India Act.

Mr. A. Rangaswami Iyengar : May I know, Sir, what the reason was which induced the Government to eliminate the provision to announce in this Assembly that it was intended to move the Governor General to exercise his certification powers ?

Sir Henry Moncrieff Smith : I would ask the Honourable Member to look up the Legislative Assembly debates of the 19th March, to which my answer refers.

Mr. A. Rangaswami Iyengar : May I know whether, as far as I am able to understand the answer to the question put by Mr. Neogy, on that occasion, it is intended to suggest that these changes are merely intended to eliminate the announcement of the moving by the Government of India of the Governor General to exercise his power, or whether it is intended to suggest that the Government do not intend to act in the matter of moving the Governor General ?

Sir Henry Moncrieff Smith : That was one of the reasons, but if the Honourable Member had followed my answer carefully he would have seen that there were other reasons also. I would suggest that, before he asks any further supplementary questions on that point, he should read the answer which I have just given and of which I will supply him a copy immediately.

EMPLOYMENT OF INDIAN CONSULTING ENGINEERS IN CONNECTION WITH PORTS DEVELOPMENT, ETC.

2177. ***Mr. A. Rangaswami Iyengar :** (a) Has the attention of the Government been drawn to the question and answer No. 3 put and given in the House of Commons on the 22nd July last regarding the claims of Indian Consulting Engineers in respect of contracts and tenders for large engineering works ?

(b) Whether they have received any proposal or offer of services from Dr. B. N. Dey, Consulting Engineer in London with reference to any of the large works in connection with the ports development, bridge or sanitary engineering works in India, and, if so, what action has been taken thereon.

(c) If not, whether the Government propose to avail themselves of his services or recommend his services and of other qualified Indians and Indian firms in connection with the execution of large engineering works in railway bridge, port development works in India?

The Honourable Mr. A. C. Chatterjee : (a) Yes.

(b) Yes. The Government of India having no need of Mr. Dey's services, he was informed accordingly. The question of the employment of consulting engineers on provincial works rests entirely at the discretion of the Local Government or authority concerned.

(c) In so far as civil and irrigation works are concerned, the Government of India retain their own Consulting Engineer, who is a permanent member of the Indian Service of Engineers, selected chiefly for his irrigation experience; otherwise they have, in general, no need of the services of consulting engineers in India. They do not propose to make any recommendation on the subject to Local Governments or authorities, who have full powers in the matter.

RE-OPENING OF POINT CALIMERE AND OTHER MINOR PORTS ON THE SOUTH MADRAS COAST.

2178. ***Mr. A. Rangaswami Iyengar :** Will the Government be pleased to state :

(a) Whether Point Calimere in South India is the nearest port to Ceylon of all minor ports in South India and is within 30 miles from Jaffna, the chief town of the Tamils in Ceylon?

(b) Whether this port was closed to passenger and goods traffic by country boats in consequence of an agreement between the South Indian Railway and the British India Steam Navigation Company in order to maintain the traffic earnings of both companies *via* the Danushkodi route?

(c) Whether the extension of the Tiruturaipundi-Agastampalli line of the Tanjore District Board Railway to Danushkodi in order to facilitate the reopening of this coastal traffic with Ceylon, is under consideration and whether any objection has been taken to such project by the South Indian Railway or B. I. S. N. Companies?

(d) Are the Government of India prepared to direct the reopening of this and other minor ports on the South Madras coast?

Mr. A. A. L. Parsons : (a) It is the nearest port to Ceylon and is about 40 miles from Jaffna.

(b) No. If the Honourable Member has in mind the agreement of 1902 between the South Indian Railway and the British India Steam Navigation Company, in the first place that agreement did not refer to country boats, and in the second place Government are given to understand that steamers never did call at Point Calimere.

(c) No such extension is under consideration.

(d) This part of the question should be addressed to the Government of Madras.

LORD OLIVIER'S SPEECH IN THE HOUSE OF LORDS REGARDING THE ALLEGED PURCHASE OF VOTES BY THE SWARAJ PARTY IN BENGAL.

2179. ***Mr. Chaman Lall :** (a) Are Government aware that the following statement was made by the Secretary of State in the last debate in the House of Lords :

“ In that Assembly the Swaraj party, not being able actually to lead or procure a majority of votes for the purpose of embarrassing the Government, organised the purchase for cash of the requisite balances either of votes or abstentions to enable them to win narrow divisions which they did. This fact is notorious ” ?

(b) Was the information supplied to the Secretary of State by the Government of India ?

(c) If so, has the Government got any facts to substantiate the charge against the Swarajists ?

(d) If not, are the Government prepared to have these words withdrawn by the Secretary of State ?

The Honourable Sir Alexander Muddiman : I have already answered that question.

Mr. Chaman Lall : Will the Honourable Member be pleased to lay on the table a copy of the communications which have passed between the Government of India and the Secretary of State on this subject ?

The Honourable Sir Alexander Muddiman : I have already given the House full information regarding the particular instance to which the question was directed. I cannot lay anything else on the table.

Mr. Chaman Lall : Will the Honourable Member request the Secretary of State, in view of the great feeling in this Assembly on the subject, to make public the sources of information which made him pass those remarks ?

The Honourable Sir Alexander Muddiman : I have already said on the last occasion in reply to a supplementary question put by the Honourable Sardar that a copy of the questions and answers will be forwarded to the Secretary of State.

Lala Duni Chand : Are Government aware that the Swarajist candidates were either returned unopposed or returned by such an overwhelming majority of votes that that it was impossible to obtain them by improper means ? If this is a fact will Government be pleased to convey the information to the Secretary of State in order to remove his wrong impression ?

Mr. President : The questions relating to the election of members of the Swarajist Party do not arise out of this question. It refers solely to alleged bribery by members of the Swarajist Party when they had already reached the Chamber.

RELEASE OF RAJA RAM CONVICTED IN THE MALAKWAL TRAIN WRECKING CASE IN 1919.

2180. ***Mr. Chaman Lall :** Are Government aware that Raja Ram, son of Ganga Ram, goldsmith of Malakwal (Gujrat district), was

convicted by a Court Martial Tribunal at Lahore on the 17th June 1919, to death, for being concerned in the Malakwal train wrecking case ?

(b) Are the Government aware that the sentence was afterwards commuted to transportation for life ?

(c) Are the Government aware that the said convict is undergoing life sentence in Andamans and his number is 43633 ?

(d) Do Government propose to take steps to release him at once ?

The Honourable Sir Alexander Muddiman : (a) Yes.

(b) Yes.

(c) Yes.

(d) No.

TRAINING OF INDIANS AS RAILWAYS TRAFFIC OFFICERS.

2181. ***Mr. Bhubanananda Das :** Will Government be pleased to state what stage the scheme for training traffic officers required for the Indian Railways at the Sydenham College of Commerce of Bombay has reached and will Government be pleased to lay the scheme on the table for information of the House ?

Mr. A. A. L. Parsons : The matter is still under consideration and Government are not in a position to make a statement on the subject.

PURCHASE OF RAILWAY STORES THROUGH THE INDIAN STORES DEPARTMENT.

2182. ***Mr. Bhubanananda Das :** In reference to my starred question No. 1332 of June 1924 on the centralization of purchase of stores through the Indian Stores Department, will Government be pleased to state if they have reached the decision to direct different railways in India to make all their purchases through the Indian Stores Department ?

Mr. A. A. L. Parsons : The Honourable Member is referred to the reply given in this Assembly to parts (f) and (g) of Mr. Neogy's question on the same subject.

GOVERNMENT PURCHASES OF IRON AND STEEL FROM INDIAN MANUFACTURERS.

2183. ***Mr. Bhubanananda Das :** In reference to the assurance given by the Honourable Member for Industries in reply to my starred questions Nos. 1334-35 of June 1924, that Government would give due consideration after the Tariff Act was passed to the question whether the Government of India would make all their purchases of iron and steel from Indian manufacture, will Government be pleased to state their final decision and present practice on this question ?

The Honourable Mr. A. C. Chatterjee : The attention of the Honourable Member is invited to the Rules for the supply of articles for the public service which were promulgated with the Resolution by the Government of India in the Department of Industries and Labour, dated the 6th May 1924, and a copy of which will be found in the Library. The passing of the Steel Industry (Protection) Act does not necessitate any change in the policy of the Government of India as enunciated in the preamble to the Rules.

FRANCHISE FOR WOMEN.

2184. ***Mr. Bhubanananda Das** : (a) Have Government considered the suggestion of the President of the Reforms Inquiry Committee to Mrs. Deep Narain Singh while giving evidence regarding Women Franchise that the rules can be altered to entitle women to vote and stand for the Councils and Assembly ?

(b) Are Government prepared to take immediate steps to amend these rules so that there will be no sex disqualification for women of India ?

The Honourable Sir Alexander Muddiman : So far as I am aware the President of the Committee made no such suggestion. Government do not propose to take any immediate steps in the matter.

SUBMISSION OF STATEMENT OF EARNINGS BEYOND THEIR LAWFUL SALARIES BY TICKET COLLECTORS OF THE N. W. RAILWAY, KARACHI DISTRICT.

2185. ***Mr. Harchandrai Vishindas** : (a) With reference to the answer to my question No. 1160, dated 2nd June last, are Government aware that the D. T. S. Karachi somewhere in the beginning of 1923 wrote to the station master, Kotri, pointing out that some ticket collectors mentioned by name did not earn enough to cover their pay and therefore they did "not justify their existence" and that "those who do not cover the Railway expenses will be dispensed with by the Railway" ?

(b) If so, will Government be pleased to state how they reconcile this with their answer "There is no question of these collections having to reach a particular figure on pain of punishment" ?

(c) If so, do Government propose to direct the cancellation of such directions as are mentioned in part (a) ?

(d) If not, why not ?

Mr. A. A. L. Parsons : (a), (b), (c) and (d). Government have no information, but are making inquiries.

REFUSAL OF GOVERNMENT TO LAY OFFICIAL CORRESPONDENCE ON THE TABLE.

2186. ***Mr. Harchandrai Vishindas** : (a) Is it a fact that the Government have made it a uniform practice to refuse to lay on the table correspondence between them and the Secretary of State or with any Government Department whenever asked by the Members of the Assembly to do so ?

(b) If not, will Government be pleased to take the statistics of any one of the years 1923, or 1924 as far as it has gone to show the total number of such requests and the number of compliances ?

The Honourable Sir Alexander Muddiman : (a) Considerations of Public or State interest sometimes necessitate the withholding of papers from publication. Each request is dealt with on this principle alone.

(b) The Honourable Member will find the information he requires in the published proceedings of the House.

Mr. Harchandrai Vishindas : Which published proceedings ? Might I inquire of any particular year ? Have I to go into the proceedings of all years ?

The Honourable Sir Alexander Muddiman : So should I.

CONDITIONS OF DECK PASSENGER TRAFFIC IN NATIVE PASSENGER SHIPS, ETC.

2187. ***Mr. N. M. Joshi** : Will Government be pleased to state whether their attention has been drawn to an article on " Indian Labour in Burma " by Mr. C. F. Andrews, published on page 288 in the *Young India* of August 28th, 1924, wherein he states :

" In Malaya the planters all agreed with me that the voyage conditions are inhuman. But they said : ' What are we to do ? The Government of India Shipping Act allows these conditions ' " ?

(b) Will Government be pleased to state what they propose to do to remedy this state of things ?

(c) Will Government be pleased to state what steps they have taken to give effect to the recommendations of the Deck Passengers Committee ?

The Honourable Sir Charles Innes : Government have seen the article.

(b) and (c). As the Honourable Member is aware, the whole question of improving the existing conditions of deck passenger traffic in Native Passenger Ships has been investigated by the Deck Passenger Committee. The views of Local Governments and Chambers of Commerce on the Committee's recommendations have been obtained and are now under consideration. Any legislation that may be necessary will be probably included in the general revision of the Indian Merchant Shipping Act, which is now being undertaken.

Mr. N. M. Joshi : May I ask when this legislation will be undertaken ?

The Honourable Sir Charles Innes : I cannot say, but we are working at it as best we can.

Mr. N. M. Joshi : May I remind the Government that a long time has passed since the Deck Passenger Committee's report was published ?

The Honourable Sir Charles Innes : May I remind the Honourable Member that the question raised is an extremely difficult and complicated one ?

LEAVE OF LOWER CLASS EMPLOYEES ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

2188. ***Mr. N. M. Joshi** : (a) Will Government be pleased to state whether they are aware of the fact that there is a good deal of discontent among the lower class employees in the B. B. and C. I. Railway owing to the fact that while the subordinate staff of the Railway such as station masters, guards, drivers, clerks, etc., get all kinds of leave such as privilege leave (30 days), casual leave and sick leave in addition to the gazetted holidays, they get only 15 days' privilege leave and no other leave and are at times required to work even on gazetted holidays ?

(b) If so, what steps they have taken or propose to take to remove this complaint of the lower class employees ? If not, will they inquire into the matter and announce the result of their inquiry ?

Mr. A. A. L. Parsons : (a) and (b). Government are not aware of any discontent prevailing among the lower class employees of the Bombay, Baroda and Central India Railway in the matter of their leave, and do not propose to initiate any inquiries. They are confident that the Agent is fully in touch with the position. The Honourable Member is, however,

referred to the reply given to him on 2nd July 1923 in regard to a similar inquiry.

UNIFORMITY IN LEAVE RULES ON RAILWAYS.

2189. ***Mr. N. M. Joshi** : Will Government be pleased to state the result of their inquiry in respect of securing uniformity in leave rules on Railways, which, they assured the House in July last was under contemplation ?

Mr. A. A. L. Parsons : I cannot discover that any such assurance was given by Government. In July 1923 the Honourable Member was informed that the question of revising leave rules for all railway employes with a view to bringing them more into accord with conditions of employment in other industrial concerns was under consideration. This question is still under discussion with railway administrations.

APPOINTMENT OF INDIANS AS FOREMEN ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

2190. ***Mr. N. M. Joshi** : Will Government be pleased to state whether it is a fact that all the foremen in the B. B. and C. I. Railway workshops and officers are Europeans ? If so, will they state whether any attempts were ever made to appoint Indians to these posts ? If not, why not ?

Mr. A. A. L. Parsons : Yes, that is so, but the railway have three Indian foremen in their running department and one Indian under training for the superior grade.

TRICHINOPOLY-VILLYPURAM RAILWAY.

2191. ***Dewan Bahadur M. Ramchandra Rao** : Will the Government be pleased to state whether the construction of the Trichinopoly-Villypuram chord line will be proceeded with in the course of this official year or whether any orders have been passed postponing this line indefinitely ?

Mr. A. A. L. Parsons : No orders have been passed postponing indefinitely the construction of this railway. The revision of the estimate has become necessary and a revised estimate is now under consideration by the Railway Board. It is not possible at the moment to say when construction will be commenced.

OPENING OF A LOCAL HEAD OFFICE OF THE IMPERIAL BANK OF INDIA EITHER AT LAHORE OR AT DELHI.

2192. ***Mr. Bhubanananda Das** : (a) Is it a fact that Calcutta is at present the local head office of the Imperial Bank for the Punjab, and that there has been an increase in the number of branches of the Bank in that Province ?

(b) Do Government propose to draw the attention of the Governors of the Bank to the desirability of having a new local head office either at Lahore or at Delhi so as to enable the Bank to look after the banking interest of that Province ?

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

(b) The opening and location of new local head offices is primarily a matter for the discretion of the Central Board though such opening is subject to the previous sanction of the Governor General in Council. The suggestion implied in the Honourable Member's question will be conveyed to the Central Board. I may add that I believe that some steps have actually been taken with a view to meeting the point raised in the question.

TERMINATION OF THE SERVICES OF CERTAIN EMPLOYEES OF THE EAST INDIAN AND G. I. P. RAILWAYS ON THE STATE TAKING OVER THE MANAGEMENT OF THESE LINES.

2193. ***Lieut.-Colonel H. A. J. Gidney** : (a) Is it a fact that the Government of India issued a memorandum from the Railway Board to the Agent, E. I. Railway, as published in the E. I. Railway Gazette, dated 10th July 1924, of which paragraph 2 reads as follows :

“ With few exceptions the Government of India are anxious to obtain the services of the existing permanent staff of the East Indian Railway Company when the Railway comes under State management. Intimation has already been sent individually to those members of the existing permanent staff whose services the Government of India regret that they will not require after the 31st December 1924 ; and they have been informed that it will be open to them to take any leave admissible to them after that date under the Company's rules, and that they will remain under the existing East Indian Railway leave, provident fund, and gratuity rules until the final termination of their service under the Company.”

(b) Will the Government be pleased to state, if when the Great Indian Peninsula Railway is taken over by the Government of India and worked as a State line, the existing permanent staff of the Great Indian Peninsula Railway, whose services the Government will not require, either because of their age being over 53 years, on 1st July 1923, or for other reasons, will be similarly granted all leave due to them and will remain under the existing Great Indian Peninsula leave, provident fund and gratuity rules, after the 30th June 1925, until the termination of their service ?

(c) If the answer to question (b) is in the affirmative, are Government prepared to issue instructions through the Railway Board to the Agent, Great Indian Peninsula Railway, to publish such information in the Great Indian Peninsula Railway “ Weekly Notices ”, as has been done on the East Indian Railway ?

(d) If the answer to question (b) is in the negative, will the Government be pleased to give reasons for difference of treatment regarding leave, etc., of the East Indian Railway and Great Indian Peninsula Railway employees, when these Railways are taken over by the Government ?

Mr. A. A. L. Parsons : (a) Yes.

(b) The question is still under consideration.

(c) and (d) In view of the reply given to (b) above the questions do not arise.

Mr. K. C. Neogy : With reference to (a), will the Honourable Member state how many Indians in the officers' grades have been served with notice terminating their services, and what proportion they form to the total number of Indians employed in these grades in the E. I. Railway ?

The Honourable Sir Charles Innes : I have not got the information absolutely in my mind, but I think that the figure is somewhat as follows. I think that we are terminating the services of about 6 or 7 officers on this Railway when we take it over, and of those I think about half are Europeans

and half are Indians. As regards the latter part of the question, I am afraid I cannot give the information offhand and the Honourable Member must put down a question on the subject.

Lieut.-Colonel H. A. J. Gidney : May I ask a supplementary question ? Will the Honourable Member in charge kindly inform me, with reference to his reply that the matter is still under consideration, in view of the fact that those officers who will be affected by their decision are desirous of making timely arrangements for taking the leave that is due to them, when do the Government think they will have finished considering this matter and arrive at a decision ?

Mr. A. A. L. Parsons : We are going to discuss the matter with the Agent in the course of the next week or ten days.

ALLEGATIONS AGAINST COLONEL E. T. CARWITHEN, LATE CANTONMENT MAGISTRATE, AMBALA.

2194. ***Haji Wajihuddin :** (a) Are the Government aware that a complaint under section 168, Indian Penal Code, was made by one Pandit Ramkishan against Pandit Shugan Chand, head clerk of the Ambala Cantonment office ?

(b) Is it a fact that in course of the prosecution evidence, a formal stamped deed of partnership was produced in which Colonel E. T. Carwithen, late Cantonment Magistrate, Ambala, Pandit Shugan Chand and one Hira Lal agreed to carry on business as partners under the name of "Hira Lal & Co." ?

(c) Will the Government quote some rule or precedent under which a Cantonment Magistrate can carry on trade in partnership with his head clerk ?

(d) Are the Government aware that Colonel Carwithen sanctioned several applications for buildings in Ambala Cantonment without referring the same to the Cantonment Committee ?

(e) Is it a fact that this very Cantonment Magistrate gave permission to his head clerk Pandit Shugan Chand to engage in trade and that this permission has been given on the head clerk's application not registered in the office and bearing number and date ?

(f) Will the Government state if a Cantonment Magistrate is authorised to give such permission to his subordinate and if so, under what law ? If not, what action they propose to take against Col. Carwithen ?

(g) Are Government prepared to hold an inquiry into the matter ?

Mr. E. Burdon : (a) Yes.

(b) Yes.

(c) There is no such rule or precedent.

(d) Yes.

(e) In the order passed in the case referred to in part (a) of the question, the magistrate stated as follows :

"The accused has produced the original order of the Cantonment Magistrate granting him sanction to engage in trade, which is recorded on his application dated the 10th July 1919. * * * It is true that although the accused's application for the sanction is dated, the sanction is not so-dated."

The Government of India have no further information on the point.

(f) and (g). The permission given was irregular. An inquiry has already been held. Colonel Carwithen was severely censured in respect of the matter mentioned in part (b) of the question and has retired from the service.

Government do not propose to take any further action as regards him.

CASE OF PANDIT SHUGAN CHAND, HEAD CLERK, AMBALA CANTONMENT OFFICE.

2195. *Haji Wajihuddin : (a) Has the attention of the Government been drawn to the judgment of Chaudhri Sardar Khan, magistrate, 1st Class, Ambala District, in the case, Pandit Ramkishan *versus* Pandit Shugan Chand, head clerk, Ambala Cantonment Office, complaint under section 168, Indian Penal Code ?

(b) Is it a fact that in the above case the accused Shugan Chand has been acquitted on the technical ground that he being a *Government servant* was not legally bound not to engage in trade ?

(c) Are the Government aware that the magistrate has declared the offence to be a breach of departmental rules not coming within the purview of the judicial court, but to be dealt with by Executive Officers in the departmental manner ?

(d) Is it a fact that the All-India Cantonment Association brought this aspect of the case to the notice of the Government, *vide* its letter No. 518-A, dated 20th October 1922 ?

(e) Is it a fact that the Government have declined to take any departmental action against Pandit Shugan Chand *for the present*, *vide* Secretary, Army Department, letter No. 27522/2 (A.D.), dated 28th May 1924 ?

(f) Will the Government be pleased to state the reasons for their not taking any notice of the matter ?

Mr. E. Burdon : (a) Yes.

(b) The magistrate held that the accused was not a Government servant. He was acquitted on the ground that no case had been made out under section 168, Indian Penal Code.

(c) No. The magistrate made no such declaration. What he did say was that "public servants transgressing departmental rules against trading are only liable to departmental punishment."

(d) If the Honourable Member is referring to the letter from the All-India Cantonments Association, No. 518-A, dated the 20th October 1922, the Government of India are aware that in that letter it was urged that the head clerk should vindicate his character in a court of law.

(e) Yes.

(f) The principal reason is that the civil suit instituted by Pandit Shugan Chand is still pending.

PROHIBITION OF TRADING BY GOVERNMENT SERVANTS.

2196. *Haji Wajihuddin : (a) Are the Government aware that under Rule 15 of the Government Servants Conduct Rules published by

the Government of India, no Government servant can engage in trade without the permission of the Local Government ?

(b) Are the Government aware that in a criminal complaint under section 168, Indian Penal Code, filed by Pandit Ramkishan against Pandit Shugan Chand, head clerk, Ambala Cantonment office, the trying magistrate has held that the above rules being not a legislative enactment are not legally binding upon the accused ?

(c) Are the Government aware that under Q. M. G. letter No. 4800-3 (Q.M.G.-4), dated the 28th October 1914, all Cantonment Fund Servants are treated as public servants and are liable to the restrictions imposed upon such servants by the rules framed by the Government ?

(d) Do Government propose to take any steps regarding the above finding of the Magistrate ?

Mr. E. Burdon : (a) Yes.

(b) Yes.

(c) Cantonment Fund servants are held to be public servants but not Government servants. It is only to this latter class of servants that the Government Servants' Conduct Rules apply.

(d) No. But I may mention that the preparation of rules under the new Cantonments Act to regulate the conduct of cantonment servants is in hand.

PROSECUTION OF LEKHRAJ, A SHOPKEEPER OF SUBATHU, FOR SELLING COAL AT A HIGHER PRICE THAN THAT REGISTERED IN THE CANTONMENT MAGISTRATE'S OFFICE.

2197. ***Haji Wajihuddin :** (a) Is it a fact that Col. Lawrenson while Cantonment Magistrate, Kasauli, prosecuted one Lekhraj, son of Raghoo, a shopkeeper of Subathu, for selling coal at a rate higher than one registered in the Cantonment Magistrate's office ?

(b) Is it a fact that the prosecution was directed under section 173 (m) (4) of Cantonment Code, 1912 ?

(c) Are the Government aware that there is no sub-clause (4) to clause (m) of section 173, quoted above ?

(d) Will the Government be pleased to inquire why the prosecution was launched under section 173 (m) (4) when it did not exist at all ?

(e) Is it a fact that the said Lekhraj was fined twice for the above alleged offence ?

(f) Will the Government kindly state what the registered rate of coal was in the office of the Cantonment Magistrate and how was this rate arrived at and were the dealers in coal consulted ?

(g) Are the Government aware that the rate varies with quality ?

(h) Did the Cantonment Magistrate verify that the quality of the coal was the same for which the rate was fixed in the Cantonment Magistrate's office.

(i) Will the Government state if selling of coal at higher rate was at all punishable under the Cantonment Code, 1912 ? If so, will it please quote the rule or the section on the point ?

Mr. E. Burdon : The information desired by the Honourable Member is being obtained from the local military authorities and will be communicated to him as soon as it is received.

LEGAL EXPENSES OF PANDIT SHUGAN CHAND, HEAD CLERK, AMBALA CANTONMENT.

2198. *Haji Wajihuddin : (a) Is it a fact that the Government have granted Rs. 3,000 to Pandit Shugan Chand, head clerk, Ambala cantonment, to bring a suit of damages against certain local office-bearers of the All-India Cantonments Association ?

(b) Will the Government state on what grounds the grant has been paid and if the Cantonment Fund can be used for such purposes ?

(c) Will the Government quote the law that authorises such expenditure from the Cantonment Fund ?

(d) Is it a fact that the Government directed Pandit Shugan Chand to institute a case at Simla instead of at Ambala where the parties concerned reside ?

(e) If so, what special reasons were there to issue instructions to Pandit Shugan Chand ?

Mr. E. Burdon : (a) The legal expenses of the head clerk, up to Rs. 3,000 were guaranteed by the Cantonment Committee, Ambala, on certain conditions, and this action of the Committee was subsequently approved by the Government of India.

(b) Pandit Shugan Chand being a Cantonment Fund servant, the Cantonment Authority considered it desirable in the interests of cantonment administration that he should be given facilities to vindicate his character in a court of law. The reply to the second part of the question is in the affirmative.

(c) Section 29 (1) (p) of the Cantonment Code, 1912.

(d) No.

(e) Does not arise.

“ CORPORATION SOLE ” IN CANTONMENTS.

2199. *Haji Wajihuddin : (a) Are the Government aware that since 1st May 1924, there is “ Corporation Sole ” in many important cantonments of India ?

(b) Is it a fact that under this arrangement, the Officer Commanding a Station is carrying on the cantonment administration on his own sole responsibility ?

(c) Are the Government aware that this arrangement has given rise to great discontent and legitimate grievances in the cantonment ?

Mr. E. Burdon : (a) Cantonment Boards have been formed in most of the cantonments in which the Governor General in Council has ordered that a Board shall be constituted except in the Punjab, Bihar and Orissa, Bengal and the Central India Agency. In these areas, the Government of India understand, the elections will take place at various times during the months of October, November, and December, 1924, and the Boards will then be constituted. In those cantonments in which a Board has not yet been formed, the cantonment authority is a Corporation Sole.

(b) The Officer Commanding the Cantonment exercises the powers of the cantonment authority in those cantonments in which a board has not yet been constituted, and as such, he is responsible for the administration

of the cantonment in accordance with the Cantonments Act to the same extent as a cantonment board.

(c) The Government of India are not aware that the position is as stated by the Honourable Member. The phase to which he refers is transitional.

ELECTIONS IN CANTONMENTS.

2200. ***Haji Wajihuddin** : (a) Is it a fact that certain Provincial Governments have fixed 'elections' for cantonments in November with the result that the "Corporation Sole" is likely to continue up to the end of the year?

(b) Are the Government prepared to take steps to direct Local Governments to hold elections much earlier than November and end the "Corporation Sole"?

(c) Do the Government propose to consider the desirability of appointing an Advisory Board of four non-official residents of a cantonment for the help and guidance of the "Corporation Sole" so long as it may be necessary to maintain it?

Mr. E. Burdon : (a) I invite the attention of the Honourable Member to the reply which I have given to part (a) of his immediately preceding question.

(b) The Government of India have pointed out to Local Governments the importance of constituting cantonment boards as early as possible, but they cannot tie Local Governments down to any particular date in respect of these first elections.

(c) The Government of India do not propose to take the action indicated. It would not be in accordance with the Act to do so.

COLLISIONS ON THE NORTH WESTERN RAILWAY.

2201. ***Khan Bahadur Makhdum Syed Rajan Baksh Shah** : (a) Are the Government aware that collisions of trains are often happening on the N. W. Railway?

(b) Will the Government please state how many collisions took place during the last 5 years, and what was the damage done on account of loss of life and property in each case?

(c) How many of these collisions took place on the lines where the double line system existed?

Mr. A. A. L. Parsons : (a) The answer is in the negative.

(b) and (c). During the 5 years ending 31st March, 1924, there were on the North Western Railway 37 collisions, serious and otherwise, in which trains carrying passengers were involved. In these collisions 28 persons were killed and 170 injured. The information asked for in the remainder of the question could not be obtained without the expenditure of excessive time and labour and in view of the answer to the Honourable Member's next question it does not seem necessary to collect it.

DOUBLE LINE SYSTEM ON RAILWAYS.

2202. ***Khan Bahadur Makhdum Syed Rajan Baksh Shah** : Is it a fact that on the lines where there is no double line system, the collisions

occur more frequently than on the lines where the double line system exists ? If so, does the Railway Board contemplate to provide double lines on such of the lines where no double line system exists ?

Mr. A. A. L. Parsons : There is obviously less likelihood of " head-on " collisions where double line working is in force than in the case of single lines.

The answer to the second part of the question is in the negative. Double lines are only constructed, where there is sufficient traffic to justify them. It would not be practicable to provide double lines everywhere, irrespective of the volume of traffic to be moved.

RAILWAY DISASTER NEAR HARAPPA ON THE NORTH WESTERN RAILWAY.

2203. ***Khan Bahadur Makhdum Syed Rajan Baksh Shah :** Are the Government aware of the recent collision of passenger trains which took place on the night of the 28th August 1924 on the main line from Lahore to Khanewal between Harappa and Mirdad Mafi ? If so, what were the real causes of such collision and what relief has been given or is proposed to be given by the Railway Board to the sufferers ?

Mr. A. A. L. Parsons : The Honourable Member is referred to the reply given in this Assembly on 10th September 1924, to Diwan Bahadur M. Ramachandra Rao's question.

CREMATION OF BODIES OF PERSONS KILLED IN RAILWAY COLLISIONS.

2204. ***Khan Bahadur Makhdum Syed Rajan Baksh Shah :** Is it a fact that after railway collisions the corpses and remains of all the travellers whose lives are lost in the collisions are burnt up by the Railway authorities irrespective of caste or creed while no heed is paid to the religious customs under which corpses of various sects should be treated. If so what are the circumstances which lead to such undesirable treatment of the corpses which seriously hurts the religious feelings of the Indians ?

Mr. A. A. L. Parsons : The answer to the first part of the question is in the negative, and the second part of the question does not therefore arise.

SUPERVISION OF FIRST CLASS RAILWAY REFRESHMENT ROOMS.

2205. ***Sardar Bahadur Captain Hira Singh :** (a) Will Government be pleased to state what the arrangements are for the supervision of first class refreshment rooms on State and other railways ?

(b) Are they aware that the meals supplied, even when notice has been given, consist mainly of tinned fish and other tinned foods, rancid butter and impure milk, etc. ?

(c) Will Government consider the feasibility of advising the railway administration to inform passengers of the action taken on their complaints in this connection ?

(d) Are Government prepared to consider the desirability of having a general complaint book on railway stations in which the travelling public may record complaints of neglect, incivility, attempts at extortion, etc. on the part of railway servants ?

Mr. A. A. L. Parsons : (a) Government understand that the general practice is that first class refreshment rooms are supervised and regularly inspected by officers of the Traffic Department, Station Masters, and special Inspectors appointed for this purpose.

(b) No.

(c) and (d). Government will bring these suggestions to the notice of Railway Administrations.

EMPLOYMENT OF DEMOBILISED INDIAN OFFICERS AND SOLDIERS.

2206. ***Sardar Bahadur Captain Hira Singh :** (a) Will Government be pleased to state what has been the result of the circulars issued by Government to the civil, railway and other administrations in regard to the preferential employment of demobilized Indian officers and soldiers ?

(b) Are they aware that for the most part these circulars have been completely ignored ?

(c) Do the Government propose to take any further action in the matter to bring the circulars in force ?

Mr. E. Burdon : (a) The number of Indian *ex*-soldiers who were employed by Local Governments and Administrations during 1922 and 1923 was 10,731 and 8,492, respectively.

(b) In the face of these figures the Government of India do not consider that the circulars on the subject have failed of their effect.

(c) The Government do not propose to take any further action of a specific kind at present. The matter receives constant attention from the Indian Soldiers' Board and the cognate provincial organisations.

INCONVENIENCES TO PASSENGERS AT DEEGHA GHAT ON THE EAST INDIAN RAILWAY.

2207. ***Khan Bahadur Sarfaraz Hussain Khan :** (a) Are Government aware of the fact that owing to the want of sheds and of proper lighting arrangements on the road from the present steamer ghat to where the train stops at Deegha Ghat, E. I. R. (B. and O.) which is a pretty long distance, passengers are put to great inconvenience, specially in the nights and when it rains.

(b) If so, do they propose to issue necessary instructions to the Railway authorities concerned, to make such arrangements as to remove the inconvenience of the travelling public ?

Mr. A. A. L. Parsons : (a) and (b). Government have no information, but the question will be communicated to the Agent.

The Railway Board understand that matters of this kind form the subject of discussion by the Agent with his Local Advisory Committee.

INCREASE OF PAY OF SUPERINTENDENTS OF POST OFFICES.

2208. ***Khan Bahadur Sarfaraz Hussain Khan :** (1) Is it a fact :

(a) that there are 181 Superintendents of Post offices in the whole of India and Burma, and among these 181 officers is apportioned the supervision and control of 16,463 head, sub, and branch post offices ?

(b) that the present minimum, and present maximum pay of the Superintendents of Post offices is Rs. 250 and Rs. 700, respectively.

(c) that the present minimum pay and present maximum pay of the Superintendents of Excise is Rs. 300 and Rs. 850, respectively.

(2) If the facts stated in (b) and (c) are correct, are the Government prepared to consider the desirability of increasing the scale of pay, of the hard-worked Superintendents of Post offices ?

(3) If not, will Government please give reasons ?

The Honourable Mr. A. C. Chatterjee : (1). (a) Yes.

(b) Yes.

(c) The pay of Superintendents of Excise is not uniform in all provinces. In some provinces the minimum, the Government of India understand, is Rs. 250, while the maximum appears to vary between Rs. 600 and Rs. 1,100.

(2) and (3). The pay of Superintendents of Post Offices was last revised with effect from 1st December 1919, and Government are not at present prepared to consider any further increase.

CASE OF JYOTISH CHANDRA GHOSH, STATE PRISONER IN BENGAL.

2209. ***Mr. Gaya Prasad Singh :** (a) Has the attention of the Government been drawn to a memorial published in the *Amrita Bazar Patrika*, dated the 31st August 1924, from the mother of Mr. Jyotish Chandra Ghosh, M.A., who has been deported under Regulation 111 of 1818, and addressed to H. E. the Governor of Bengal ?

(b) Are the facts stated therein substantially correct ? When was he arrested under this Regulation ?

(c) Where is the deportee confined at present ; and what is the condition of his health ?

(d) What books and magazines are allowed to him to read ?

(e) Is it a fact that the deportee was the only earning member of his family ; and that his family has been reduced to dire straits since his deportation ?

(f) What monthly allowance has been given to his family ; and since when ? What is the total amount paid up to date ; and when was the last payment made to the family ?

The Honourable Sir Alexander Muddiman : (a) Government have seen the memorial referred to.

(b) Government have no information regarding the truth of some of the statements contained therein. As regards the facts which are within the cognizance of Government I give in reply to the latter parts of the question such information as Government are prepared to give. The Honourable Member was informed by my predecessor on the 1st February 1924 that the detention of Jyotish Chandra Ghosh dates from 25th September 1923.

(c) Government are not prepared to state where this prisoner is confined, as it would not be in the public interests that I should do so.

He is in very good health as appears from a telegram I received on the 13th of this month.

(d) He is allowed to read any suitable books, newspapers and magazines.

(e) I am informed that the détenu made no contribution to the support of his family.

(f) Rs. 30 per month. I may say that the payment of the allowance is not in arrears. It has been paid up to date.

Mr. Chaman Lall : Does the Honourable Member consider Rs. 30 an adequate allowance ?

The Honourable Sir Alexander Muddiman : I think it is a liberal allowance ; considering he did not contribute to his family when at liberty.

UNSTARRED QUESTIONS AND ANSWERS.

COLLECTION OF CUSTOMS DUTY BY THE POST OFFICE.

399. **Mr. N. C. Kelkar :** Will Government be pleased to state what amount of custom duty has been recovered through the Post Office during the last three years and what is the estimated cost of recovering the charges ? Whether the Post Office has to suffer any dead loss in these transactions ? If so, up to what extent ? Is any credit given to the Post Office for collection of custom duty through its agencies ?

Mr. H. A. Sams : With respect to the first part, the figures are :

Amount of customs duty collected by the Post Office.

	Rs.
1921-22	71,20,685
1922-23	77,61,984
1923-24	72,02,165

Estimated annual expenditure of the Post Office and account of the collection of customs duty : Rs. 2,34,000.

Estimated revenue from the charge of 4 annas per parcel : Rs. 1,40,000.

With respect to the rest of the question, arrangements have been made for credit to be given to the Post Office by the Customs Department.

PROFITS EARNED BY THE POST OFFICE ON ACCOUNT OF THE SAVINGS BANK AND CASH CERTIFICATES.

400. **Mr. N. C. Kelkar :** (a) What is the total amount of profit earned by the Government from the working of the Post Office Savings Bank and Post Office 5-year cash certificates, during the last 10 years, after deducting the actual or estimated cost of working the branches ?

(b) Whether the Post Office is credited with any share of this net profit and if so, to what extent ?

The Honourable Sir Basil Blackett : (a) As regards the amount of profit, I would invite the Honourable Member's attention to the reply

given by me to starred question No. 342 appearing on page 4864 of the Legislative Assembly Debates of the 23rd July 1923. That reply applies equally to Savings Banks and Cash Certificate transactions.

(b) On this point, the Honourable Member will no doubt have read paragraph 1 of the note appearing on page 3 of the volume of detailed statements in support of the Posts and Telegraphs Demands for Grants for the current year.

WORKING CHARGES OF THE POST OFFICE SAVINGS BANK.

401. **Mr. N. C. Kelkar :** Do the working charges of Post Office Savings Bank shown in para. 37, page 14 of the annual report of Post and Telegraph for the year 1922-23, include the cost of work done in connection with the purchase, sale and safe custody of Government Securities ?

Mr. H. A. Sams : The answer is in the affirmative.

SORTING OF THE INWARD FOREIGN MAIL AT THE POONA POST OFFICE.

402. **Mr. N. C. Kelkar :** (a) Is it a fact that some of the officials of the Poona post office have to attend office to sort the weekly inward foreign mail at odd hours of the night from a distance of over 2 miles, in addition to doing their own usual daily work ?

(b) If the answer to the above query be in the affirmative do the staff get no additional remuneration for the additional work ?

(c) Do the postal staff in Bombay, Rangoon and Calcutta post offices get remuneration for similar additional service done under similar circumstances and, if so, why has the staff of the Poona post office been discriminated against ?

Mr. H. A. Sams : (a) Yes.

(b) No additional remuneration is granted.

(c) It is only at Bombay that overtime pay is granted in connection with the sorting of the inward foreign mail. The case of the staff at Poona is engaging my attention.

GRANT OF CONVEYANCE ALLOWANCE TO POSTAL OFFICIALS IN THE POONA DIVISION.

403. **Mr. N. C. Kelkar :** (a) Do the officials of Kirkee, Kirkee Bazar and North Yeravada post offices in the Poona Division have to attend their office from a distance of 4 miles there being no residential quarters available at or near the post offices ?

(b) Do these officials get any conveyance allowance ?

(c) Is it a fact that the Local Government have sanctioned conveyance allowance for their subordinates working in those localities under similar circumstances and, if so, why has not the same allowance been granted to the officials of the post office ?

Mr. H. A. Sams : (a) Yes.

(b) No.

(c) Yes, for subordinates of the Education Department. The case of the postal officials will receive consideration.

INDIAN INSTITUTE OF SCIENCE, BANGALORE.

404. **Mr. N. C. Kelkar** : Will Government give detailed information as to the effect that has so far been given as also the effect that yet remains to be given to the recommendations made in its report by the special Committee on the Indian Institute of Science, Bangalore, in December 1921 ?

The Honourable Mr. A. C. Chatterjee : The scheme for the administration and management of the properties and funds of the Indian Institute of Science, Bangalore, was published as an enclosure to a Vesting Order, dated the 27th May 1909 issued by the Governor General in Council under sections 4 and 7 of the Charitable Endowments Act (1890) and was published in the Gazette of India, dated the 29th May 1909. By regulation 44 of the scheme no change can be made in its provisions without the consent of the surviving donor. By regulation 19 the Council is declared to be the executive body of the Institute and the subsequent regulations vest the general management and administration of the Institute in the Council. By regulation 39 the Board of Management is charged with the management and administration of the endowment properties.

2. The Governor General in Council has been advised that the members of the Council and of the Board of Management are the persons acting in the administration of the Trust, within the meaning of section 6 of Act VI of 1890, and consequently they or a majority of them are the proper persons to make an application under section 6 (1) (a) for any modification of the scheme. The recommendations submitted by the Committee referred to in the Honourable Member's question involve considerable modifications in the present scheme of management and after prolonged discussion with all the parties interested, a draft revised scheme was drawn up by the Government of India who await a formal application for a modification on the lines of the draft from the parties legally competent to make the application. Until these parties come to a mutual agreement and the necessary application is received the Government of India cannot take any further action.

INSTITUTION OF CRIMINAL PROCEEDINGS AGAINST THE DIRECTORS AND MANAGERS OF THE ALLIANCE BANK OF SIMLA.

405. **Mr. K. Rama Aiyangar** : (a) Have Government seen the resolution passed at a meeting of the creditors and shareholders of the Alliance Bank by an overwhelming majority asking Government to forthwith institute prosecution of the Directors and Managers responsible for the mismanagement and losses that led to the failure of the Bank ?

(b) Will Government be pleased to state whether they propose to institute a preliminary investigation with a view to criminal proceeding against the parties mentioned in the creditors' report ?

The Honourable Sir Alexander Muddiman : (a) Yes.

(b) I invite the Honourable Member's attention to the reply given by me to Mr. Bhubanananda Das's starred question No. 1869.

THE LOCOMOTIVE INDUSTRY AND OFF-SETTING DUTIES.

406. **Mr. K. Rama Aiyangar** : (a) Will Government be pleased to state whether they propose to institute an inquiry into the locomotive position in India as desired by the Select Committee on the Indian Tariff Bill ?

(b) Will Government be pleased to state what action they have taken under the powers reserved for the Governor-General in Council in the Indian

Tariff Act for imposing off-setting duties whenever for any reason the market price in India is lower than the basic figure as recommended by the Indian Tariff Board ?

(c) Will Government be pleased to state to what extent prices in India of iron and steel have risen during the last three months ?

(d) Will Government be pleased to state what machinery they have instituted for this matter being promptly reported and acted upon on lines explained at the time of the introduction of the Bill by Sir Charles Innes ?

The Honourable Sir Charles Innes : (a) Government propose to institute an inquiry, but I must warn the Honourable Member that it may take some time, since it will probably necessitate the deputation of an officer to England.

(b) None as yet.

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

(d) The Government are carefully watching the course of prices. As I explained at the time of the introduction of the Steel Protection Bill, the machinery which they propose to employ is the Tariff Board. A reference to the Board will not, however, be made until the Government are satisfied that there is a *prima facie* case justifying the imposition of off-setting duties.

DATE.	FIRST FORTNIGHT OF JUNE 1924.		FIRST FORTNIGHT OF AUGUST 1924.	
Article.	Baxter Fell's quotations c. i. f. Indian Ports ex-duty.	Quotations from iron and coal trades Review F.O. T. Works (in the U. K.)	Average prices C. I. F. at Bombay harbour excluding duty and dock dues.	
	Continental.	British.	Continental.	British.
	£ s. d. Per ton.	£ s. d. Per ton.	£ s. d. Per ton.	£ s. d. Per ton.
Bars and Rods	7 8 0	8 15 0	7 1 0 to 8 7 6 8 5 0 to 9 0 0	10 15 0
Plates, ordinary	8 10 0	9 5 0	8 5 0 to 9 0 0	11 5 0
Structural shapes.				
Angles	7 8 0	7 5 0 to	10 7 6
Angles ½ to 1½	8 10 0	..	8 0 0	
Tees	8 0 0	11 0 0 to	
Joists	7 10 0	8 15 0	11 10 0	13 0 0
Sheets, Black	13 5 0		18 15 0 to 19 15 0
Sheets, Galvanised, corrugated.		17 17 6		19 5 0 to 20 5 0
Sheets,, Galvanised, Plain.				

PRICES OF KEROSENE, PETROL AND LIQUID FUEL.

407. **Mr. K. Rama Aiyangar** : (a) Will Government be pleased to state what information they have with regard to the fixing of prices of kerosene, petrol and liquid fuel by Indian companies and foreign companies, which are reported to have established a working agreement for fixing prices and for division of spheres ?

(b) Will Government be pleased to state whether during the last three or four years these prices have not been absolutely out of keeping with the actual cost of production, but have been artificially fixed with a view to secure maximum revenue and maximum sale, i.e., by the principle of monopoly ?

(c) Are Government aware that the consumer in India is penalised in this way and Government have shown themselves incapable of protecting him by any active measures taken hitherto ?

The Honourable Sir Charles Innes : (a) Government are aware that there is a selling arrangement between the Indian oil companies and the Asiatic Petroleum Company, but they do not know the details of the arrangement.

(b) Government do not know what the actual cost of production is. The maximum selling price, however, is determined by the competitive price of imported American oil.

(c) Government do not propose to interfere with the ordinary operations of the market. I may, however, remind the Honourable Member that Government proposed in March last to reduce the import duty on petrol by 4 annas and the excise duty by 1½ annas, but the proposal was rejected by the Assembly. The Honourable Member was one of those who voted with the majority.

TAXATION INQUIRY COMMITTEE.

408. **Mr. K. Rama Aiyangar** : (a) Will Government be pleased to state why there has been a delay in assembling the Taxation Committee, which, according to the programme laid before the Finance Committee, was to start work early in April ?

(b) Will Government be pleased to lay on the table correspondence, which they had with the Provincial Governments, on the terms of reference and personnel of the Taxation Committee ?

The Honourable Sir Basil Blackett : (a) The change of date was in many ways more apparent than real, as it was always intended that the summer should be devoted to collection of data in India and Europe. Arrangements were eventually made to secure this without the expense of formally constituting the Committee or paying the cost of passages to Europe.

(b) The Government of India's Resolution No. 1412-F., dated the 26th May 1924, contains all the necessary information on the subject, and the Government do not propose to place any correspondence on the table.

RIOT AT KOHAT.

Mr. Chaman Lall (West Punjab : Non-Muhammadan) : May I put the following question ? Will Government be pleased to furnish the House with the latest information regarding the deplorable disturbances at Kohat ?

Mr. Denys Bray (Foreign Secretary) : I have not very much news to give to the House. The situation at Kohat is now quiet but Kohat is denuded almost entirely of one section of its population. The casualties, I regret to say, are greater than I thought at first. Of the Police 6 were injured. Of the Hindus 20 have been killed, including some who have not been identified, 24 were seriously injured and 62 have suffered minor injuries. Some are still reported missing. Of the Muslims 11 were killed, 6 seriously injured and 17 suffered minor injuries. I was asked a question the other day whether the Muhammadan population had suffered from incendiarism. At the time I thought they had suffered either not at all or very little. I have heard from Kohat that about one-third of the shops burnt in the main bazaar belonged to Muslim landlords and about two-thirds of the shops burnt in the goldsmiths' quarters were entirely Muslim. I cannot even now say what the proportion of the Muslim losses is to the Hindu losses as a whole. I have only got the figures of two of the quarters.

Sardar V. N. Mutalik (Gujarat and Deccan Sardars and Inamdars : Landholders) : With regard to the information may I know who were the tenants of the houses, Hindus or Muhammadans ?

Mr. Denys Bray : I could not say offhand. When the report says that the landholders were Muslims, the implication is that the tenants were probably Hindus. I am not sure of this. I think that covers the whole of the information regarding actual facts.

Diwan Bahadur T. Rangachariar (Madras City : Non-Muhammadan Urban) : When the Honourable Member said that the situation is quiet, is it not bound to be so when one section of the population has left the town ?

Mr. Denys Bray : I think that is probably the reason. The Honourable Member will, I think, give me credit for it when I say that I was very careful to qualify my remarks.

Mr. Chaman Lall : May I ask whether adequate precautions have been taken in the other frontier towns like Hangu ?

Mr. Denys Bray : The precautions are believed to be adequate.

Diwan Bahadur T. Rangachariar : What steps are taken by Government to induce the people to come back and to safeguard them when they come back to their homes and to help them to rebuild their homes ?

Mr. Denys Bray : That is an all-embracing question which I am not in a position to answer. I may say that I myself had one hour's conversation this morning with three leading Hindus of Kohat on this particular subject. I find that as regards going back the position is not quite so simple as it appears to my Honourable friend to be. There are very great difficulties in the way. I gave my own advice very strongly on the subject, but I was met with serious difficulties, some of which I may possibly be able to remove.

Mr. Harchandrai Vishindas (Sind : Non-Muhammadan) : Might I inquire, Sir, from the Deputy President, Diwan Bahadur T. Rangachariar, whether a deputation waited upon him from Kohat ?

Diwan Bahadur T. Rangachariar : Yes, Sir, I saw the unfortunate people and I sent them on to the Foreign Secretary.

Mr. Harchandrai Vishindas : Might I also inquire what kind of complaints they brought to him, and if they ventilated any grievances ?

Mr. President : The Honourable Member must remember that questions must be addressed to Members only on matters for which they are personally or officially responsible. I am not yet aware that it is one of the duties of the Deputy President to look after the Hindu community !

Mr. Harchandrai Vishindas : I thought, Sir, that it was in his capacity as Deputy President of this House that he was waited upon.

Diwan Bahadur T. Rangachariar : I may assure him, Sir, that it was not in my capacity as Deputy President. I had the misfortune to serve on the Frontier Inquiry Committee and I had to come in contact with these gentlemen who came to see me. I shall be very glad to hand over these gentlemen to the Honourable Member if he will take charge of them.

Mr. Harchandrai Vishindas : Then I will address myself to the Honourable Member in charge as to whether any of these gentlemen waited on him, and, if so, if they ventilated their grievances and complaints ?

Mr. Denys Bray : I am afraid my voice does not carry, Sir, because the last answer I addressed to Mr. Rangachariar had reference to these gentlemen and to these gentlemen alone.

Lala Duni Chand (Ambala Division : Non-Muhammadian) : What immediate and effective steps do the Government propose to take to restore a sense of security at Kohat ?

Mr. Denys Bray : I am afraid, Sir, that no steps that could be taken here and now would be immediately effective in restoring a sense of security in Kohat.

RESOLUTION *RE* SUSPENSION OF THE TAXATION INQUIRY COMMITTEE AND SUBSTITUTION OF AN ECONOMIC INQUIRY COMMITTEE.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely : Non-Muhammadian Rural) : Sir, the Resolution I have the honour to move runs as follows :

“ This Assembly recommends to the Governor General in Council that he be pleased to suspend the Taxation Inquiry Committee and to appoint a Committee, in its place for a close inquiry into the general conditions of economic life and labour in reference to the resources of the country and an estimate of the national income.”

With your permission, Sir, I will add this clause following, which was in my original Resolution but which was cut out. This alone will probably bring out the Resolution in full. I would add at the end :

“ to ascertain if the people can bear the burden of taxation now imposed.”

The Honourable Sir Basil Blackett (Finance Member) : Sir, I have had no notice of this addition to the Resolution. I had no idea that it was going to be moved, nor is it contained on the notice paper. I am not quite sure that it is in order.

Mr. President : I have permitted Honourable Members before now to make what I may call verbal alterations in the Resolutions they move. I think the Honourable Member must put the Resolution as it appears on the paper. There is an amendment in the name of another Honourable Member which may possibly bring into debate the subject which is suggested in this additional phrase.

Mr. K. Rama Aiyangar : Sir, I may point out that my original Resolution contained these words, and I thought I had your permission to put them in.

Mr. President : Mr. Secretary informs me that the Honourable Member was informed then that he would have to seek the permission of the Chair on the floor of the House.

Mr. K. Rama Aiyangar : All right, Sir. There are amendments standing in the names of others, and the matter will not be overlooked. But, however, practically I think the object of the Resolution is to see that the burden of taxation is also considered with reference to the inquiry asked for by this Resolution.

Before dealing with this Resolution it will be necessary for me to refer to certain debates in the other House to avoid considerable length in my argument. I wish to place those points before this Assembly because they are a thorough examination of the points of difference between the Government and the Council of State and in respect of this matter will bring out in relief the need for the Resolution being accepted as it is. With that view and also to condense my speech I propose, Sir, to refer to the discussions that took place in the other House in connection with this matter. In 1923 on the 23rd of July the Honourable Sir Maneckji Dadabhoy put forward a Resolution in the Council of State to this effect :

“ This Council recommends to the Governor General in Council that an inquiry be made into the whole system of taxation in India with a view to its thorough examination on an economic, equitable and scientific basis with special regard to the taxable capacity of the people.”

That was the Resolution that was moved, Sir. And in fact that gentleman has gone into the whole of the previous history relating to this matter, the nature of the taxation that now prevails in this land, the taxes which he thinks are too much and oppressive and other sources of taxation which he thought were not sufficiently tapped. He summarised the whole of his speech at page 1649 of that report, where he refers to what he means by that Resolution. He says :

“ This inequality in Indian taxation is due to a three-fold reason. In the first place in imposing taxes little thought is given to the taxable capacity of the people. The only scientific basis of taxation is a just and careful estimate of the taxation and taxable capacity of the people, but no attempt has up to now been made to gauge this capacity.”

Again, later he goes on :

“ Taxation to be scientific ought to be upon the sure and sound foundation of a proper estimate of the taxable capacity of the people, the necessary preliminary of which is a scientific estimate of the average annual individual net income. It must be remembered that the limit of taxable capacity is not a stable fact and fluctuates in response to the manner in which taxation is based.”

Again, he goes on :

“ The taxable capacity of the average Indian as also of particular classes should be determined with care.”

And he finishes with this statement :

“ The incidence is the great point in scientific taxation and too much care cannot be taken to equalise it as far as practicable.”

In referring to the incidence he sums up :

“ Some of the taxes are thus specially burdensome to the poor and some, like forest duties, excise duties and canal charges, are practically only paid by the poor. In these circumstances the contention is legitimate that Indian taxation is unequal in incidence, that is, a larger proportion of the poor man's income is taken in taxes than that taken from the rich man's income.”

That is how he finishes. Of course I only draw attention to this particular feature. In fact the Honourable Sir Basil Blackett was not at

that debate, but Mr. McWatters on behalf of Government has dealt with the whole thing fully, and he points out the mistakes made by the Honourable Mover of the Resolution. He points out also that this is a matter in which the Provinces and the Central Government should work together to find out the full details of the position and arrive at equitable taxation. In the course of his remarks, he also says—that was the Government view as put forward then and therefore I take it the position is clearly this—this appears at page 1662 of the Reports—that :

“ The incidence of taxation has now been disturbed, both the incidence as to different classes and sections of the population and as to indirect sources of taxation. This is only one part ; I have mentioned already the necessity that Local Governments are put to find increased revenue to meet special national services ; I have mentioned the new orientation in our tariff policy ; I have mentioned the threat to the excise revenues : surely all these things point to the necessity not only of equalising existing taxation but also of broadening its basis and finding new sources.”

And then, going on, he says :

“ We have addressed Local Governments and invited their co-operation in a comprehensive and scientific inquiry into the whole question of Indian taxation.”

He says later :

“ The main problem is an adjustment of taxation to meet national needs and on a basis suited to the taxable capacity of the people and each section of it. The inquiry should be as wide as possible.”

And referring to the question of the cost of this inquiry, he says :

“ The only answer to that is that it is hoped at any rate that this inquiry will be a remunerative one.”

That is the position taken at that time by the Government of India. Of course it was pointed out that the Resolution was accepted by the Government, though later on things ended in a different way. He says :

“ I am, therefore, prepared, Sir, to accept the Resolution on behalf of the Government inasmuch as it leaves the scope and the method of the proposed inquiry entirely open, to be considered after we have received replies from the Local Governments.”

• Therefore it will be seen that the Mover insisted on this economic inquiry as a condition precedent to the taxation inquiry. It is clear also that the incidence of taxation was one of the grave questions that the Government considered at that stage, to be necessary to be determined by inquiry and they were prepared at that stage to accept the Resolution of the Honourable Sir Maneckji Dadabhoy. Of course it appears in the course of that discussion that the correspondence had been started previous to the discussion between the Government of India and the Local Governments, and it was pressed on them that that inquiry should be as wide as possible—this was the position taken on behalf of the Government, because we find this from the announcement relating to the acceptance of this Resolution in that form. I probably would not be correct if I did not refer to the final disposal of the matter, so that it may not be said that I did not bring it to the notice of this Assembly. At the end what they did was that “ further consideration of this Resolution be postponed till the replies to the inquiries stated to have been made to Local Governments had been received.” Of course this does not affect the position I have taken. When they got the replies from Local Governments, they were prepared to accept the Resolution put forward by the Honourable Sir Maneckji Dadabhoy, and that inquiry related to a full inquiry into the incidence of taxation and the economic condition of the people, and it was to be as wide as possible, so that the taxation was to be made scientific and it was to be made not to press on any section of the people unduly—a point that would need to be considered—so that it might not be an ordinary inquiry,

[Mr. K. Rama Aiyangar.]

as had been thought of at the time the Taxation Committee was formed. However, the announcement relating to this Committee on Taxation was made during the course of a Resolution which had been moved by the Honourable Mr. Phiroze Sethna in the Council of State on the 4th February of this year. In fact Mr. Sethna proposed the inquiry to be into the economic condition of the people of India, and the wording of the Resolution ran thus :

“ This Council recommends to the Governor General in Council that a Committee consisting of a majority of non-official Indians be appointed to make a full and detailed survey of the economic conditions of the people of India, with special reference to the condition of the agricultural population, with a view to finding out the average annual income per head of the population, particularly of the agricultural population, and to inquire into and report on the measures that should be adopted to reduce as far as possible the existing distribution of poverty in the country and to raise the average economic level of the masses of the people.”

That was the Resolution that was moved. In my speech, Sir, I do not take his line, and I do not place the whole history of the fight relating to this matter of the poverty and misery of the peoples of India from the time of the Grand Old Man, the late Dadabhoi Naoroji and very many other revered names of this country which had been referred to by him. The whole matter had been put forth and the speeches and writings of Western and Eastern scholars have been quoted at length. I think it would be unnecessary for me to go into all that. At last, the admission in Professor Rushbrook William's latest book is referred to where he says that “ the majority of the population of British India is helpless beyond Western conception.” The case has been fully put forth and arguments given, and I therefore think it unnecessary to go into the whole thing myself. But the point that I want to place before this Assembly is this. The position of the Government of India in respect of that Resolution ended with a statement that was made by the Honourable Sir Basil Blackett at the close of his speech. I wish to refer to that statement before I refer to the Honourable Sir Narasimha Sarma's statements on this question. This is found at page 73 of the report where Sir Basil Blackett says :

“ But that Committee will conduct its investigations in the light of this discussion, and it will certainly be the Government's duty to see that the views expressed on all sides of this House are carefully considered by that Committee in so far as their inquiry touches this question.”

I read that for the purpose of referring to the other statements made by the other Members on behalf of Government, only to show that practically what I am now asking for has been conceded (*The Honourable Sir Basil Blackett* : “ Hear, hear ”), for the Committee according to the Government has been appointed to go not into this question of taxation alone, but also into economic conditions. Of course there might be points which might be excluded from the inquiry—I am going to deal with them later because I am going to urge that those points cannot be excluded from the scope of the inquiry without serious waste of money and sacrifice of the interests of the country. When almost the whole task I want done is going to be done by that Committee, and if they have to collect all the necessary information in respect of all the points raised in the course of those discussions, the work that will have to be done will practically be the work that I am now asking for. My request will make it a more thorough, a more complete inquiry ; therefore I am now referring to the statements made by the Government Member who was apparently in charge of this Resolution at the time Mr. Sethna's Resolution was moved, I mean the Honourable Sir Narasimha Sarma. In the course of the

Honourable Mr. Sethna's speech in connection with this matter, he dwelt at length on the various statements made in respect of the taxable capacity of the people and the income per head of the population. All views were put forth by that Council and in reply the Honourable Sir Narasimha Sarma said :

" The Government were not idle after the 1902 Inquiry but did institute a comparison or attempted to institute a comparison in 1911. And, if I mention a figure, it is not for the purpose of stating that the Government are satisfied that that figure is correct or that the public should consider that that figure is an authoritative figure which the Government are prepared to justify ; but from all that I have been able to see, it seems to me a reasonable figure and the calculation shows that about Rs. 72 per head was the average income in 1911. And, if we take the rise in prices to be 50 per cent. after the war, then it can be fairly argued that the income is about Rs. 100. But I have already warned the House that these are figures which are not put forward by the Government, but that they are figures which, *prima facie*, seem to be deducible from certain data which have been furnished to us by officers,"

He goes on :

" but which are still under scrutiny, still under observation both as regards the methods and the criteria which have been employed. I have only mentioned them for the purpose of illustrating how difficult a subject it is and also how useless it is to arrive at averages."

Then, he goes on :

" The question of an inquiry came up for consideration recently, because the incidence of taxation is a very important problem both for the Provinces as well as for the Central Government, and the Government after careful consideration have arrived at the conclusion that it is desirable in the general interest to institute an inquiry primarily through experts for the following objects."

Then the announcement as regards the terms is made, but I will refer to it later on. He then goes on to say :

" The terms of reference to the Committee are intended to comprise an instruction to institute such an inquiry into the economic conditions of the people as it may consider necessary for the purpose of its report, and in addition the Committee should report on the adequacy of the material already available and should make suggestions as to the best manner in which it may be supplemented and the agency necessary for a wider economic inquiry.....and they would also report upon what they consider should be a suitable agency for the purpose of a wider economic inquiry such as is contemplated by the Honourable Mr. Sethna."

Further on he says :

" It is possible that a good deal of material would be collected by this body and the material placed at our disposal may not require considerable supplementing. If so, we can proceed straightaway to a consideration of the object we have in view. But if it is not so, they will be able to tell us how to proceed, what further material has to be collected, who is to collect it, what further steps should be taken and who should be employed, and what the agency is that should be employed for the purpose of instituting the wider inquiry. The Government do not want to shut out the wider inquiry."

Of course the Honourable Sir Basil Blackett in the course of his speech admits what he had been saying in another place, that he also is very much concerned. He says :

" It is also relevant inasmuch as, regard being had to the desirability later on of this broader inquiry which the Resolution proposes, it will be an instruction to the Committee that they should pay particular attention to examining the statistics that are at present available and to the possibility of improving the statistics and the agencies through which such statistics should be obtained with a view to helping in the inquiry which this Resolution desires..... The existing poverty of a large number of the people is obviously also very great, and no Government can with equanimity look on and not wish that they could do something to improve it."

I want to quote a few words more from his own speech.

" I do think that by these means we may get away from this continual difficulty which really keeps India poor, namely, that she continually lives up to the level of

[Mr. K. Rama Aiyangar.]

subsistence.....They will meanwhile, we hope, be going on with the expert Committee on Taxation and thus be able to arrive at some means of meeting the object of this Resolution, which is to raise the average economic level of the masses of the people."

I read all this to avoid considerable unnecessary discussion, if possible, in this House, so that we see where we are. The Government feel also that this wider economic inquiry is essential. In fact at one time they practically promised it by agreeing to accept the Resolution which was moved by Sir Maneckji Dadabhoy.

The Honourable Sir Basil Blackett : No.

Mr. K. Rama Aiyangar : I read that particular passage. Of course it cannot be said that they were prepared at that time to have the doors of the inquiry open for all that I suggest. There is care taken to put in language which might leave a discretion to shut out a portion of the inquiry. But the object and sincerity of it expressed in the course of the speeches made by Government Members would make it clear that they did not want to burke any side of the inquiry which was needed for arriving at a conclusion for a *scientific and equitable* method of taxation. I insist on these two terms, Sir, because they are the basis of the Resolution of Sir Maneckji Dadabhoy which was intended to be accepted. But I do not think anywhere in the attitude taken by the Government they have questioned this. In fact, I did read that portion of it. Sir Basil Blackett refers to the primitive stage of Indian taxation. He refers to it as crude and he wants to substitute a scientific method. (*The Honourable Sir Basil Blackett : "More scientific"*) I dare say it must be a more scientific and equitable method, otherwise the great financial authority now in power would not have discharged his duty. If he has made up his mind to see that he does what he said before he hands over charge, it will be something which will considerably add to the position of India as a progressive nation. As regards the terms of reference, Sir, I beg to submit that from what I have indicated it will be very well seen that the Honourable Sir Narasimha Sarma referred to a lot of records in the possession of the Government both in the Central record office and in the provincial record offices ; he referred to a lot of literature and statistics which would enable the Government to come to a conclusion on these questions. And, as I said, if only the Honourable Sir Basil Blackett wants to arrive at a scientific method with the materials available, it would be more satisfactory to deal with the problem, and he and his Assistants in the Finance Department of the Government of India, with the officers of the Finance Department in the several Provincial Governments, could immediately take steps to put our taxation on a scientific basis and place the proposal before this House, or if they themselves have the power to place it in the form of a Statute on the Statute-book. That would be, in fact, commanding much greater confidence than the Inquiry Committee which is now sought to be sent out with a scope which is, as I will presently deal with, not at all to the satisfaction of the Indian public, or for the matter of that, could not be to the satisfaction of any public. One or two incidents that happened subsequent to this have to be referred to also before I take up the wording of the Resolution itself. It was after the appointment of the Taxation Committee had been announced and the various objections that were raised both to the terms of reference and to the personnel had appeared in the press that the Honourable Sir Basil

Blackett was in Bombay to answer certain addresses that were presented to him by the Chamber of Commerce there. Some of his remarks are very pertinent to this Resolution, for the whole matter has to be considered with respect to all the feelings that have been exhibited not only in the public but also by those who were responsible for the Committee's constitution. This is what the Honourable Sir Basil Blackett said :

"The next question which you refer to is the question of the Taxation Committee. I am seriously troubled to find such a preponderance of criticism over approbation in the matter of the Taxation Committee. It really is a question in which I have taken considerable personal interest. I have been personally responsible for the appointment of the Committee and nothing that I have ever done in the brief course of Membership has ever given me more trouble. The object of the Taxation Committee is to provide in the first instance the people of India with something authoritative in the subject of taxation in India. But I assure you, gentlemen, that the object of appointing the Committee is to be sure that if and when we raise taxes that are necessary to meet the expenditure of the Government of India and the Provincial Governments, they should be raised in the way that is best in the economic interests of India and is cheapest for the tax-payer. I am quite sure that we are getting less revenue at present at more cost to the tax-payer and at less advantage to the economic interests of India than could be done. This would be possible if we had a more scientific system and it is for the purpose of introducing a more scientific system that we are conducting our inquiry into taxation."

Then he goes on :

"It has taken a long time to persuade the Provincial Governments to agree to the form of the terms of reference. I have not been altogether fortunate about the selection of the personnel. Things have happened which ought not to have happened, But I do attach enormous importance to this Committee from a practical point of view."

Mr. President : The Honourable Member has now reached his time limit and I must ask him to bring his remarks to a close. He has employed a great portion of his time in reading long extracts from the speeches of others.

Mr. K. Rama Aiyangar : Then, Sir, the terms of reference are objectionable for the following reasons : There has been, in fact, as I said, no response to the Resolution or the discussion in the Council of State. Principles of land revenue settlement and the necessity for putting a legal limit to enhancement at each new settlement are not included. Commercial monopolies like railways, posts and telegraphs are not included. Public debt is not included. It is impossible to ascertain the incidence of taxes without knowing the income per head of the different classes of the community so as to indicate whether what is taken by way of taxes takes away luxuries, comforts or the necessities of life. It is impossible to judge the equity of the system of taxation in its effects on the productive efficiency of the various classes of the community without knowing which portion of their income is taken away by the different levies. It is impossible to get a proper view of the problem without referring to the whole financial system and merely by dealing with the question of raising revenue without any reference to the purposes for which the revenue is spent and the manner in which it is spent. Besides these, the condition of the country is a point upon which I need not dilate. The country is very poor and in the case of the agricultural classes a condition should be laid down that those persons who are paying below Rs. 5 or Rs. 10 to Government should be relieved of the taxes, if really they could be left without being taxed on their income. All these questions will have to be gone into and it will also be necessary to find out the national resources and the average income per head of the population. I commend this Resolution to the acceptance of the Assembly.

Mr. President : Resolution moved :

“ This Assembly recommends to the Governor General in Council that he be pleased to suspend the Taxation Inquiry Committee and to appoint a Committee in its place for a close inquiry into the general conditions of economic life and labour in reference to the resources of the country and an estimate of the national income.”

Mr. B. Venkatapatiraju (Ganjam *cum* Vizagapatam : Non-Muhammadan Rural) : Sir, already an indication has been given by the Honourable Sir Basil Blackett that they are not going to accept any economic inquiry. It is true that several inquiries were held under the *purdah* system and their reports were confidential. In 1882, we had Lord Cromer's inquiry, in 1887 Lord Dufferin's inquiry and in 1891 and in 1898 we had two more inquiries. But the Government scrupulously avoided either the publication of the reports or the publication of the evidence. One would naturally ask why it was that the Government were averse to publish the reports or even the evidence. Indians feel that their country was at one time very rich. It has attracted all nations and it has been well known for its wealth all over the world. But what is the cause of its rising poverty which has even been admitted by an official like Dr. Rushbrook-Williams. We have had Muhammadan invasions. But the Indians only complained of them of religious fanaticism. But after the European invasion we have to complain of exploitation. That might be the cause of the poverty of the country. There are other things also to which it might be attributed. At any rate, we now find that the country is poor. The other day when I asked a question as to what was the Indian national income per head, the Honourable Sir Basil Blackett said that he did not agree with the statement made by the Secretary of State but he had no materials to place before us to hold a different view. Is there any civilized country which has neglected not to know the national wealth or the national income of its subjects ? (*The Honourable Sir Basil Blackett* : “ Yes, certainly.”) The Honourable Sir Basil Blackett says that there is. But such a country which he has in his mind must be a very backward country. In America, we notice that economic inquiries are made from time to time and we know about their wealth. We know not only the national income but also the individual income. I may invite the attention of Sir Basil Blackett to the fact that not only the States but even private companies have taken the trouble of finding out, on the materials available to them, the income per head of the population and not only of their own country but of all other countries of the world. I may invite Sir Basil Blackett's attention to the figures which a well known company of New York named the Bankers Trust Company compiled in 1923 as to the income per head of the population. They state that the British Empire with India has got only 56 dollars, whereas, without India, it has got 151 dollars per annum. Canada has 266, Great Britain 212, France 179, Italy 85, Germany 114 and the United States 281. In pounds, I may mention, Great Britain has 46 per head, Canada 56 per head. And what is the income of India ? It cannot be more than 4 pounds. We know, Sir, that formerly it was stated that the income was only Rs. 27, as calculated by Lord Cromer, but Lord Curzon thought it might be said to be about Rs. 30 in 1900.

Later on it was suggested by the Director of Statistics that it was about 53. The Secretary of State now suggests £4 or Rs. 60 per head. What is Rs. 60 when compared with Rs. 600 in other nations ? If our Executive Members, instead of going in their saloons, reading novels or routine papers, looked on either side of the railroad in the United

Provinces they would see the miserable huts in which the people live, the rags in which they are clothed. In their houses they have no utensils, much less any jewellery. Is this the condition which any civilized Government can tolerate without inquiring into it? What is there in this proposal to which the Government can take exception to inquire into the economic condition of the people? Are they not spending lakhs and lakhs on Committees which result in nothing. We the people are anxious to know the real situation, whether the people are growing poorer from day to day. Those who have had the fortune to see other countries must shed tears when they come back to India to find the miserable state in which the masses are living in India. Do you find in any country the workmen in such a condition as in India? Can we not expect that the world-famed financial expert, who has taken charge of Indian finance, will take the statesmanlike view and find out the real economic condition of the people? If they are growing poorer and poorer, we must know what is the cause, and how best to remedy it.

I will not take up more time, but my submission to the Honourable Sir Basil Blackett is that he should not lose this opportunity of keeping up his well known reputation and see that the taxes are properly and equitably adjusted after ascertaining the proper economic income per head of the people. It was Sir Basil Blackett who said that the Government were going in a rake's progress, in the matter of expenditure, because after the Reforms in 1916-17 we find that with one hand we got the Reforms and with the other hand we find reckless expenditure on the part of the Government. During the last seven years we have increased the revenue of the country by 278 crores, yet in spite of that we have to meet a deficit of 98 crores. We have increased the unproductive debt of 3 crores in 1916 but which is now 280 crores. Is it all for the good of our country, is it all for the improvement or amelioration of the condition of the masses? You know in America they spend 240 crores on education, whereas you spend here a miserable pittance of 12 crores on a population of 300 million. I think it would be wise and statesmanlike for Government to come forward and accept this Resolution for an economic inquiry.

The Honourable Sir Basil Blackett : Sir, I have listened in vain to the speeches of the two Members who have spoken for any arguments in favour of the first part of this Resolution. The Resolution is divided into two parts. The first part recommends the suspension of the Taxation Committee; the second recommends a general All-India economic inquiry. No one can fail to have the fullest sympathy with such a recommendation, but I have listened in vain in my efforts to understand what is the objection to the formation of the Taxation Committee. Nothing whatever has been said either by the Mover or Seconder of the Resolution on that point.

Mr. V. J. Patel : You should have waited.

The Honourable Sir Basil Blackett : If I do not get good reasons in the first two speeches, including the speech of the Mover, I am entitled to assume that they have a very poor case.

The Honourable Mover gave us something of the history of the Taxation Committee, but he seemed to be entirely unaware that this Taxation Committee was instituted by the Government after the formal authorization, in fact under the directions, of the Assembly, which voted the money for the purpose last March. The Honourable the Mover

[Sir Basil Blackett.]

spoke at some length in regard to what happened in the Council of State. He read the Honourable Sir Maneckji Dadabhoy's Resolution of July 1923 a year ago, and mentioned the fact that the Government of India had accepted it. They accepted it subject to conditions. Now he did not read some very important parts of that discussion to which I should like to draw his attention. The discussion in the Council of State in July 1923 was illuminating. Sir Maneckji Dadabhoy in moving his motion drew attention to the defects in the Indian financial system. He said :

“ I say with great respect that the system adopted in India from time to time by successive Finance Ministers has been more or less undefined, sporadic and haphazard, one devoid of any economic or scientific calculation and only sufficient to tide over the momentary embarrassments of Government and requirements of any particular year.”

Others supported the view that something more scientific should be introduced. Sir Maneckji Dadabhoy however had demanded a taxation inquiry with a view to its thorough revision and with special regard to the taxable capacity of the people.

Let me remind the Honourable Member of the view which was taken by some of the Members in the Council of State. The Honourable Mr. Lalubhai Samaldas said :

“ The Honourable Sir Maneckji Dadabhoy has talked about national capital, national and individual average income and the taxes to be fixed on these. I wonder, Sir, if he realizes what this means. If a real inquiry had to be conducted and was taken up in right earnest in the same spirit in which he asks it to be done, it would take years.

I believe a similar inquiry was made in one or two districts. If the whole inquiry is to be made all over India by a roving commission composed of economists, financiers, capitalists, land owners, etc., going from village to village, taluk town to taluk town, from district town to district town, taking evidence and getting all sorts of statistics, it will be another twenty years before it can complete the inquiry. By that time no one of us will be here.”

He went on to point out that you could not take up the question of provincial taxation without leave of the provinces.

Then another Member of the Council of State also spoke on that debate. He said :

“ I wish the Honourable Sir Maneckji Dadabhoy had told this House what country in this world had a taxation system based on such good qualifications as an economic, equitable and scientific basis. It would appear to me, Sir, that the ideal method of taxation would be that which takes from the citizen the surplus which he could afford to give without putting him to any straits ; but I have sought in vain many a book on economy in order to hit upon some country, some economist who has satisfied his country that the system of taxation there was either scientific or equitable or based on a basis which met with the approval of all.”

That, Sir, as the Honourable Sir Purshotamdas Thakurdas will recognise, came from himself ; that was his view on the subject of the economic inquiry. Sir Purshotamdas Thakurdas very rightly took the view that :

“ as the Central Government have addressed the Provincial Governments it will be well to discuss the Resolution further when the opinions of the Provincial Governments are received.”

The Honourable Mover seemed to think that there had been some change in the attitude of Government from the time of the debate in July 1923. I can assure him, there was not. The taxation inquiry was conceived in my own mind at any rate very shortly after my arrival in India.

It was given a considerable impetus by a speech made by Mr. Ginwalla in March 1923, in which he drew attention to what was an obvious defect in the organisation of the Government of India, that it had no department that was really expert in taxation problems as apart from financial problems. The Incheape Committee drew attention to the same defect and one of the results of their recommendations has been "the appointment of a Central Board of Revenue which may train experts and become an expert department in this subject of taxation which, I may remind the House, has become a very practical subject since the war. There have been inquiries very much on the lines that we propose to make them, in a great many progressive countries since the war. We in fact are following rather late in the day in the steps of such countries in making this inquiry. The Government proceeded to consult the Local Governments and when the Honourable Sir Maneckji Dadabhoy's Resolution came up they announced that fact, and, after the Resolution was postponed with a view to hearing what the Provincial Governments had to say, the matter was discussed with the Provincial Governments both in written communications and at very considerable length at a Conference of the Finance Members of India held at Delhi in November, 1923. At that meeting the proposal to appoint a Committee with the terms of reference just as now proposed was unanimously agreed to by the Finance Members. The terms of reference were actually drafted by a committee of those Finance Members. The Local Governments were then asked to give their formal approval to what their Finance Members had agreed to and they unanimously accepted. That was the position when the second Resolution the Honourable Mover has mentioned—the Honourable Mr. Sethna's Resolution in the Council of State—came up on in February 1924. At that time the Government announced the terms of reference of the Committee and their general intentions in regard to personnel and the Council of State did not pass the Resolution that was proposed by Mr. Sethna but it passed the following which was agreed to by the Government :

"That this Council recommends to the Governor General in Council that the Local Governments may be consulted with regard to the desirability of undertaking an inquiry into the general economic conditions of British India and whether they are prepared to support the proposal to appoint a Committee and to co-operate in its labours."

The Council of State accepted the view that the Taxation Committee could desirably start its labours while those consultations with the Provincial Governments in regard to a more general economic inquiry were being made.

Mr. A. Rangaswami Iyengar : Are they going on now ?

The Honourable Sir Basil Blackett : I am coming to that. The next step the Government took was to place the proposal for the Committee, its terms of reference and an estimate of its cost before the Standing Finance Committee, and after receiving their approval the proposal was placed before the Assembly among the Demands for Grants. The Demand for Grant in which it was included was the normal grant for such committees, namely, the Miscellaneous Grant Head No. 47. That was one of the grants which was passed by this House without discussion. From that fact and from the fact that no notice of any kind for the omission of that item was put down, the Government are surely entitled to the view that at that time the Assembly

[Sir Basil Blackett.]

not only accepted the desirability of the Committee but wished to proceed with it. What change has occurred since then? So far as I can understand, no change at all has occurred. The Government have proceeded in accordance with the directions of the Assembly to appoint the Committee. They have as a matter of fact postponed the first formal meeting of the Committee until November. They found that they could take advantage of the presence in England of the prospective Chairman and Secretary of this Committee as well as the member from Somerset House and the Inland Revenue in England, to avoid the necessity of any expenditure for the Government of India during the six or seven months preceding the cold weather here. During that period the Government of India are getting the advantage of preparation of statistics in India. We have circularised all the Local Governments and others with a view to the collection of data, and prospective members of the Committee in Europe have been giving their spare time at no cost to the Government to examining the condition of affairs in some European countries. They have been collecting statistics in Geneva and in London. All the members of the Committee have, I understand, been in consultation with each other, some orally and some only by letters. Now it is in these circumstances that the Honourable Mover comes and asks us to suspend the inquiry. I suggest to the House that it is not in accordance with its own dignity that it should now turn round and recommend a reversal of its own deliberate decision taken six months ago—a decision on which the Government have acted as in duty bound. The decision to appoint a Taxation Committee rather than a general All-India economic inquiry was deliberately taken after public discussion. The reasons for preferring to begin by a taxation inquiry were fully stated by the Government before the House arrived at its decision. There has been no change in the circumstances since then—no change which would justify a reversal of policy; and I feel sure in these circumstances the House will not desire to be so inconsistent as to adopt the Resolution now before it in the form in which it stands.

Let me now turn to the proposed economic inquiry. It will be remembered, as I have already read it out to the House, that on February the 4th, 1924, the Government agreed to a Resolution in the Council of State to consult Local Governments on this subject. The Government have since that date consulted Local Governments on the subject. Now the Resolution was "to raise the economic level of the masses of the people." That was stated to be its purpose. Such an object is one with which no one could fail to feel the utmost sympathy. The Honourable Mover has already referred to what I said in the Council of State on the subject. I was talking of the potential riches of India. Drawing a distinction between the potential riches of India, obviously very great, and the existing poverty of a large mass of the people of India, which is also obviously very great, I said then and I repeat now that no one can see that contrast without desiring to do all in his power to serve the object of the Resolution, namely, to raise the economic level of the masses of the people. I was sorry to hear the last speaker repeat what I regard as the ridiculous nonsense about India having been a rich country and made poor by the arrival of the British. It is so obviously untrue. It is stated often and it is believed by some ignorant people, but I do not think that an Honourable Member of this House should

.

come here and give vogue to such an obvious untruth. That India has attracted in all ages the traders from other parts of the world, that India has been the home of gold, of treasure and of jewels for all ages, is a well-known fact. India is still a sink of gold, of jewels and of treasure, but the economic level of the masses of the people certainly was not higher in the days of Nadir Shah than it is to-day. There is no foundation whatever, I think, for that historical statement, and I do not think that anybody is benefited by trying to drag into the discussion this sort of historical myth which can merely serve to grace a perfervid peroration.

Now the Provincial Governments obviously share the view of the Government of India that it is desirable to do what can be done to raise the economic level of the masses of the people. We have passed away from the theory of the Manchester School—the theory of *laissez faire*—that the sole duty of Government is to maintain law and order internally and on the frontiers. It is no longer considered to be sufficient that a Government should confine itself to that task. One of the particular purposes of the reforms was to distinguish between the functions of the Central Government and the Provincial Governments and to give the Provincial Governments more time to attend to this task of doing what they can for what are called the nation-building services. The Central Government's functions were deliberately arranged so that, apart from their general supervision and control, they should be concerned mainly with these older functions of government together with the task—and the very important task—of maintaining unity amid diversity, a federal union among a series of politically autonomous governments. The functions of the Provincial Governments, however, are those which are mainly concerned with the raising of the economic level of the masses. This involves something of a federal system and it involves special attention to the questions of federal finance on which I propose to touch in a moment. But it also makes the views of the Local Governments on the question of an All-India economic inquiry not only important but almost decisive. We have not yet received replies from all the Local Governments to the circular that was sent out by the Government of India on the subject, and until they are received a final conclusion cannot be arrived at. We do not want to prejudge the issue ; but I may say that so far the replies received from Local Governments strongly suggest that they do not desire an All-India inquiry. Only one Government so far has expressed its willingness to support the proposal, that is the Government of Bombay ; and its reasons for giving its support are interesting. It bases its support not on the merits—because I gather it thinks that the inquiry can better be done locally—but on the view that an authoritative inquiry would put the Government in possession of facts to disprove the wild allegations frequently made regarding the great and increasing poverty of the people of India. I can only sympathise with that view. As I have said, nothing has startled me much more than the frequent repetition of that outrageous misreading of history, since I came to India. The Bombay Government, however, never for a moment suggests that the taxation inquiry should be suspended meanwhile. The other Governments are all more or less emphatically opposed to an All-India inquiry ; they lay stress on the great variations which exist between different parts of India and Burma. This is a point which jumps to the eye. An All-India figure of the index number for the cost of living, even if you exclude Burma, is obviously

[Sir Basil Blackett.]

merely meaningless. A figure purporting to give the average annual income of an Indian taken for the whole of India and Burma is even less useful. What is needed and what the Local Governments all want is a more detailed inquiry in regard to particular areas and particular classes. Many of them are already engaged in one way or another in conducting these inquiries. As I have said the Government of India do not desire to come to a final conclusion on the question of the institution of an All-India economic inquiry at the present moment until all the replies have been received. But it is evident from the replies that have been received that the unanimous consent of the Provincial Governments, which is essential for a satisfactory inquiry to be instituted, will not be easily or quickly obtained.

For these reasons, Sir, while the Government have every sympathy with what they take to be the underlying purpose of the Honourable Member in pressing for an All-India economic inquiry, they are not prepared to commit themselves to the second part of the Resolution which asks for an All-India economic inquiry. In particular the Government could not agree that any committee, whether the Taxation Committee or Economic Committee, should waste its time in trying to obtain an average figure of the annual income of an Indian. I have very little belief in the value of such an estimate even in a country like England which is fairly homogeneous. I may tell the Honourable Member of the Resolution that the British Government have invariably stated that they are unable to give the kudos of government approval to any of the various estimates of the national income or national capital of the United Kingdom that have been framed from time to time. They do not regard them as more than more or less useful guesses by individuals who have chosen to make such guesses. (*Mr. A. Rangaswami Iyengar* : "They are great economists.") There are very many great economists in England who have attempted to produce estimates of the average annual income of an Englishman. Those estimates prepared on the same data for the same time by very well equipped economists have frequently varied by something approaching 100 per cent. That being so, what real use is there in an average annual figure of the income of India and Burma? What would be the meaning of the average annual income of a European in Europe, even excluding Russia? I am afraid the same is really true of an Indian excluding Burma; because the value of money varies from time to time and place to place. Mr. Venkataswami Patiraju quoted the figure of the average annual income of a subject of the British Empire, including India, as 56 dollars. Well, what on earth does that mean? In Australia, I believe, 4 shillings buys what one shilling buys in England, because you have got a high protective tariff. The income of an Australian might be four times that of an Englishman stated in terms of dollars; but he would really be exactly as well off. You have got to take the differing value of money in different parts of the world and different parts of the area for which you are taking the estimate into consideration, before it begins to be of any use. Then the term "income" itself requires careful definition before you can say what the average annual income is. It has been my experience that when one produces some figure as the average annual income for any area very few people who see that figure have the least notion as to what the definition of income was. I have already pointed out, I think,

in this House that as the result of the addition of £7,000 millions to the National Debt of the United Kingdom during the war, according to certain estimates the national income of the United Kingdom was increased by £7,000 millions, that the addition to the National Debt due to the war meant an addition to the average annual income of each individual in the country ; and that is true unless you are very careful in the statistics before you. Statistics are very useful if you use them properly, if people understand how they should be used ; but the idea that you can invent an average annual income for an Indian and then base on that a scientific basis of taxation is really quite unfounded. No one will be any better off than before.

I trust I have convinced the House that however desirable an economic inquiry might be an inquiry that is going to extend to the details which seem to be in the mind of the Honourable Mover of this motion cannot really be useful for the purposes of the improvements which we desire in our system of taxation. If a system based on a scientific and equitable basis calculated according to the taxable capacity of the people and the average annual income of the people could have been framed, would not every progressive country in the world have framed such a system and worked it long ago ?

Now, let me invite for a moment the attention of Honourable Members to the terms of reference of the Taxation Committee which is under consideration and to the Resolution of the Government of India which announced the terms of reference. They will see that the Taxation Committee are already charged with making an extensive economic inquiry so far as is necessary for the purposes of their investigation. That is the only limit that is placed upon them. It is a very careful limitation with a view to ensuring that their inquiry shall be limited to the purpose in view and shall not be a roving inquiry, such as Sir Purshotamdas Thakurdas and Mr. Lalubhai Samaldas, speaking in the other House, feared might take place. It is exactly to avoid any such roving inquiry that the terms of reference have been carefully defined. The Committee are further charged with the task of considering the burden imposed on classes of the population without regard to territorial limits ; and to consider the whole scheme of taxation, Central, Provincial and Local. They are charged with the very important duty of considering the most efficient methods of collection. Their investigation must necessarily provide very valuable data for further studies of the economic conditions of India and in accordance with the promise given in another place there is a specific direction to the Committee contained in the Resolution that they should give particular attention to the question of collecting data.

Now, the need for this inquiry is, I submit, an urgent one. It is generally recognised that our taxation system could be improved. I believe myself that it could be quite considerably improved. I interrupted an Honourable Member in the course of his speech when he said that I had stated that what I wanted was a scientific system of taxation. What I do want is a more scientific system. There is a very big distinction between a more scientific system and a scientific system. It is very difficult to extend science into all the psychological regions which taxation invades.

The need for the inquiry is, I think, evident and urgent. India has recently been given a reformed political constitution. If that constitution

[Sir Basil Blackett.]

is to progress, it is necessary that there should be an inquiry into the complicated subject of federal taxation, a subject which has proved a thorny one for every federal constitution in the world. There is very much to be learned from the failures and the successes in the direction of federal finance of existing federal governments. It is a subject to which a great deal of attention has been given in the United States and in Switzerland. It is being studied in Canada at the present moment. It is a subject which is very much to the fore in Australia. Without such study the Central Government and the Local Governments are agreed that they cannot advance politically and economically as much or as fast as they should. If the Meston Settlement is to be revised, this inquiry is obviously necessary. It is an essential preliminary to the inquiry into the expenditure side of the question—a very important side of the question, which would be necessary for the same purpose. Before we can frame a settlement, I will not say which is satisfactory to everybody, but which is more satisfactory than the present system to some of those concerned, this inquiry is an absolutely essential preliminary. The great change that was made in 1919 in the relations of the Central Government with the Provincial Governments is I think not always quite realised. Before 1919, the Provincial Governments were, as I may say, emanations of the Central Government carrying on all the functions of the Central Government locally, subject to general superintendence from the Central Government. There was no clear distinction between the functions of the two Governments and there was no clear distinction between their revenues. An attempt was made in 1920 to create this distinction and there are now Provincial revenues and Central revenues. But there are an enormous number of problems that are still unsolved. Let me give one example. Excise has become a provincial subject. The excise duty is collected by the Provincial Government. But it is economically desirable and is historically the fact that distilleries should be in one province and should provide the needs of another. Now, is the consuming province or is the producing province to take that revenue? It is a problem that can only be solved by an understanding between the two. We are, I believe, very near a settlement of that problem. But if you do not settle that problem, see what happens. You probably get a new distillery built in the province that has not got one, which is economically very bad for India (quite apart from the question of consumption of alcohol), and you get something approaching a ring fence of excise barriers between province and province. You break up the whole economic unity of India. That is only one example of the many problems that arise in dealing with federal finance, and that is one of the problems that this Taxation Committee will, I hope, look into.

Then there is the question of the suitability of existing forms of taxation and existing methods. It is categorically stated in the Government Resolution appointing this Committee that the Government have no intention of increasing taxation. Indeed, I am hopeful that as the economic disturbances arising out of the war pass away, the yield of existing taxes may increase and thus enable us either to reduce existing taxes or—what comes first in the case of the Central Government—to give some relief in the matter of provincial contributions. Then there are particular sources of revenue which are liable to disappearance. Let me draw the attention of Honourable Members to to-day's order paper. The first

proposes that we should not inquire into the taxation system of India. The second proposes that we should bring about a state of affairs in which neither the Central Government nor the Provincial Governments will get any revenue from alcoholic liquor. That is a loss of something approaching 20 crores of existing revenue. The fifth proposes that we should get rid of the excise duty on cotton. I think there is another Resolution, which probably may not come up to-day, but which is the seventh on the order paper, which has a direct connection with our opium revenue. We are already suffering a constant diminution, which I for one do not regret—in our opium revenue and it is obvious that all these revenues are at any rate to some extent precarious. In these circumstances is it not obviously desirable that we should have an inquiry into taxation—an inquiry sufficiently wide to cover the subject, but sufficiently narrow to secure that it will not be a roving inquiry which will go on for generations without any practical result, an inquiry which will be useful for the Governments and Legislatures of India when they come to consider the changes in taxation which are obviously due in the course of nature in the fairly near future? The Mover hastily read out some of his objections to the existing terms of reference at the end of his speech when he was unfortunately unable to continue it. He says that it does not deal with land revenue. It deals with land revenue in so far as land revenue is a taxation subject. It does not deal with land revenue in so far as land revenue is a question of politics and administration. Obviously you must have a very clear distinction there. You could not have the Central Government even with the approval of the provinces going and interfering in the autonomy of the provinces in this matter of land revenue. It is a very clear distinction, and it has to be there. It does not deal with Railways—the Honourable Mover said. We had a discussion about Railways yesterday and I for one always object to Railways being regarded as a method of taxation. It does not deal with monopolies. It certainly deals with salt revenue and things of that sort. It does not deal with debt. Debt is an expenditure subject; it is not a question of taxation. We must try and do one thing at a time. And it does not deal with the poverty of the people of India—the Mover said. I hope it will deal with that question, as I have already said. Some of the objections which were taken on one occasion when this subject was discussed in the Council of State were that the Committee might deal with poverty more effectively by taxing some of the richer members of the community more than they are being taxed at present. But that is in the future at any rate. Surely we want an authoritative report on this subject. The proposal for this Committee has been carefully thought out in advance. It was examined fully with the Provincial Governments both in written and oral communications. It has been discussed on broad lines on at least two occasions in another place. The special recommendations of the Government of India in regard to its appointment and its terms of reference and the expense which it would involve were placed before the Standing Finance Committee and the grant after approval by the Standing Finance Committee was passed unanimously by this House. It was not until the Government were armed with that authoritative direction from the Assembly that they proceeded to appoint the Committee and set it upon its preliminary investigations. In these circumstances, I confidently appeal to the House that at this stage it shall not stultify its own action and stultify the action taken by the Government of India by passing a Resolution for the suspension of the inquiry.

Mr. V. J. Patel (Bombay City: Non-Muhammadan Urban): Before I address you, Sir, on the merits of the question raised by this Resolution, I should like to enter my emphatic protest against use of language which in an Assembly of this character should have been avoided. My Honourable friend, Sir Basil Blackett, in addressing you referred to the speech of my Honourable friend Mr. Raju, and I remember that he used the words "Mr. Raju talked ridiculous nonsense"—these are his very words, "that he was talking an obvious untruth". I strongly protest against the use of such expressions in this Assembly, and I am sure that my Honourable friend, Sir Basil Blackett, when he realises that he has really done an injustice not only to Mr. Raju but to the whole Assembly, will repent.

The Honourable Sir Basil Blackett: If I may intervene for a moment, Sir, I had not the slightest desire or intention to accuse Mr. Raju of any of the crimes which I appear from Mr. Patel's statement to have accused him of. What I said, and I wish to repeat it, is that I regret that such statements which I regard as ridiculously untrue should be repeated in this House.

Mr. President: I hope that all Honourable Members, even when convinced of the inaccuracy of statements made by others, will be careful how they use such words as 'untruth'.

Mr. V. J. Patel: Thank you. The Honourable Sir Basil Blackett wanted to know why we objected to the existing Committee and why we wanted to have it suspended. I do not know why my Honourable friend, Mr. Rama Aiyangar, wants to suspend the Inquiry Committee. Does he mean to revive it at some future time? The fact is that he wants to have it dissolved or disbanded and to have another Committee appointed for an economic inquiry throughout India. His sole object is therefore not to have the Committee suspended with a view to revive it at some future time, but to dissolve it altogether. That is my position at any rate. I would like to see the present Committee disbanded altogether, and for these reasons, I see no other result from this Committee except a recommendation for further taxation. If you have followed the speech of my Honourable friend, Sir Basil Blackett correctly, and if you read between the lines, you will find that his whole object is to get more revenue. He fears, and very rightly fears, that the excise revenue is bound to go under the pressure of public opinion. He also fears that the liquor revenue will disappear; if not now, at least after some time, because this country, unlike other countries, is for prohibition, total prohibition of liquor. He has also got to find funds for giving effect to the recommendations of the Lee Commission. He knows that very well. He has got to find extra revenue for all these purposes, and if you have followed him quite correctly his whole idea in appointing this Committee is to have recommendations for further taxation and therefore no other result could be expected out of this Committee. Under the circumstances I strongly object to the appointment of any such Committee because in my opinion Government are placing the cart before the horse. The first thing that the Government should do is to inquire into the economic condition of the people and their capacity to bear any additional taxation. We have already been complaining for years past that this country is overburdened with taxation and that the time has come when Government should go into the whole question and try to see if taxation could not be reduced. Instead, the Government all at once starts a taxation inquiry under the plea of putting the taxation on a more scientific basis, admitting thereby that the taxation system is already

on a scientific basis. Therefore I say the first thing to be done in this respect is to have a thorough inquiry into the economic condition of the people of this country, and unless you do that it is not possible for any Government to say whether the country is in a position to bear any further taxation. That is one ground on which I object to this Committee. We want an inquiry first into the economic condition of the people and to find out how the people of this country are capable of bearing any additional taxation before we go into any question of taxation at all.

The second reason why I object to this Committee is because of its personnel. I strongly object to its personnel. The personnel is not at all satisfactory. Government should have consulted this Assembly before they appointed a Committee of this character. It is a very important Committee, involving as it does an inquiry of a very far-reaching character, and I should have thought that Government before committing themselves to any such position would have consulted this Assembly. Instead, the Government have appointed a Committee of their own selection. You have as usual a member of the I. C. S. as the Chairman of that Committee and another member of the I. C. S. as Secretary. That is a sure guarantee that Sir Basil Blackett will have his recommendations for taxation. Can there be any doubt about that? There is one gentleman. I do not know his name (*A Voice*: "Sir Percy Thomson.") Sir Percy Thomson from England. I do not know who he is. I have never heard of his name. But there he is. He is perhaps an old friend of Sir Basil Blackett. I do not know. When he will come over here, we will know what qualifications he possesses. Then you have got three Indians, all excellent economists no doubt. One of them is a Member of this House, a very distinguished Member, Dr. Hyder. Then there is Dr. Paranjpye from Bombay. He is a personal friend of mine. I have great respect for him. We have worked together in the Bombay Legislative Council for years and I can say that he is a very good schoolmaster, but so far as economy is concerned a worse choice could not have been made. I do not know what induced my friend Sir Basil Blackett to place his choice on Dr. Paranjpye. He is a very amiable gentleman, a very estimable gentleman, a very capable man, but for this work he is in my opinion absolutely unfit. Then there is the Maharaja of Burdwan. I think I need not say anything about him. The less said about him the better. I leave it to the House to judge whether the personnel selected for this Committee is at all satisfactory for the purposes that we have in view. I have not the slightest doubt in my mind that with this personnel Sir Basil Blackett will have the recommendations that he wants from this Committee. And when the report comes before this Assembly he will say, here is the unanimous opinion of three Indian gentlemen, all respected men, all men holding public positions, all men having the cause of the country at heart, and you have no right to say anything against them; you must accept their recommendations in the same way as you were asked to accept the recommendations of the Lee Commission by my friend Sir Alexander Muddiman. We do not want this inquiry in the first place because it is putting the cart before the horse, and in the second we object to the personnel of the Committee altogether. We demand a Committee to make an inquiry into the economic condition of the masses, a Committee to be selected by this House—two-thirds to be selected by this House and one-third to be nominated by Government. That is the sort of Committee that we want and not this Committee. And we therefore say this Committee should be disbanded altogether. We were told

[Mr. V. J. Patel.]

that we voted the grant for the expenditure. We never did anything of the kind. You know what happened at the time of the Budget ; you know very well, you will have a full picture before you, if you will only just refresh your memory and realize what was the state of tension at the time and you will at once see what Demands for Grants we considered and what we did not consider. If I remember right, this particular grant came on on the last day when the guillotine was applied and there was therefore no consideration of this grant upon its merits. (*The Honourable Sir Basil Blackett* : " In the same way as the Income-tax.") The same as the Income-tax ! It would have met the same fate, I assure you, if you had allowed the House a chance. But under the rules of this Assembly you can discuss Demands for Grants for a particular number of days only, and at the end of those days all the remaining grants are put to the vote and guillotined and we have no opportunity of discussing them. But I assure Sir Basil Blackett that if we had got the opportunity we would have there and then objected to this particular grant. There is no doubt that from the time that we knew of the appointment of this Committee, we have been protesting both from the press and from the platform against this Committee. We do not want any Committee which is likely to suggest any additional taxation. The country is not in a position to afford any additional taxation. If you will allow me to speak out what you would consider as obvious untruths, and at the risk of being called uncompromising or impertinent, I should once again bring before this House what we consider to be the true condition of India to-day. Why is it that you shirk this inquiry ? Why do not you want to make this inquiry ? We have been repeatedly asking you for this inquiry. Times out of number this House by questions and Resolutions have been pressing the Government to make an inquiry into the economic conditions of the people of this country. Years ago in 1902 my late lamented friend Gopal Krishna Gokhale asked the Government of India to undertake an economic inquiry into the conditions of the masses. You would not do it. The Famine Commission sat in 1898. They examined several witnesses. The whole of the evidence was shut out. Why ? That evidence never saw the light of day, as the evidence in respect of another famine commission appointed in 1924 never saw the light of day—the Lee Commission. (Laughter.) Several inquiries were made as stated by my friend Mr. Raju regarding the national income and resources in days gone by estimated by several authorities. The evidence recorded in those inquiries has never seen the light of day and we do not know anything about those inquiries. Why is it that Government are not prepared to face a public inquiry into the economic condition of the people in this country ? The reason is obvious. You know that as soon as that inquiry has been set on foot, so many ugly things will be said and brought out and exposed about British rule in India that you dare not face such an inquiry. That, it seems to me, is the only reason. As a matter of fact the country, as I have already mentioned in connection with the Lee Report, which was the richest country in the world is to-day the poorest. That is the position. We had a most excellent system of industries, a most excellent system of handicrafts. Where is all that ? It has all been destroyed under your system of government. Can you deny that ? You can go on denying but then, why don't you make an inquiry ? As I told Mr. Chatterjee the other day, your conscience is guilty. A country which produced the best of

materials, which attracted you and those who were unemployed in other countries to this country, dreaming of the wealth of India, that country now is the poorest country in the world ! (Voices : " No, no ".) Then why don't you make an inquiry, I ask once again ? Mr. Rama Aiyangar wants an inquiry into the economic condition of the people in this country before you proceed further with your Taxation Inquiry Committee, which you have appointed for purposes of your own (*The Honourable Sir Basil Blackett* : " Why ' before ' ? ") Because without an economic inquiry, you cannot go on with the question of taxation, you cannot determine what taxation the people are capable of bearing. We say that the people are not capable of bearing any further taxation ; you say, " No, they are ". That is the difference between us and the Treasury Benches. We want a thorough inquiry into the economic condition of the people of this country before you think of additional taxation. You know that 80 per cent. of the people of this country live on agriculture and agricultural labour. It is because the industries have been destroyed, it is because the trade has gone,—that is why so many people have to fall back on agriculture and agricultural labour—and I repeat once again that millions of the people of this country are living on one meal a day, and I want you, the Members on the Treasury Benches, to try that experiment yourselves for a week, and I would like to see your faces on the eighth day (*The Honourable Mr. A. C. Chatterjee* : " Have you tried it " ?) Millions of the people of this country are living on one meal a day. Is it or is it not a fact ? (*The Honourable Sir Basil Blackett* : " I would not say ' no '. I have very definitely said, ' yes '.") Very well, one fact is admitted that millions of people in this country live on one meal a day, and among those millions you are not there ; that is absolutely certain. (*The Honourable Mr. A. C. Chatterjee* : " Are you ? ") I am sorry ; I am not, but I am here to represent them ; you are not (*The Honourable Mr. A. C. Chatterjee* : " I do not say I am.") Can you say there is any country in the world where such a large proportion of its population is living on one meal a day ? That is the condition of the country after 150 years of your rule ! (*Mr. T. A. Chalmers* : " Did they have two meals a day before ? ") Oh, you are sure they lived on one meal a day ? (*Mr. T. A. Chalmers* : " I am asking "). That is why we want an inquiry. You may say that some of the conclusions we draw are harsh, they are not correct, they are obviously untrue, you may say all sorts of things. We say, " All right, let a Committee hold an inquiry, let us see who is right and what can be done to remedy this ". And you shirk such inquiry (*The Honourable Sir Basil Blackett* : " Read history, Aurangzeb.") (*An Honourable Member* : " History made to order ? ") Who made the history ?

The Honourable Mr. A. C. Chatterjee : Why don't you make your own !

Mr. V. J. Patel : You have manufactured the history for your own purpose. Take for instance this Committee which you have appointed, it makes a report as you want it. Twenty years hence, the then Finance Member might quote passages from it and say that the Committee with three eminent Indians had said so and so. You will call it history. Such history is worthless, and it would not be worth the paper on which it is written. It is history manufactured by you for certain set purposes and cannot be relied on. We want an inquiry made by independent men, men in whom people have confidence, not men appointed by you. That is what we want. Why don't you do

[Mr. V. J. Patel.]

it ? We again and again say that ignorance, poverty, disease and epidemics are the order of the day under your rule. We repeat this indictment times without number. We challenge you to prove otherwise. Ignorance, because you have always resisted our attempts, our endeavours for the introduction of free and compulsory education in this land. You have kept the people of India absolutely ignorant. Ninety-five per cent. of the people are steeped in utter ignorance.

The Honourable Sir Basil Blackett : Some of them are here.

Mr. V. J. Patel : Some of them are here. They are on the Treasury benches ! That is what you have done about the education of the masses of the people committed to your charge. And when I talk of disease and epidemics, you know that in Glasgow plague broke out some years ago and it was eradicated in one year. In India plague started in 1896 and every year regularly we have a visitation in Bombay. You have not been able to do anything in the matter. Why should you ?

The Honourable Mr. A. C. Chatterjee : Have you allowed everything to be done.

Mr. V. J. Patel : What can we do ? You are our masters for the time, brown or white, whoever sits there. That is the position. Then, Sir, talking about diseases and epidemics, only 5 years ago we had a severe outbreak of Influenza and 60 lakhs of people died in three months alone. This is your wonderful organisation of medical relief and sanitation. This is your rule, and yet you say that everything is well governed, governed in the interest of India by the Indian Civil Service. That is the position. I once again challenge you to hold an open public inquiry as suggested in this amendment of Mr. Goswami and prove that we are wrong. I now conclude with an appeal to the Mover of this Resolution to accept the amendment of Mr. Goswami.

Mr. T. C. Goswami (Calcutta Suburbs : Non-Muhammadan Urban) : Mr. President, with your permission, I wish to move the amendment which stands in my name, which is as follows :

“ That for the original Resolution the following be substituted ; namely :

‘ That this Assembly recommends to the Governor General in Council, that he be pleased immediately to dissolve the present Taxation Inquiry Committee and instead thereof to institute a thorough inquiry into the economic condition of the various classes of the people of India, their income per head, their capacity to bear the existing burden of taxation, and the general resources of the country, through a representative Committee, at least two-thirds of which shall be elected by the Indian Legislative Assembly.’ ”

While thanking Sir Basil Blackett for his illuminating lecture on federal finance, I am obliged to say—I shall not be very uncharitable—that his speech was not so much an example of bad advocacy as the result of an increasing conviction of the weakness of the case which it was his business to defend. The defence of both parts of the Resolution, which the Honourable Sir Basil Blackett rightly said *can* be separated, is very weak indeed. As for the terms of reference to the Taxation Committee,—I shall come to them in a minute. There was one point on which Sir Basil Blackett laid special emphasis. He said that the Assembly had voted money for this Taxation Committee and he referred to the deliberate decision of the Legislative Assembly. Well, I suppose, words have their meaning and I wonder what that word

“deliberate” meant in the phrase which he used,—“the deliberate decision of the Assembly.” As my Honourable friend, Mr. Patel, has pointed out, the demand under this item came under the guillotine during the Budget discussion. No opportunity was available to the Members of this Assembly to express their opinion on this Committee. I might remind Sir Basil Blackett that early in June, as soon as the personnel of the Taxation Committee was announced, I handed in to him a copy of my Resolution which the ballot has awarded to my Honourable friend, Mr. Rama Aiyangar. And he must have seen after that in the press repeated and pointed criticism both of the personnel and of the terms of reference of this Taxation Committee. He could not have failed to notice that dozens of Members of the Legislative Assembly sent in this very Resolution (or something very much like it) in order that it may have a chance in the ballot and that the Resolution may be discussed and that we may express our emphatic opinion that this Taxation Committee should be dissolved immediately and an inquiry should be instituted through a representative Committee into the economic condition of the country. Sir Basil Blackett has told us that the Provincial Governments have opposed an economic inquiry. Obviously, they would. I did not expect that they would do anything else. Therefore, it becomes all the more necessary for us in this Assembly to emphasise our opinion that this Committee should be immediately dissolved. Sir, with your permission, I will refer to a debate in another place. I am not at all discouraged or frightened by the fate of a similar Resolution in the Council of State,—I mean the Resolution moved by the Honourable Mr. Phiroze Sethna on the 4th February, 1924. I shall not take the time of the House by reading the Resolution which was moved by the Honourable Mr. Sethna, but I take it Honourable Members are aware of the text of that Resolution. During the discussion on the Resolution in the Council of State, Government induced the Honourable Mr. Sethna to withdraw his Resolution. And I find—a thing which is not surprising in the other House—that the Honourable Mr. Sethna found out this excuse—that, if an economic inquiry were instituted, people would think that it was with a view to, and an effort at, increased taxation. Well, Sir, I should like to say that it is only when you have a Committee consisting of men who are admittedly not the representatives of the people going into an inquiry, deliberately with a view to further taxation, that the people would have the apprehension, and not in the case of a Committee such as we suggest.

Sir, the Honourable Mr. Patel has referred to the personnel of the Committee. I will just remind the Honourable Sir Basil Blackett of something which he said in the Council of State on the 4th February. “They will meanwhile”, he said, “be going on with the expert committee on taxation.” So the Taxation Committee, the personnel of which has been described by the Honourable Mr. Patel, is an expert taxation committee? Experts indeed!

I can well understand a committee of real experts, but I do not understand a fancy and fashionable committee of political prize-babies.

The Honourable Mr. A. C. Chatterjee : Will you name your committee of experts?

Mr. T. C. Goswami : When occasion arises I hope to be able to do so.

When you talk of the expert opinion of any committee constituted by the Government, I am reminded of what an eminent educationist once

[Mr. T. C. Goswami.]

said of the imported Imperial Education Service : " Every bottle-washer is a chemist in India." And, of course, the Civil servant is omniscient ; he sings :

" Got any rivers they say are uncrossable ?
Got any mountains you cannot tunnel through ?
We specialise on the wholly impossible,
Doing things that no man can do."

We want the Committee to be composed of representatives of the people who inspire confidence in the people, and of experts. That is why I have framed my amendment in that way. I want two-thirds of that central committee of inquiry to be composed of accredited representatives, and we shall associate with that committee other men who are experts in this department.

The Honourable Mr. A. C. Chatterjee : Such as ?

Mr. T. C. Goswami : I shall suggest the names when you accept my recommendation.

I would suggest the following mode of inquiry. I would like to have a central committee ; and that is the committee which I suggest in my Resolution;—a central committee to settle the plan of inquiry and to set up provincial and local committees to harness all local organisations to secure information. I do not think that the Honourable Mr. Lalubhai Samaldas's estimate of 20 years is anything like correct.

The Honourable Mr. A. C. Chatterjee : More like 50 years ?

Mr. T. C. Goswami : We want an inquiry into the present system of taxation ; in fact a system of taxation has yet to be created in India. There is no such thing as a " system " of taxation in India, and that is not created by a trip to Switzerland, even with letters of introduction from the Honourable Sir Basil Blackett ; but by studying the economic condition of the country in the country.

I notice that recently in America they are uneasy about their system of taxation. I find in the Proceedings of the Academy of Political Science a paper recently read by an eminent Professor, Mr. Thomas S. Adams, on this subject. He says that the Senate has suddenly awakened to the fact that all is not well with the Bureau of Internal Revenue. He further says, the Bureau of Internal Revenue is staggering and stumbling under the burden of income-tax largely because it is loaded and inexpertly distributed.

I do not deny—on the contrary, I very strongly affirm—that there is need for an inquiry into the methods of taxation. I do not want to call it a system of taxation because it is not a system of taxation ; but before you can have a real inquiry, as the Honourable Mr. Patel has very rightly pointed out—in order that you may have a real inquiry into taxation—you must have an economic inquiry. I know that it is a laborious process, very laborious indeed ; and that is a thing which I acknowledge. Not only that, I say the labours involved are very unlike the labours of other Commissions which we have experienced. The labours involved would be very much greater than, for instance, the labours involved in the Lee Commission, and it will engage, if the inquiry is going to be real, some of the best men of our country for months—probably for two years. I noticed

in the newspapers a report of a speech by the Honourable Sir Basil Blackett on this unfortunate Committee, in which he is reported to have said that he wanted to utilise the results of the Taxation Committee during his term of office. Well, I admire Sir Basil Blackett's solicitude for improving the country, but I venture to think that even if the results of the inquiry which I propose and which I think most of the Honourable Members of this House agree in proposing, do not come during the term of office of Sir Basil Blackett, it will not be such a great calamity for India.

Sir, pointed reference has been made in this House to the poverty in India, but recently we had Sir Alfred Mond's illuminating speech—in a London club was it?—about the wealth of India. Millions of pounds of jewellery used to be strewn on the tables of the Indian friends of Sir Alfred Mond. Well, Sir, I have known the Honourable Sir Basil Blackett in the past to have relied for his history and economics on such travellers' tales as the Memoirs of Bernier and the Memoirs of Tavernier. I do not know if he will base his further economic policy on the "traveller's tales" of Sir Alfred Mond. As for myself :

" I shall not want capital in Heaven
For I shall meet Sir Alfred Mond,
And we shall both lie together, lapt
In a Five per cent. Exchequer Bond."

Sir, about poverty I should like to quote, though the time is very short, I should like to quote a passage from Mr. Gokhale's speech delivered in 1902 ; and though the time is short I think it will bear repetition. In that speech, delivered nearly a quarter of a century ago, from his place in the Imperial Council he emphasised the need for such an inquiry as I have proposed, and he says that such evidence as was available to him :

" I venture to say, points unmistakably to the fact that the mass of our people are not only not progressing but are actually receding in the matter of material prosperity. I have here certain tables compiled from official publications relating to (1) census returns, (2) vital statistics, (3) salt consumption, (4) the agricultural outturn of the last 16 years, (5) cropped area in British India, (6) area under superior crops, and (7) exports and imports of certain commodities ; and they establish the following propositions :

- (1) That the growth of population in the last decade has been much less than it should have been and that in some Provinces there has been an actual decline in the population.
- (2) That the death-rate per mille has been steadily rising since 1884 which points to a steadily increasing number of people being underfed.
- (3) That the consumption of salt which already in this country is below the standard required for healthy existence has not kept pace even with the meagre growth of population.
- (4) That the last decade has been a period of severe agricultural depression all over India.
- (5) That the net cropped area is diminishing in the older Provinces and that the area under superior crops is showing a regrettable diminution.
- (6) That the export and import figures tell the same tale, namely, that the cultivation of superior crops is diminishing and cattle are perishing in large numbers."

Well, I shall quote also official testimony. Sir Narasimha Sarma, in the Council of State, said :

" I am not going to disguise from this House my anxiety, as the Revenue Member, with regard to the food position and the distressing poverty prevailing among certain classes of the people. After all, at the present moment we have only a little over an acre of cultivated land per head of population."

[Mr. T. C. Goswami.]

Then, Sir, I will take the liberty of quoting Sir Basil Blackett himself on the subject. I believe this quotation has already been made by Mr. Rama Aiyangar. He said :

“ The existing poverty of a large number of the people is obviously also very great and no Government can with equanimity look on and not wish that they could do something to improve it.”

My complaint, Sir, is that Government are still looking on and I am afraid that Government as they are constituted will continue to look on without being able to do anything for the amelioration of poverty.

Mr. President : I would ask the Honourable Member now to bring his remarks to a close.

Mr. T. C. Goswami : Sir, by a curious oriental paradox, a retrenchment committee was succeeded by an extravagance committee. Money must be found, as Mr. Patel said, for the Superior Services, for making the lives of European officials a little more than comfortable, for laying out inducements for fresh shipments of embodied prestige, to secure that what is lost in prestige (as a result of political movements) is at least made up in perquisites. But while these men can always form trade unions—and I understand my Honourable friend, Mr. Chatterjee is bringing in a Trades Union Bill very soon—and can go on strike in protest against their starvation wages, or perhaps join Mr. Willson's firm where wages are paid running up to six figures, as he told us, it is hardly possible to ask the whole of the Indian population to go on strike or secure a remedy by seeking employment in my Honourable friend, Mr. Willson's firm. A future poet, perhaps it may be an English poet, will sing of the present constitution as “ broadening down from hypocrisy to bankruptcy.” The Lee Commission agitation has somewhat contradicted the late tall talk about the selfless zeal of English officials who come out to India at great sacrifice, to do good to the people of India.

Sir, my time is short and I shall not detain you any longer. But I repeat the proposition which has been challenged by Sir Basil Blackett on the authority of perjured history,—that impoverishment in India, if not a direct result of British rule, is a standing disgrace to this administration ; and I affirm this proposition solemnly—because I too have studied history as best as I have been able to—that the greatest indictment against British rule in India is not so much political—because for our political disabilities I am prepared to accept for my countrymen 75 per cent. of the blame—but I say the chief indictment against British rule in India is economic. Well, Sir, I shall not delay your luncheon ; and with these few words I move my amendment.

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

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

Mr. Chaman Lall (West Punjab : Non-Muhammadan) : Sir, I am sorry, Sir Basil Blackett is not here to listen to certain quotations that I have specially hunted up for his delectation.

Haji Wajihuddin : May I rise to a point of order, Sir. There is no quorum.

Mr. President : Attention has been drawn to the fact that there is no quorum. Mr. Secretary will ring the bell.

A quorum is now present. The Honourable Member may proceed.

Mr. Chaman Lall : Sir, I started by regretting the fact that Sir Basil Blackett is not here. I am glad to find him back in his seat. The Resolution that has been moved before the House deals with three very important matters. One is that the Assembly desires to have complete control over the personnel of the Taxation Committee. The second is that the Assembly desires to go into the economic aspects of India's exploitation. And the third is that we desire that the system of taxation should not be merely a method as Mr. Goswami pointed out but an actual scientific system ; such as in fact you will find prevailing in certain civilised countries of the world. The main argument that Sir Basil Blackett levelled against this Resolution was that there is no ground whatsoever for considering that India has really been impoverished by British rule. He stated that statements of this nature—that India has been persistently and consistently impoverished by British rule—are ridiculous statements ; that there is no warrant for such statements. Let me remind Sir Basil Blackett that not only Indian economists but economists of world-wide repute have laid it down that India has been consistently impoverished by British exploitation of this country. I call the attention of the Honourable Member to a statement by a certain gentleman of the name of Rev. William Tennant, who said : (*The Honourable Mr. A. C. Chatterjee :* " Never heard of him.") Mr. Chatterjee says he has never heard of him, I pity his ignorance. (*The Honourable Sir Basil Blackett :* " How many other Members of the House have heard of him ? ") (*The Honourable Mr. A. C. Chatterjee :* " Did you ever hear of him before ? ") If the Honourable Member has any pretensions to call himself an economist, I daresay he has heard of a book called " Progress and Poverty " by Henry George. It is an elementary book which, I believe, is taught in elementary schools in which the quotation I am about to give is to be found.

The Honourable Mr. A. C. Chatterjee : It is out of date.

Mr. Chaman Lall : I am very sorry he has been to a British University and has never heard of that book.

The Honourable Mr. A. C. Chatterjee : It is 40 years out of date.

Mr. Chaman Lall : We have heard from the Honourable Member the latest figures about the present economic situation of India, and I am sorry to say he is 500 years out of date.

Sir, this is what the Rev. William Tennant says :

" When we reflect upon the great fertility of Hindostan, it is amazing to consider the frequency of famine. It is evidently not owing to any sterility of soil or climate ; the evil must be traced to some political cause."

This is what Lord Macaulay said in his essay on Lord Clive regarding the incidence of British rule in India :

" Enormous fortunes were rapidly accumulated at Calcutta, while millions of human beings were reduced to the extremity of wretchedness. They had been accustomed to live under tyranny, but never under tyranny like this. They found the little finger of the Company thicker than the loins of Surajah Dowlah. It resembled the

[Mr. Chaman Lall.]

government of evil genii, rather than the government of human tyrants. Sometimes they submitted in patient misery some times they fled from the white man as their fathers had been used to fly from the Mahratta, and the palanquin of the English traveller was often carried through silent villages and towns that the report of his approach had made desolate."

Here is a statement with regard to the present situation :

"To all that vast population the strong hand of England has given a more than Roman peace; the just principles of English law have been extended by an elaborate system of codes and law officers designed to secure to the humblest of these abject peoples the rights of Anglo-Saxon freemen; the whole peninsula has been intersected by railways, and great irrigation works have been constructed. Yet, with increasing frequency, famine has succeeded famine, raging with greater intensity over wider areas."

"The millions of India have bowed their necks beneath the yokes of many conquerors, but worst of all is the steady, grinding weight of English domination—a weight which is literally crushing millions out of existence, and, as shown by English writers, is inevitably tending to a most frightful and widespread catastrophe."

I daresay the Honourable Mr. Chatterjee has heard of Florence Nightingale. I think his history will go as far as that. This is what Florence Nightingale said :

"We do not care for the people of India. The saddest sight to be seen in the East—nay probably in the world—is the peasant of our Eastern Empire." And if the question is put, how this is relevant to the question in issue, I will reply in the words of Florence Nightingale herself, where she goes on to show the causes of the terrible famines, in taxation which takes from the cultivators the very means of cultivation, and the actual slavery to which the rayats are reduced as the consequences of British rule.

May I, with your permission, Sir, give one more quotation, a recent one, not 40 years out of date. This is from Mr. H. M. Hyndman, the great socialist. What does he say? He says :

"The famines which have been devastating India are in the main financial famines. Men and women cannot get food, because they cannot save the money to buy it. Yet we are driven, so we say, to tax these people more."

Again, Mr. Hyndman says :

"The truth is that Indian society as a whole has been frightfully impoverished under our rule, and that the process is now going on at an exceedingly rapid rate."

I hope these quotations, Sir, are quite sufficient to convince the Honourable Sir Basil Blackett as well as the Honourable Mr. Chatterjee of the fact alluded to by us in India time and again, of which there has been no contradiction as far as I have seen except the vague sort of contradiction of the kind that Sir Basil Blackett has indulged in, namely, that India is becoming poorer and poorer day by day as a result of British exploitation of this country. What is it that we demand? We demand, because we know perfectly well that millions of our countrymen cannot get even a single decent meal a day—we demand that an inquiry should be instituted into the system of taxation, into the economic wrongs that are done to the people of India, into the famines that exist, into the methods that you adopt to extort and extract money from the people of India. It is not an illegitimate demand, it is not an unjust demand. It is a demand which we, the representatives of the people of India, are quite capable of making, and are justly making in this Assembly. To deny us that demand, and to go over our heads and appoint a Taxation Committee, three of whose members are unknown to us in this country, to the people of this country,—we do not know whether we can trust them or not, these gentlemen who are

sitting in England,—and the other three whom you want to co-opt here in India, and whom you send on a roving Commission to England to discuss the financial and economic condition of this country—nothing could be more absurd than this that these gentlemen whom you appoint as members of the Taxation Committee should leave the shores of India and go to Whitehall to discuss the economic situation of the country. Let them come out to India. Let the representatives be the true representatives of this country whom we can trust. Let them be appointed here in India. Let them go into the villages. Let them go to the famine districts and examine the condition of the people. That is our demand. The Honourable Mr. Chatterjee wants probably some more recent figures and facts. He will find them in official records which perhaps he has never had time to read himself. If he reads the book issued by the Government of India known as “Prices and Wages,” he will find some astounding facts indeed which will convince him that India is really an impoverished country, that India is a famine-stricken country, and that under British rule she has gone on in misery, poverty and desolation. Here is a miner’s wage in 1897. In 1897 .54 per ton was the wage of a miner. In 1922 it was .76 per ton. A very handsome increase in 25 years ! You ask us to give you more money for your Services which are better paid than probably any other service in the world, even after you had given the men an increase in 1920. Yet here is a miner, a man who produces the wealth of this country, here is a miner getting .54 per ton in 1897 and .76 in 1922.

The Honourable Mr. A. C. Chatterjee : .54 of what ?

Mr. Chaman Lal : .54 of a rupee, Sir. The Honourable the Finance Member is sitting next to him and he can ask that question of the Finance Member. Is this evidence of the increasing prosperity of India ? It is not. It is evidence of the utter bankruptcy of British rule in India. Let me take another example of what is known as an intermediate in a cotton mill. What was he getting in 1908 ? 16 rupees per month. What did he get in 1922 ? 18 rupees a month. Take a spare hand. He was getting in 1897 10 rupees. In 1922 he got 14 rupees per month. A spare hand got 12 rupees in 1897 and in 1922 he got just a little over 13 rupees per month. A wonderful display of prosperity in this country ! This country, Sir, is a very patient country. It is a country of patient fools and virtuous saints. If it were not a country of patient fools, British rule in India would have been an impossibility long before us. It is our great ambition to see that this country stands upon its own legs. You cannot do so unless and until you know really what the economic condition of the country is, and we are merely asking you to yield to the request that we are making as the representatives of the people, to give us a true, a proper, a just inquiry into the economic condition of the people of India. We do not want any trickery or any roguery in this. We want to be straightforward about this matter. We want to tell the world the truth about India. We want to tell the world the truth, the black truth about British rule in India, and it is for that reason that we demand this impartial, this representative inquiry. Sir, there is no doubt about it that there are various systems of taxation which have been tried in India, but there is one system of taxation which has not yet been tried, and it is because we want to investigate all the avenues of approach to that question that we want this representative inquiry,—I mean the taxation of land values. We have got in India landholders who are getting rich on the fat of the land. We have on the other hand poverty-stricken masses who are ground

[Mr. Chaman Lall.]

down by poverty. We do desire that the wealth of this country should be distributed in an equal fashion. We desire that this poverty should be eradicated from our soil. "As has been said you may tax manufacturers, but the inevitable result will be that you will check manufactures. You may tax improvements, but the result will be you will lessen improvements. You may tax commerce with the result that you will prevent exchange. But if you tax land and if you investigate all the avenues of approach to this question, you will increase the prosperity of the country and you will turn the poverty-stricken masses into self-reliant, free human beings, not merely slaves as they are at the present moment.

Sir, it is a common saying that a great wrong always dies hard. But the great wrong that is being done to the people of India, the great wrong that is grinding us, the desperate poverty that is sending millions of human beings to their premature grave, unless you do something to remedy that wrong, unless you do something to do away with the present system of economic exploitation of this country, it can result in nothing else but a very bitter and a very dangerous struggle of which there is no knowing what will be the end.

Sir Furshotamdas Thakurdas (Indian Merchants' Chamber : Indian Commerce) : I had not intended to take part in this debate, for the very simple reason that my Chamber have already communicated their views to the Government of India regarding this Taxation Committee and I felt that I had hardly anything useful to add to this debate by any further remarks. But when I heard my Honourable friend the Finance Member at least for once quoting me with approval in spite of the allegations about my being spoilt with political colour about which the Chief Commissioner of Railways yesterday said such a lot to this House, I felt that it is an occasion when I must tell the House the whole story and not rest content with the House knowing only portions of my speech in the other place as quoted by the Finance Member. Sir Basil did me the honour of quoting a portion of what I said in the Council of State. I will complete that with what I ended my speech with and I hope that will still retain to me his approval of the views that I there expressed. I ended in the Council of State with this as the last paragraph. I said :

"I feel, Sir, that the day is still distant when this Council can give any support under any guise to the most fascinating proposition, to anything that will lead to or even smell of new taxation. We want retrenchment, we want a balancing of the budget with the present taxation, not any increase in it and until that is achieved, until there are surpluses, until indeed there is more contentment amongst those who are taxed, I do not think that this House can seriously consider any suggestion made with the best of motives in connection with taxation. For, the apprehension may be this, that there may be new avenues of taxation found and suggested recommended and perhaps accepted by the Government be it against the strongest opposition of these two Houses. What the Honourable Mover seeks is a readjustment of the whole thing but there may be thin years and there may be fat years. In the case of a thin year what may happen is that the new avenues of taxation may come and the readjustment may be put off for a better day, and in the case of Government treasuries all over the world, with all deference to the benches opposite, the readjustment when it is a question of giving on the part of Government, is long in coming."

Sir, that was my conclusion on the Resolution moved in the other place by the Honourable Sir Maneckji Dadabhoy.

Now, this inquiry which is the subject matter of the discussion here is an inquiry for finding out better modes, and certainly further modes of taxation. There is no doubt about that. I have not heard anything, nor do I find anything in the terms of reference, which makes it compulsory on the Committee that the Government have nominated, to find out what it is that the people of India can stand. We have heard extreme views in this House regarding the prosperity or the misery of the masses of India. I do not wish to add one word more to these two extreme views that have been heard to-day, but this at least is clear from what has been expressed with so much force, with so much feeling, and if you like it with so much resentment by one side or the other, that we cannot go on very long without this House being in a position to know exactly what is the taxable capacity of the people of India and up to what point they could be taxed. I happen to be one of the deputation—now known as the commercial deputation urging retrenchment, which waited upon His Excellency. I then said that my electorate felt and that the Indian commercial community very strongly felt that the taxable capacity of the people of India had not only been then reached but had been exceeded. My esteemed colleague Sir Campbell Rhodes who led that deputation differed from me. Can we go on very long without having the inquiry of which is pressed on Government by my Honourable friend Mr. Goswami in his Resolution, and irrespective of the nature and the terms of reference to the Committee that has been already appointed. There is every reason to believe that this House sooner or later will insist upon having, and will not rest until it has had, a full inquiry into the taxable capacity of the people by persons who enjoy the approval of this House.

Mr. H. Calvert (Punjab : Nominated Official) : Sir, I propose to confine myself to that part of the amendment which relates to a proposal to have a thorough inquiry into the economic conditions of the people of India, their income per head and the general resources of the country. That amendment, Sir, is really in three parts. It asks first, for a general inquiry ; secondly it asks for an inquiry by the Government of India ; and thirdly, it says that the agency should be a committee including Members of this Assembly. Now, Sir, I am entirely in favour of an inquiry into economic conditions. I have myself been engaged in carrying on such inquiries for many years past, and a good many of my colleagues are also trying to throw some light on the general economic conditions of this country. But, Sir, with all due respect to the Government of India, I beg to say that I do not think that they are the proper agency for carrying on such an inquiry ; and, if Honourable Members will kindly excuse me, I should like to say that this Assembly is not the proper body to select the members of any committee for this inquiry. It seems to me, Sir, that this is very largely a matter for Provincial Governments. If an All-India inquiry is desired then the obvious body is the Indian Economic Association. It is rather curious that, although so many Members of this Assembly are prepared to speak on economic questions, there are very few of them, indeed, who are members of the Indian Economic Association. Now, Sir, my objection to an inquiry by a committee is that, as has been already said, it would take at least 20 years to arrive at results which would carry weight outside this country. Actually, in the Punjab, we have set up a Standing Board of Economic Inquiry divided into a rural and an urban section ; and this Board has been

[Mr. H. Calvert.]

at work for about two or three years and is slowly producing results. Our policy there is to appoint investigators who are solely engaged upon collecting facts. We leave the readers of those reports to draw the deductions from them.

Now, Sir, in a general inquiry there would be three prominent dangers. There is the danger that the inquiry might be confined to too small a scope. India is such a vast country that any committee that set out to make a general inquiry might attempt to confine itself to too small a scope, and its deductions from the particular to the general would be vitiated by the fact that the premises were insufficient. Then, Sir, there is the obvious fallacy which appears in this amendment, the "average" income per head. There is a third fallacy which creeps into all these discussions, namely, we should try and inquire into the conditions of a typical tract or a typical village. Let me, Sir, illustrate what I mean by the danger of confining the inquiry to too small a scope. Our Standing Board of Economic Inquiry has practically brought to a conclusion an inquiry into mortgages of agricultural land. We took an assessment circle of 35 villages and have carefully gone through nearly 5,000 mortgages. The result of that examination is to bring out certain very definite, very clear conclusions. In so far as that area is concerned, those conclusions are irrefutable. But like every one else, I would hesitate to say that conclusions drawn from a detailed inquiry into 5,000 mortgages in one part of the Punjab would have any application, say, to conditions in other parts of the Punjab or Madras or Assam. Then, Sir, there is this danger about the "average" income per head. It is no comfort, for instance, to those friends of Mr. Patel, who, he says, have one meal a day, if we reply that the average number of meals in India is one and three quarters. An average applied to anything concerning human affairs is apt to be very misleading indeed. I shall give you, again, an illustration from an inquiry which I myself have just brought to a conclusion into the size and distribution of agricultural holdings,— the average agricultural holding in the Punjab is 8 acres. But when you examine the holdings by classes, you find that only 18 per cent. of the holdings fall into class 5—10 acres, while about 58 per cent. fall below that; and if we try to arrive at any estimate of average income per head, we should find that the vast majority of the people of India came below that estimate, and it would be perfectly valueless. We are actually trying detailed inquiries into what we try to think are typical tracts, and I hope very soon to be able to publish an estimate of the average income per head of a certain definite tract. That average income per head, although it may possess all the fallacies attaching to such averages, will be perfectly useless for any other part of India except the particular tract to which it applies. Now, Sir, Mr. Goswami would like us to arrive at an estimate of the average income per head, but he very carefully avoided explaining what he meant by "income". There is of course published in England a statement which enables you to deduce a figure for average income per head in Great Britain. That estimate is based on income-tax returns. But in England the number of assesses is something like 2½ millions, probably covering 10 million of the population, and the average income per head which is published occasionally is based on the incomes of those 2½ million people, the incomes of the remaining 35 million people, which are below the income-tax

limit, being merely guessed at. Where you have a very large number of assesseses, it is possible to make a mathematical calculation of the average income per head. Where as in India, you have a population mainly agricultural, with less than three lakhs of people declaring their income, it is practically impossible to arrive at any estimate whatever. Sir, the estimate which is given about income, and which one Honourable Member quoted, is only the money income ; it entirely ignores other sources of income which are not declared in the income-tax return. Now, Sir, if we take a simpler thing than the average income per head of the people of India, namely, the average production per person employed in any industry, then we can arrive at some useful figures. We can say, for instance, that the average gross production of persons employed in the Bombay cotton mills is a little over 1,100 rupees ; that is the gross production. The net production could easily be found out. We can say that the average gross production of miners employed in Indian coal mines is 415 rupees a year. We can say that the average gross earnings of railway employees is about 1,118 rupees per person employed. These figures, Sir, are useful, inasmuch as they explain why the nett income is so small. If the value of production per person employed is Rs. 415 per year, it is clear that the income of these miners must remain small, and similarly if the average gross production of all persons employed in cotton mills in India is Rs. 916 per head, then it is again clear, that the real reason of the low income in India is the low standard of production. Now, Sir, it is quite easy to arrive at the average income per person employed in any particular and definite sphere. I can give the average income for the money-lenders of the Punjab. You can give an average income of the workers employed in the Bombay cotton mills. But that again would not give us the average income per head. For we have no knowledge of the dependents or of the number of idlers and beggars ; and these we must take into consideration ; all of whom bring down the average.

Now, Sir, there is one more objection to any attempt to arrive at any figure of the money income in this country, and it is that we have no means whatever of finding out the value of the work done by women. In a country like England, where women earn wages, it is possible to arrive at a rough estimate of women's work. In a country like India where wage-earning is almost entirely confined to men, it is perfectly impossible to take into consideration the work done by the women, household work, domestic duties, work in the fields, etc. We are trying in the Punjab to arrive at the average wages of labourers in rural areas expressed in money value. But supplementals are difficult to value, such as the value of free grazing, free site, free food, and other little amenities which come in in the life of a villager. We know perfectly well that we shall never arrive at any figure which is very correct, because you cannot put an accurate money estimate on things like that which are never priced in open market. Although I very strongly think the prosecution of further economic inquiry is essential, I do urge this House to leave the Government of India alone and impress on their Provincial Governments that they ought to do something on the lines we are doing in the Punjab, by setting up some competent men to form a non-official body—which will employ investigators and carry on these inquiries steadily from year to year, not merely have an *ad hoc* inquiry which is to sit for 20 years and then come to an end. After all, India is as large as Europe without Russia, and ever since the days of Adam Smith, there have

[Mr. H. Calvert.]

been in Europe a very large number of inquiries into economic conditions. And yet, Sir, as we all know, on an issue like protection, for instance, there is still very wide difference of opinion; and if you come to the question of how best we could improve agriculture, you will find that practically no two economists will agree, even though inquiries have been going on there in thousands of places. So, Sir, I would request this House to reject that part of the amendment which calls for an economic inquiry by the Government of India, and I would ask Members to refer it to Provincial Governments and ask them for a permanent board of official and non-official members who should carry on the inquiry which we all desire.

Sir P. S. Sivaswamy Aiyer (Madras : Nominated Non-Official) : Sir, I wish to support this demand for an inquiry into the economic condition with a very few words. I do not altogether for the reasons which have been advanced by my friends here, but for reasons of my own. I am not wedded to any particular theory with regard to the ratio of taxation, nor have I any particular thesis to prove. It has been stated that the people have been taxed beyond their capacity. I do not wish to commit myself to any general statement of that sort. It has been said that India is getting poorer and poorer. I do not wish to subscribe to that belief. There have been several statements put forward from the platform, by the newspapers and by politicians at different times that India is getting poorer, that 40 millions of people are living on one meal a day or that the average income per head is Rs. 30 or Rs. 60 or Rs. 70. I do not wish to commit myself to anyone of these statements. General statements of this description are extremely fallacious. Unless and until we have a scientific inquiry into this subject of the economic condition of the people, it seems to me to be hazardous to indulge in general propositions of that sort. Nor do I believe that any conclusion as to the average annual income of the people in this country will furnish any reliable basis for taxation. It reminds me rather of the story of the man who, after ascertaining the average depth of a stream, attempted to ford it in the deepest part. These averages are most often misleading. They may be of use perhaps for some purposes, as for instance when you compare the average income with the average taxation. But for the practical purposes of the Legislature and of the authorities who have to impose taxation, what is required is not so much the question of average income as the income of particular classes. That is an inquiry which is beset, I know, with great difficulties and is one of great complexity. It is an inquiry which cannot possibly be satisfactorily concluded within a period of at least four or five years, to make a most cautious estimate. But all the same, in spite of the fact that the inquiry will have to be a prolonged one, I think it is an inquiry from which the Government ought not to shrink. I have no doubt that the Government will come out of the inquiry with credit. Poor as the country is and making allowance for all the ignorance, poverty and ill-health to which my friend Mr. Patel referred, I, for one, do not believe that we are getting poorer or that we are getting more ignorant or that there is more ill-health now than it was before. There is absolutely no ground for any apprehension on the part of the Government that the results of the inquiry will in any way be damaging to their reputation. The Government have been challenged so often to make such an inquiry; and its results will be so valuable and instructive as regards the general

condition of the people, that they ought not to lose any time in undertaking such an inquiry. Whether this inquiry should be entrusted to this particular Taxation Committee or should be started independently is another matter. With regard to the conduct of this inquiry, my own idea is that it requires investigation along many different lines. It requires the investigation of numerous subjects, as, for instance, prices, wages, rents, interest, trade indebtedness, industries, manufactures, agricultural holdings and methods, mobility of labour, standards of living, housing, clothing, and a number of other factors. The proper course would be to get together a body of experts, for instance, like the Economic Conference, and ask them to suggest the various lines along which information and statistics have to be collected, and give instructions to the Local Governments and to the various authorities to collect the required statistics and information along these various lines for a period of three or four years. When these results have been collected, then appoint a committee to go into the statistics and information, examine the relative weight of the different factors and come to definite conclusions. That in my opinion would be the proper course to pursue, not to ask this particular Taxation Committee or some other Committee to sit together and come to some definite conclusions on the spot. The statistics are not available, and the data have not been collected. In the interests of Government themselves they ought to take up this challenge which has been thrown down so often and so repeatedly and give the quietus to so many of the current fallacies.

Then with regard to this taxation inquiry I just wish to make a few remarks. At first sight I was rather inclined to look askance at this inquiry, and for this reason. Everybody knows that the sources of our public revenue are few and that they are inelastic. It may be urged then that this suggests the necessity for an inquiry into any further avenues of taxation which may be possible. But I am not very sanguine as to the results. I know that one avenue of taxation perhaps which has already been suggested to the Honourable Finance Member is the subject of death duties. I have no doubt that he is casting wistful eyes upon that source of revenue ; but I know of none which would be more unpopular. Apart from that particular source of revenue, what I wish to point out is that at present, so long as Government remains irresponsible to the people, I have no inclination to place further revenues at the disposal of Government to swell the military expenditure or to allow them to be absorbed by further payments to the numerous Services, not merely Imperial but subordinate. They are always asking for more, and from the Imperial services the demand will spread to the Provincial and subordinate services and from the civil to the military. The more revenue you raise, the more liable it is to be swallowed up in payment to these Services. This was the reason of my reluctance to put more money into the hands of an irresponsible Government. On the other hand, the question of Provincial contributions has to be settled in the interests of the administration of India as a whole, and the fact that it cannot be solved unless you examine the system of taxation and the possibility of re-adjusting sources of taxation between the Imperial Government and the Provincial Governments have made me change my attitude somewhat. While I am not therefore in favour of suspending the inquiry by this Committee I think the Government ought to make up their minds to start the other inquiry into the economic condition of the people—an inquiry to be conducted on as scientific lines as possible and in a perfectly disinterested and detached

[Sir P. S. Sivaswamy Aiyer.]

spirit, so that we may arrive at correct conclusions with regard to the material progress of the people. The results of such an inquiry cannot fail to be of great value.

Sir, with regard to the desire to place taxation on a more scientific and equitable basis, I do not believe that the wit of man has ever yet succeeded in devising a thoroughly scientific, equitable and popular system of taxation. I do not think there is much that is wrong with the existing system of taxation, and I am pretty certain that any system of taxation you can devise will be equally unpopular and unacceptable. I am sure that among those who advocate this reform of taxation on a scientific and equitable basis a large majority hope that their burdens may be shifted on to their neighbour's shoulders, and that there are some who believe in a millenium when it will be possible to carry on a complex and civilized system of administration with a light or no taxation. I am afraid I cannot bring myself to entertain any of these opinions. But we are face to face with an urgent problem in regard to this question of Provincial contributions, and that is why I have reluctantly made up my mind not to oppose the inquiry into the present system of taxation, but to urge at the same time an inquiry into the economic circumstances of the country.

Mr. H. G. Cocke (Bombay : European) : Sir, I quite agree with the Honourable Member who has just sat down that if any inquiry is to be conducted at all into the question of the economic situation in India, it should be done, not by this Committee but by some other authority. Mr. Calvert has suggested that it would be far better done by Local Governments and local authorities, and I think that will prove to be the case undoubtedly. But the collection of statistics for a period of 3 or 5 years, as has been suggested, might be an exceedingly valuable preliminary to any definite inquiry whether undertaken by a Local Government or by a Committee appointed by the Government of India.

A considerable amount has been said to-day on the subject of averages, and I think the fallacy underlying many of the averages which have been suggested has been exposed by Mr. Calvert. One need only refer to the case of mill hands, where we will say the average income of a certain set of mill hands is Rs. 500 per annum, and compare their average income with that of an equivalent number of agricultural hands 10 miles away who live on their land with their own livestock. Any average income per head per annum arrived at from such essentially different kinds of labour would obviously produce a result which would be of very little benefit to anybody. The suggestion to suspend this Taxation Committee which has been appointed, purely because it does not deal with quite another matter, seems to be an absurd one, and I trust that part of the suggestion may be withdrawn. The powers of this Committee which has been appointed have been brought into question as well as the personnel of the Committee ; but I think Sir Basil Blackett has made it perfectly clear that the powers which this Committee have are ample for the purpose in view ; and as regards the personnel I do not think it does any good in this House to pick holes in the people who have been selected for this work. It is exceedingly difficult to get men who are really competent to undertake an inquiry of this sort ; and the suggestion in the amendment that, of the Committee which it is proposed should take the place of the Taxation Com-

mittee, two-thirds of that Committee should be appointed by this Assembly seems to me a very foolish one. You have got to consider carefully who are the most competent people and I do not think this Assembly is the right tribunal to select experts of this sort. A suggestion was made in the Steel debate that this Assembly might appoint some of its number to go into the question as to the enhancement of the duties when that became necessary owing to a fall in exchange or rise in exchange or any other cause necessitating an alteration of the tariff that was fixed, and it was pointed that that was essentially a matter for an expert committee such as the Tariff Board ; and in this case it is still more necessary I think to have an absolutely expert committee, which this Assembly could hardly be competent to select. When we hear in this House of the great poorness of this country, the miserable lot of the agriculturist and so on, and we are told that the British have done nothing to improve these conditions, one cannot help looking round the country and remembering the railways, ports, irrigation works and mills, which have obviously been a source of very great employment and profit to the community. I have considerable sympathy with the Finance Member ; on the one hand he is told that he is overtaxing the people, and on the other hand he is told that he does not raise sufficient money for the purposes of educating them. I have no great objection to the amendment as it stands, except to the first and last portion of it ; but I do not think all the same that this proposed Central Committee is the best way of getting the result which is desired.

Sardar Gulab Singh (West Punjab : Sikh) : Sir, I rise to accord my wholehearted support to the amended Resolution of my Honourable friend, Mr. Goswami. I am sorry that he has left out one most important point, namely, of investigating into the defects of the land revenue assessment. What I ask, Sir, is that the Committee of Economic Inquiry which is proposed to be established by the amended Resolution should, among other things, also investigate into the defects of the prevailing system of land revenue assessment. I understand, Sir, that the fundamental principle of the amended Resolution is that before the future policy of taxation is determined, a thorough inquiry should be made into the economic conditions of the country and no economic inquiry can, I submit, be complete which does not take special cognisance of the grave defects in the present system of land assessment in the country. Without their knowledge no financial policy can be satisfactorily determined.

I am sure it is too late in the day for me to endeavour to prove the obvious fact that our system of land revenue assessment is antiquated, primitive and defective and therefore deserves to be thrown into the scrap heap. It has been condemned since its inception by every sound statesman and thoughtful economist as one that cannot honestly be defended on any sound principles of scientific taxation. Sir William Digby and Sir Romesh Chandra Dutta who may be considered to have made not a mean study of economic conditions in India went to the length of asserting that the ever-recurring famines, the galling poverty of the people, and the ever-prevailing pestilences in great parts of the country, were all due to a great extent to the unsound methods of land revenue assessment prevailing in India. This may be an extreme view, but there is no ignoring the fact that the modern system is defective to the core. We who belong to rural areas, Sir, are very keen on this point, because it is impossible to fully

[Sardar Gulab Singh.]

explain the profound agrarian discontent which the continuance of this antiquated system of taxation is causing.

Adam Smith, the founder of modern finance, laid down four universally accepted canons of sound taxation, and I submit, Sir, not one of them remains unviolated if applied to our system. Ability, certainty, convenience, and economy, he considered the essential requisites of good taxation. And none of them, I submit, is seriously regarded by our administrators, whose sole guiding standard is profit.

The land revenue assessment system ignores the "ability to pay" of the subject. While in the case of the income-tax, abatement is allowed to incomes below Rs. 2,000, the poor debt-burdened farmer is forced to part with one half of his net profits even though they may be a mere fraction of the above amount. And yet the one who is so mercilessly ignored is, in season and out of season, trumpeted as the special ward of the bureaucracy. He that is ground like an oil-seed for profit is cleverly exploited on suitable occasions to justify political coercion. It is sometimes argued that the incidence of the tax is shifted from the cultivator to the urban population, and therefore the tax cannot be considered a burden on the tax-payer. C. F. Bastable who is an undoubted authority on modern finance, however, holds a very different view. Writing on the system of land revenue assessment prevalent in India, he remarks

"As the system has been generally applied to societies in the customary stage, the pressure came on the cultivator, who is at once the producer and the chief consumer of the commodities."

No wonder the deep indebtedness of the cultivator has become a problem of baffling magnitude.

Secondly, except where there is a system of permanent settlement already in vogue, the assessments lack the element of certainty. In Northern India, particularly, fluctuations are unexpected and dangerous. Rates are increased exorbitantly by a single stroke of the executive pen. Recently 75 lakhs of rupees were levied as water-rate on the poor farmers in the Punjab by the Government of Sir Edward Maclagan on the eve of his departure without even the consultation of those who were expected most to suffer or their representatives in Council. The assessment remains uncertain in spite of the considered and definite opinions of His Majesty's Ministers and responsible administrators, expressed to the contrary times out of number.

In his despatch of 1862 (July 9th) Sir Charles Wood clearly stated that it was the opinion of Her Majesty's Government that :

"A settlement in perpetuity in all districts in which conditions absolutely required as a preliminary to such measure, or may hereafter be fulfilled, is a measure dictated by sound policy, and calculated to develop the resources of the country."

Again, Sir John Lawrence in his minute of July 5th, 1863, wrote :

"I recommend a permanent settlement because I am persuaded to believe that however much the country has of late years improved, its resources will be still more rapidly developed by the limitation of the Government demand."

Even as late as 1919 this grave defect was brought home to the members of the Joint Committee on Reforms, whose remarks deserve to be

quoted, although their advice in this respect seems to have been deliberately ignored.

“ They consider,”—*says the report*,—“ that the imposition of new burdens should be gradually brought more within the purview of the Legislature. And in particularthey advise that the process of revising the land revenue assessments ought to be brought under closer regulation by Statute as soon as possible.....”

Again they remark :

“ The Committee are of opinion that the time has come to embody in the law the main principles by which the land revenue is determined:”

Much water has flown since this clear advice was given, but the system of land revenue assessment remains substantially the same as the venerable Todar Mall left it in 1668.

The third requisite pointed out is convenience. I have no experience of other Provinces, but I can fairly speak for my own. It is my experience that the present system lends to more official tyranny and extortion, and affords to the officials and their underlings more opportunities and facilities for bribery and grab than any other system one can think of. Again the time of payment of revenue is most inconvenient for the cultivator, and leads in many cases to the involuntary indebtedness of the ryot.

Last of all the present system cannot be justified on the principle of economy. A study of the figures for gross revenue and cost of collection shows that approximately 20 per cent. of the revenue is spent on collection alone, leaving aside the expenses of administration. Besides, this calculation ignores the equal if not greater amount of personal assessment levied by the revenue officials for the replenishment of their domestic treasury.

This, then, Sir, is the system of Land Revenue prevalent in the country, and if it is not high time to investigate into its defects in order to mend it or end it, I ask when that time is going to come ? I have shown that the system is unsound, unscientific, uneconomical, uncertain, and inequitable, and the continuance of such a system in spite of the timely warnings we have given, may in time so deeply stir the placid depths of my agrarian fellow-subjects that their discontent may express itself in acts which all of us may sorely regret. I therefore request Honourable Members of this House to seriously consider the addition that I want to make to the amended Resolution and to give it their unanimous support, for thereby, they will be helping the cause of the masses whose spokesmen they really are. And I hope Government who also are the guardian of the toiling millions will endorse my amendment.

Mr. President : Amendment moved :

“ In the amendment of Mr. Goswami, after the words ‘ general resources of the country ’ to insert the words :

‘ and an investigation into the defects of the prevailing system of Land Revenue Assessment ’.”

Mr. A. H. Lloyd (Member, Central Board of Revenue) : I am afraid, Sir, that the House will perhaps not have much patience with a Member on the Government benches rising to intrude a few practical conclusions in a somewhat exalted political atmosphere. This is not the first time that a Member on this side of the House has thought it his duty to do so. But I think I am compelled to make a few observations in this

[Mr. A. H. Lloyd.]

direction as a member of the Central Board of Revenue, the constitution of which was referred to by the Honourable the Finance Member in his speech at the beginning of this debate. The Central Board of Revenue has been charged with the supervision of the administration of those taxes which are collected direct for the Central Government, or by the Central Government, and there also falls within the range of its duties the first handling of taxation questions in which points, whether of a conflict of interests or some other overlapping between the interests of two Provincial Governments or between the interests of the Central Government and those of a Provincial Government, arise; and in the comparatively brief space of time during which this Board has been in exercise of its functions, a considerable number of points have arisen which make it clear that the taxation inquiry referred to in the first part of the Honourable Mr. Goswami's amendment and of the Honourable Mr. Rama Aiyangar's Resolution is a matter of urgent necessity. The Honourable the Finance Member referred to one point only, that is to say, to the clash of interests between different provinces in the matter of excise revenue. I am aware that the Honourable Mr. Goswami, and I think, in fact, all Members of the House who have touched upon the subject, have expressed themselves as satisfied that there is need for an inquiry of some sort which would cover these points, and I do not, therefore, propose to elaborate this aspect of the matter at very great length, because to do so would be bringing a battering ram to an open door. But I think that I should mention a few matters in order to show that the case is really an urgent one. As I have said, the Honourable the Finance Member referred to the clash of interests between different provinces. Another very serious problem is the clash of interests between Provincial Governments and the Central Government in several directions, and in particular, in regard to the same matter of excise. The arrangements made, with the Reforms, in regard to revenue left the collection of a tax, that is to say, of customs duty on alcoholic liquors to the Central Government, and at the same time, left the collection of all other taxes upon alcoholic liquors, that is to say, the duty upon alcohol produced in the country and also license fees, to the Provincial Governments. The conflict of interests so created was obviously bound to lead at a very early date to serious problems. I may mention one or two. The Government of one province has in the Resolution covering the report of its Board of Revenue clearly stated that it was in order to compete with imported liquor that they reduced the rate of duty upon similar spirits made in the province below the tariff rate. Another province, the Central Provinces, which has declared prohibition to be the ultimate goal of its excise policy, has adopted the policy of enhancing the duty rates on spirits. It is a very unfortunate position when one province considers such a step necessary, while another province which is no doubt equally interested, I will not say in working towards a definite goal of prohibition, but at any rate in pursuing and developing the established policy of working for temperance, should in order to protect its revenue against encroachment by the Central revenues find it necessary to drop its duty. Another case which has arisen in connection with several provinces is the matter of the duty which is assessed on spirit used in making medicinal preparations and the like. I believe I am correct in saying that it began with the province of my Honourable friend Mr. Goswami. It has gone on elsewhere. These provinces have fixed a considerably lower rate of duty for such spirits than is fixed by the customs tariff. This is not, I think, so much a matter of trying to secure for the provincial adminis-

tration revenue which otherwise would go to the central administration as a measure of industrial protection. It was felt that certain firms which used such spirit in manufacturing medicinal preparations were at a disadvantage in competition with the imported preparations and so, as I say, it was a measure of industrial protection. Now, we in this Assembly are rather disposed to think that the policy of protection through tariff action is our own province; and it is a matter at any rate for investigation whether some measures should not be taken to confine the activities of the various Governments to particular spheres in the matter of taxation. Then there is the question of income-tax. Income-tax has already shown signs of overlapping to some extent with certain provincial taxes. In Madras the High Court has held that the tax charged by the municipality on companies is a legitimate deduction from profits for the purpose of assessing our Central income-tax. Again there is the question of the amusement tax and income-tax. There is at least one large Turf Club in India which has to pay an amusement tax to the Provincial Government and that quite obviously is an instance of overlapping with the income-tax which it has to pay and does pay in large quantities to the Imperial exchequer. Other problems are the share which the provinces claim in the collections of income-tax. At present a proportion of the tax on the annual income in excess of the income assessed in 1920-21 is given to the provinces. And here again, not only is there a possibility of misunderstanding between the Central Government and Provincial Governments, but also the interests of two Provincial Governments may come into conflict. Many companies may have their offices established, for instance, in Bengal, in Calcutta, while their operations are conducted in another province, a tea company in Assam, a coal company in Bihar and Orissa. This particular question has been a matter, I think I am correct in saying, of *ad hoc* adjustments. But it is just because *ad hoc* adjustments create a most embarrassing body of case law which can lead to a great variety of false analogies, that the scientific inquiry which is now proposed is urgently necessary. I think therefore, Sir, that the first part of the Resolution moved by the Honourable Mr. Rama Aiyangar and the amendment moved by the Honourable Mr. Goswami, for the dissolution of the Taxation Inquiry Committee, fail to realize what a pressing problem this is.

As regards the general inquiry into the conditions of the masses of the people and into the possibility of raising the general level of prosperity, it appears to me that practically every speaker to-day has failed to take into account what the Honourable the Finance Member said as regards the action which the Government of India have already taken in this matter. The Government of India have no desire to shirk an inquiry of this sort. They are already in correspondence with Local Governments on the subject. Mr. Calvert has given very good grounds for disputing one point. It is a matter of opinion whether the inquiry can best be carried out centrally or locally. But the Government of India, as the Honourable the Finance Member has said, are quite prepared to undertake that inquiry, consider such an inquiry desirable if it can be undertaken, and have no desire to shirk it. The inquiry is an inquiry into the present economic conditions of the country. This is not the inquiry for which the Honourable Mr. Patel and the Honourable Mr. Chaman Lal press. It is perfectly clear from the remarks which have fallen from their lips that what they desire is an inquiry which will be conducted with the object, and—if they have

[Mr. A. H. Lloyd.]

their way in selecting the members of the Committee—with the result, of proving what dreadful things the British administration has done for India in the past. It may be for political reasons very desirable to these gentlemen that it should be proved that the British administration has been a curse to India, but that seems to me quite irrelevant to what is the present economic position in India, and,—if Sir Purshotamdas Thakurdas wishes what is the taxable capacity of the people to-day.... (Sir Purshotamdas Thakurdas : I think Mr. Patel and Mr. Chaman Lall also wanted it for the same purpose.) Sir Purshotamdas Thakurdas reminds me that Mr. Patel and Mr. Chaman Lall want it for the same purpose. I grant that they said so, but what I wished to say was that from the rest of their remarks it was quite clear that their object was another one. Again, the Honourable Mr. Patel said that in holding this Taxation Inquiry Committee now the Government of India were putting the cart before the horse. He said that what was wanted was to find out whether taxation could not be reduced. That means an inquiry whether expenditure cannot be reduced. Such an inquiry was held a year or two ago ; the Honourable Sir Purshotamdas Thakurdas knows all about it. Demands have been made to reduce taxation. There is a limit beyond which taxation cannot be reduced. Several speakers on the opposite side appear to me to have failed completely to grasp the fact that this is not an autocratic despotism, that this is not the sort of Government that squeezes every penny it can out of the people for devotion to some unknown and unstated objects. Every penny which is spent out of the revenues of this country is accounted for, and the manner in which it is accounted for is brought to the notice of the Legislative Assembly, and a great deal of it is under their control. It seems to me curious that Members should have forgotten apparently that no taxation is collected beyond what is necessary for definite, real needs of administration. This is perhaps dragging me into the sphere of politics which I at the outset professed a desire to avoid. But I feel it necessary to mention this aspect of the matter, that the Government do not tax for the sake of taxing, and for the sake of some unknown beneficiary, in excess of the administrative needs of the country. I think I may leave it to the Honourable Mr. Cocke to point out as he has already done, that if the Honourable Mr. Patel considers that the British Government have not done enough to prevent epidemics of disease and to promote education, that is a measure of the extent to which they have failed to go as far as some people think they might have gone in imposing burdens of taxation upon the people of this country.

I, therefore, hope, Sir, that the House will realise that, whatever the need for a general economic inquiry, it is bound to be a matter, as the Honourable Sir Sivaswamy Aiyer has shown, which will involve a very prolonged and careful series of inquiries, and that the taxation Inquiry Committee's work cannot be postponed until after that other inquiry has been carried out.

Mr. President : I propose to adjourn now. This debate will be carried over to the 22nd, the next day for non-official Resolutions.

The Assembly then adjourned till Eleven of the Clock on Friday, the 19th September, 1924.