

9th March, 1926

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report) .

Volume VII, Part II

FOURTH SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1926



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LEGISLATIVE ASSEMBLY.

Tuesday, 9th March, 1926.

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

MEMBER SWORN.

Mr. Hubert Arthur Sams, C.I.E., M.L.A. (Officiating Director General of Posts and Telegraphs).

QUESTIONS AND ANSWERS.

STOPPAGE OF FAST PASSENGER TRAINS AT BARARA STATION ON THE NORTH WESTERN RAILWAY.

1128. ***Lala Duni Ohand:** I. (a) Is it a fact that all the trains except the mail trains used to stop at Barara, a railway station on the North Western Railway, but that from October last the stoppage of fast passenger trains has been stopped?

(b) Is it a fact that there is no waiting room or even passengers' shed for the lower class passengers?

(c) Is it a fact that lot of passengers getting down at this railway station have to go to Sadhora, a distance of 16 miles, and to Nahan, a distance of over 80 miles, by tongas?

(d) Is it also a fact that the passenger trains stopping at that station arrive either in the evening or in the morning?

(e) Is it also a fact that Barara is the only station for the passengers going to and coming from Sadhsaura, an important town in the Ambala District and Nahan, the capital of an important Indian State?

II. Are Government prepared to ask or suggest to the authorities concerned to continue to stop the fast passenger trains as before at Barara railway station?

The Honourable Sir Charles Innes: Fast passenger trains cannot be expected to stop at every station, otherwise they would cease to be fast, and the Government must leave it to the Railway Administration to decide at what stations such trains should stop and at what stations they should not stop. But a copy of the Honourable Member's question will be sent to the Agent.

HUNGER-STRIKE OF STATE PRISONERS IN THE MANDALAY JAIL.

1129. ***Mr. K. O. Neogy:** (a) When were Government first informed about the hunger-strike of State prisoners in the Mandalay Jail, and by whom?

(b) Will Government be pleased to lay on the table a copy of all the messages they have received on the subject?

(c) Did Government make any inquiries from the Local Government of Burma regarding the causes of the strike? If so, on what date and when was the reply received?

The Honourable Sir Alexander Muddiman: I would refer the Honourable Member to the statement made by me in the House on the 1st March and to the communiqué issued by the Government of Burma, which has appeared in the Press. As the Honourable Member is no doubt aware the strike at the Mandalay Jail ceased on the morning of the 4th March.

GRANT OF ALLOWANCES TO THE STATE PRISONERS AT MANDALAY FOR RELIGIOUS CEREMONIES.

1130. ***Mr. K. O. Neogy:** (a) How many representations were made by the State prisoners at Mandalay, to the local Jail officials or the Government of Burma, on the subject of the Puja allowances; on what respective dates were they made; and what replies were given thereto by the said authorities?

(b) Is it a fact that the Inspector-General of Prisons, Burma, informed the State prisoners at Mandalay that the Burma Government can merely make suggestions or recommendations, and that it is the Government of Bengal which finally sanctions the allowances and other expenditure of the State prisoners?

(c) Is it a fact that on the 25th of August, 1925, the Burma Government wired to the Bengal Government inquiring if the latter would sanction a certain amount for the performance of the Durga Puja by the State prisoners at Mandalay; and that the Bengal Government wired back on the 28th of August, 1925, to say that they declined to make any grant for the purpose?

(d) Is it a fact that the Chief Secretary to the Government of Burma wrote to the Jail authorities that in view of the decision of the Government of Bengal, the Puja expenses should be met by the State prisoners themselves from their diet allowance?

The Honourable Sir Alexander Muddiman: (a) A representation was received on the 25th August, to which the reply eventually given was that Government did not see its way to make any contributions from public funds towards religious ceremonies, particularly as adequate facilities were provided in the jail for the religious duties of the detenus. Meanwhile, as the Honourable Member is aware, the Superintendent of the Mandalay Jail had on verbal representations made by the prisoners, advanced sums aggregating Rs. 500. Subsequent representations were made and rejected after a reference had been made to the Government of Bengal.

(b) I understand that the Inspector General did make a statement to the effect that the amount of allowances was ultimately decided by the Government of India and the Government of Bengal.

(c) The Government of Burma communicated the prisoners' request to the Government of Bengal who refused it.

(d) Orders were issued to the effect that the amounts expended should be recovered from the allowances of the prisoners. As the Honourable Member is aware the recovery was subsequently waived.

Mr. K. O. Neogy: Were the representations referred to in clause (a) of my question forwarded to the Government of India by the local authorities?

The Honourable Sir Alexander Muddiman: I think so, Sir; but I should like to have notice of that question.

GRANT OF ALLOWANCES TO THE STATE PRISONERS AT MANDALAY FOR RELIGIOUS CEREMONIES.

1181. ***Mr. K. O. Neogy:** (a) When was the Durga Puja celebrated by the State prisoners at Mandalay; and when and from what source did the Government of India first come to know about the claim made by the said State prisoners for the Puja allowance?

(b) Did the Government of India hold any communications with the Burma Government on the subject, if so, on what dates did they send these communications, and on what dates were the replies received?

(c) Did any representations made by the State prisoners at Mandalay on the subject reach the Government of India; if so, what dates did they bear, and on what dates respectively were they received by the Government of India?

The Honourable Sir Alexander Muddiman: (a) and (b). I refer the Honourable Member to the statement made by me in the House on the 1st March.

(c) One representation was received by the Government of India on the 11th February bearing the date 16th January, 1926.

Mr. K. O. Neogy: Sir, may I put questions Nos. 1182 to 1187 standing in the name of Mr. C. S. Ranga Iyer? I have been authorised by him in writing to put these questions on his behalf. (Loud Applause.)

Mr. K. Ahmed: May I ask, Sir, whether my friend is representing in this Chamber the Swarajists who have walked out? (*Cries of "Order, order."*)

REPORT OF MR. PATTERSON ON THE TREATMENT OF STATE PRISONERS IN THE MANDALAY JAIL.

1182. ***Mr. K. O. Neogy** (on behalf of Mr. C. S. Ranga Iyer): 1. Is it a fact that Mr. Patterson, Commissioner of Prisons, England, was asked by the Chief Secretary to the Burma Government to inspect the Mandalay Jail and to submit a confidential report about the detenus there?

2. Is it a fact that immediately on entering the ward of the detenus and before making any inquiries whatsoever he remarked as follows:

"You are treated better here than in any other part of the world . . . May I take it that I have the pleasure of meeting eight of the most dangerous men in India?"

3. Is it a fact that on his making the said remarks, he was told that detenus were not prisoners and had not been brought to trial?

4. Is it a fact that in answer to certain questions put to him, Mr. Patterson confessed that he had not seen any jail outside Europe, and that there were no detenus in England?

5. What was the object of Mr. Patterson's visit?

6. Has Mr. Patterson submitted any report to the Government regarding the said detenus at Mandalay?

7. Are the Government going to publish the report? If so, when is the report likely to be out?

The Honourable Sir Alexander Muddiman: Mr. Patterson is visiting and reporting generally on jails in Burma and the Local Government considered it desirable that he should visit the detenus so as to have first hand information as to the conditions under which they were restrained and also give Government the views of one entirely unconnected with jail administration as to the arrangements and comforts provided. He has not made any formal report but has stated verbally that he regards the arrangements made as excellent. It is not proposed to issue any report on the subject. Government have no knowledge of Mr. Patterson's conversation with the detenus.

GRANT OF ALLOWANCES TO THE STATE PRISONERS AT MANDALAY FOR RELIGIOUS CEREMONIES.

1133. ***Mr. K. O. Neogy** (on behalf of Mr. C. S. Ranga Iyer): 1. Is it a fact that the Government refused to sanction any money for the performance of Pujas by the State prisoners at Mandalay? If so, on what grounds?

2. Is it a fact that they made a representation stating that in the Alipore Jail a sum of Rs. 1,200 per year is granted as allowance to the Chaplains attached to the jail for the benefit of Anglo-Indian prisoners there?

The Honourable Sir Alexander Muddiman: (1) I invite the Honourable Member's attention to the statement made by me on the 1st March.

(2) Yes.

PROVISION OF WARM CLOTHING FOR THE STATE PRISONERS AT MANDALAY.

1134. ***Mr. K. O. Neogy** (on behalf of Mr. C. S. Ranga Iyer): 1. Is it a fact that in December last the detenus at Mandalay asked Major Shepherd, the then Superintendent, to sanction expenditure on extra warm clothing required by the detenus?

2. Is it a fact that Major Shepherd offered convict blankets (otherwise known as coolie blankets) to Mr. Subhas Chandra Bose and other detenus?

3. Is it a fact that Mr. Subhas Chandra Bose indignantly declined the offer and brought the matter to the notice of the Inspector-General of Prisons, Burma? Have any steps been taken thereon?

The Honourable Sir Alexander Muddiman: The question of the provision of warm clothing is under the consideration of the two Local Governments. As an emergency measure, a brand new jail made hospital blanket was offered by Major Shepherd to Mr. Bose who complained of the cold. He took offence at this and the matter was brought to the notice of the Inspector General of Prisons, who was however satisfied that no offence was meant. The Local Government do not propose to take any further action.

CLOTHING ALLOWANCES FOR THE STATE PRISONERS AT MANDALAY.

1135. ***Mr. K. C. Neogy** (on behalf of Mr. C. S. Ranga Iyer): 1. Is it a fact that at the time of his last visit to Mandalay (*viz.*, in January, 1926), the Inspector General of Prisons, Burma, told the detenus there that the question of their allowance and decisions regarding their place of confinement rested with the Bengal Government and not with the Burma Government? Was that in direct conflict with the statements by Sir Hugh Stephenson recently in the Bengal Legislative Council?

2. Will Government be pleased to state whether his version is true or that of the Inspector General of Prisons, Burma?

3. Is it a fact that the allowance for clothing of the said detenus has been exhausted, and that the detenus are without any funds for meeting their clothing requirements till August next?

4. Is it a fact that the said detenus have made representations to Government for further grants for their clothing? Have any orders been passed on the said representations? If not, why not?

The Honourable Sir Alexander Muddiman: (1) The Inspector General of Prisons made a statement to the effect that the amount of allowances and places of confinement were ultimately decided by the Government of India and the Government of Bengal.

(2) I would refer the Honourable Member to the statement made by me on the 1st March.

(3) and (4). The clothing has been exhausted. The detenus have made representations in the matter and these are under consideration.

INADEQUACY OF THE ALLOWANCES OF THE STATE PRISONERS AT MANDALAY FOR THE PURCHASE OF NEWSPAPERS, MAGAZINES, TOILET REQUISITES, ETC.

1136. ***Mr. K. C. Neogy** (on behalf of Mr. C. S. Ranga Iyer): 1. Is it a fact that an allowance of Rs. 7 per month has been made by Government to each detenu for the purchase of two newspapers, one magazine, toilet requisites, stationery and other articles which do not come under the description of clothing? Is it a fact that the Inspector General of Prisons, Burma, has admitted that it is impossible to meet the above requirements within Rs. 7?

The Honourable Sir Alexander Muddiman: The increase of the allowance of Rs. 7 is being considered.

REDUCTION IN THE WEIGHT OF MR. SUBHAS CHANDRA BOSE, A STATE PRISONER AT MANDALAY.

1137. ***Mr. K. C. Neogy** (on behalf of Mr. C. S. Ranga Iyer): Is it a fact that Mr. Subhas Chandra Bose's weight has gone down and that his present weight is 156 lbs.?

The Honourable Sir Alexander Muddiman: Mr. Bose's present weight has been reduced to 144½ pounds owing to his having been on hunger-strike.

Mr. S. C. Ghose: May I ask the questions standing in the name of Mr. Amar Nath Dutt, Sir?

Mr. President: Has the Honourable Member been authorized?

Mr. S. C. Ghose: He has authorised me in writing. (Loud Applause.)

ARRANGEMENTS FOR FILLING THE OFFICIATING VACANCY OF
SUPERINTENDENT OF THE GOVERNMENT TEST HOUSE AT ALIPUR.

1138. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Is it a fact that the Superintendent of the Government Test House at Alipur is shortly going on long leave? If so, do the Government propose to appoint the Physicist of that office to act for him and appoint an Indian in place of the Physicist?

The Honourable Sir Bhupendra Nath Mitra: The reply to the first part of the question is in the affirmative. Government have decided to appoint the Physicist to officiate as Superintendent, Government Test House, during the absence on leave of the substantive incumbent and to entrust to him, as a purely temporary measure, the duties of the post of Physicist in addition to his own.

APPOINTMENT OF AN INDIAN TO OFFICIATE AS CHIEF CONTROLLER OF
STORES.

1139. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Is it a fact that the present officiating Chief Controller of Stores is shortly going on leave? If so, do the Government propose to appoint an Indian in his place?

The Honourable Sir Bhupendra Nath Mitra: The reply to the first part of the question is in the affirmative and to the second part in the negative.

NUMBER OF INDIAN GAZETTED OFFICERS WHO HAVE RESIGNED OR BEEN
DISCHARGED FROM THE INDIAN STORES DEPARTMENT DURING THE
PAST TWO YEARS.

1140. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Will the Government be pleased to state how many Indian gazetted officers appointed to the Indian Stores Department have resigned or been discharged during the past two years? What were the qualifications of these officers? Is it a fact that some of them were practically compelled to resign?

The Honourable Sir Bhupendra Nath Mitra: One Indian gazetted officer appointed to the Stores Department was discharged during the last two years. Another such officer expressed his intention not to renew his agreement with the Government on its expiry, and having secured another appointment before his agreement terminated, he resigned his appointment forthwith under Government. A third Indian gazetted officer resigned his appointment on the expiry of his period of probation. He had proved himself to be unsuited for the efficient performance of the duties of his post and was offered the option of resigning the appointment, which option he availed himself of.

A statement showing the qualifications of these officers is placed on the table.

Qualifications.

- (1) Of the Indian officer who was discharged :
 M.Sc., Calcutta (1st Class).
 D.Sc. (London).
 Premchand Roychand Scholar.
- (2) Of the Indian officer who resigned after securing appointment elsewhere :
 B.Sc., Calcutta.
 B.Met., Sheffield.
 Studied Metallurgy in London and Sheffield.
- (3) Of the Indian officer who resigned on the expiry of period of probation :
 Graduate in Science, Allahabad University.
 B.Sc. (Honours), Engineering (Civil, Mechanical and Electrical) of the University of Glasgow.
 A.M.I.C.E. of London.
 Associate Member of the Institute of Engineers and Shipbuilders, Glasgow.
 Member, Sanitary Institute, London.
 Holder of the Certificate of Proficiency in Engineering Science from the University of Glasgow.

THE OFFICIATING FINANCIAL ADVISER, POSTS AND TELEGRAPHS.

1141. ***Mr. S. O. Ghose** (on behalf of Mr. Amar Nath Dutt): Is it a fact that the present Financial Adviser of Posts and Telegraphs belongs to the Military Accounts Service and has had no previous experience of Post and Telegraph finances? If so, will the Government be pleased to state why no Indian officer of the Civil Accounts Department was appointed? What is the pay of the post and what is the pay of the post which the present incumbent held in his own service, prior to his present appointment? Was there no Indian officer of the Finance Department of sufficient standing available for the post?

The Honourable Sir Basil Blackett: The Honourable and absent Member presumably refers to the officiating Financial Adviser. He was appointed to officiate with a view to testing his capabilities in the same way as had been done in the case of two members of the Civil Accounts Department on previous occasions when an officiating appointment had had to be made. The pay of the post is 2,500—125—3,000, and the pay drawn before appointment to that post, by the present incumbent in his substantive appointment was Rs. 1,450 plus £30.

NON-OFFICIAL BILLS IN THE LEGISLATIVE ASSEMBLY.

1142. ***Mr. S. O. Ghose** (on behalf of Mr. Amar Nath Dutt): Will the Government be pleased to state:

- (1) The number of non-official Bills of which notice was given to introduce in the Legislative Assembly from January 1924—February 1926?
- (2) The number of non-official Bills that were actually introduced in the Legislative Assembly from January 1924—February 1926?
- (3) The number of non-official Bills that were actually taken into consideration from January 1924—1926, by the Legislative Assembly?

- (4) The number of non-official Bills that were passed by the Legislative Assembly from January 1924—February 1926?
- (5) The number of non-official Bills passed by the Legislative Assembly and rejected by the Council of State during January 1924—February 1926?
- (6) Whether any non-official Bill has become law during the period of January 1924—February 1926?

Mr. L. Graham: (1) (a) January to September Session, 1924—51 Bills.

(b) January to March Session, 1925—50 Bills.

(c) August to September Session, 1925—85 Bills.

(d) January and February, 1926—52 Bills.

(2) 40 Bills were introduced.

(3) 9 Bills were taken into consideration.

(4) 5 Bills were passed by the Legislative Assembly.

(5) 4 Bills were passed by the Legislative Assembly and rejected by the Council of State.

(6) None.

OFFICIAL BILLS IN THE LEGISLATIVE ASSEMBLY.

1143. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Will the Government be pleased to state the number of official Bills:

(1) notice of which was given for introduction;

(2) actually introduced;

(3) taken into consideration;

(4) passed;

(5) have become law from January 1924 to February 1926?

Mr. L. Graham: (1) (a) January to September Session, 1924—21 Bills.

(b) January to March Session, 1925—17 Bills.

(c) August to September Session, 1925—21 Bills.

(d) January and February, 1926—18 Bills.

(2) 73 Bills were introduced.

(3) 57 Bills were taken into consideration.

(4) 55 Bills were passed.

(5) 52 Bills (excluding two which were certified by the Governor General).

ALLOTMENT OF MORE TIME FOR NON-OFFICIAL BILLS IN THE LEGISLATIVE ASSEMBLY.

1144. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (1) Are the Government aware that there are a large number of non-official Bills pending?

(2) Is it the intention to allot more days for non-official Bills so as to facilitate the disposal of the pending Bills before the dissolution of the present Assembly?

Mr. L. Graham: (1) Yes.

(2) Under rule 6 of the Indian Legislative Rules it is the Governor General who allots days for the transaction of non-official business after considering the state of business in the Chamber. Owing to the present state of business there is no prospect of another day being allotted for non-official business during the current Session.

Mr. K. Ahmed: The majority of the Bills are given notice of by Members of the Swaraj Party who walked out of this Assembly. Is not that so?

Diwan Bahadur M. Ramachandra Rao: May I suggest to the Leader of the House that he will request the Governor General to allot some days for the Bills which are pending?

The Honourable Sir Alexander Muddiman: Quite definitely no. I told the House the other day that the state of Government business was very congested now and, unless the House proceeds with greater expedition to dispose of what business is on the paper, I am afraid much will be left undone.

Diwan Bahadur T. Rangachariar: Will the Government consider the desirability of advising or recommending to the Governor General to allot more time for the Legislative Session?

The Honourable Sir Alexander Muddiman: Sir, I am rather surprised at the request when I consider that two days were allotted to the House to discuss the Budget, but it has not done so.

Sir Hari Singh Gour: Is the Honourable the Home Member aware that it was the desire of this part of the House to discuss the general Budget, but that the Honourable the President unexpectedly adjourned the House?

The Honourable Sir Alexander Muddiman: No, Sir, it is not my information.

Sir Hari Singh Gour: Has the Honourable the Home Member's attention been drawn to a paragraph in the papers which appeared on behalf of the Independent Party, saying that they were not parties to the conspiracy of silence after Lunch on the first day?

The Honourable Sir Alexander Muddiman: That, Sir, I heard from the lips of my Honourable friend who sits opposite.

Khan Bahadur W. M. Hussanally: May I inquire what will be the last day of the Session?

The Honourable Sir Alexander Muddiman: I am not in a position to make any statement on that at present. It will depend on the progress of Government business.

Diwan Bahadur T. Rangachariar: May I ask the Honourable the Home Member if the two days mentioned were official or non-official days?

The Honourable Sir Alexander Muddiman: I quite follow the Honourable Member but they were allotted by the Governor General for the purpose of general discussion of the Budget.

Sir Hari Singh Gour: May I ask the Honourable the Home Member whether, after the Governor General had allotted two clear days for the general discussion of the Budget, why that time was curtailed, and whether any amends will be made to this House for the curtailment of the time allotted for the Budget discussion?

The Honourable Sir Alexander Muddiman: I may remind my Honourable friend of the well-known proverb, "You may bring a horse to the water but you cannot make him drink."

ARRANGEMENTS FOR THE DISPOSAL OF FOREIGN PARCELS IN THE CALCUTTA GENERAL POST OFFICE.

1145. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that Mr. C. D. Rae, Presidency Postmaster, Calcutta, drafted auxiliaries from the various Departments of the Calcutta General Post Office to work in connection with the disposal of foreign parcels despite the Government of India's sanction of overtime allowance for the work? If so, was he authorised to ignore the decision of the Government of India?

(b) Is it a fact that no arrangement for the work of the auxiliaries is made by him and that they have to pull up the arrears? If so, why?

(c) Will the Government please state what procedure is being followed at the Bombay General Post Office for the disposal of inward foreign parcels?

(d) Do the Government propose to order that the same procedure be adopted in Calcutta General Post Office?

The Honourable Sir Bhupendra Nath Mitra: (a) The Honourable Member's attention is invited to the reply given by me on the 22nd February, 1926, to part (2) of Mr. S. C. Ghose's unstarred question No. 169.

(b) It is presumed that the drafting of auxiliaries to the Foreign Parcel Department does not cause arrears, otherwise the Presidency Postmaster would not be able to spare their services.

(c) In the Bombay General Post Office the permanent staff of the Inward Foreign Parcel Department deals with inward foreign parcels up to a certain numerical limit, beyond which extra staff is employed according to an approved scale. The extra clerks are drawn from other Departments of the General Post Office and are paid at Rs. 2 a day, the extra menials employed are outsiders.

(d) No. On the contrary the Director General proposes to see whether the Calcutta system cannot be introduced into Bombay in pursuance of the policy of making the staff more mobile.

DRAFTING OF MEN FROM THE CORRESPONDENCE DEPARTMENT TO WORK IN THE PARCEL COUNTER OF THE GENERAL POST OFFICE, CALCUTTA.

1146. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Is it a fact that Mr. C. D. Rae, Presidency Postmaster, Calcutta, drafted men from the Correspondence Department, General Post Office, to work in the parcel counter? If so, will the Government please state the reason of such frequent drafting?

Mr. H. A. Sams: Yes. The reason is that it is imperative that the staff should be mobile in order to meet pressure of work at the rush hours.

LOSS OF PARCEL BAGS AND INSURED ARTICLES IN THE GENERAL
POST OFFICE, CALCUTTA.

1147. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that parcel bags and other valuable articles are left scattered in the Department and Mr. C. D. Rae, though requested to make necessary arrangements for the safety of the articles, has not taken any steps to do so?

(b) If not, do the Government propose to make inquiries and state the reason?

(c) Has the attention of Government been drawn to the fact that the loss of parcel bags and insured articles are on the increase in the Calcutta General Post Office and Calcutta Sorting during the regime of Mr. C. D. Rae in comparison with that during the regime of his predecessors? If so, have the Government ascertained the reason?

Mr. H. A. Sams: (a) No.

(b) Does not arise.

(c) No.

OVERWORKED OFFICIALS IN THE GENERAL POST OFFICE, CALCUTTA.

1148. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Are the Government aware that a leave reserve is not promptly sent to work in place of officials on leave especially in the Import, Registration and Parcel Departments of the General Post Office and in the several Town Sub-Offices and that the existing staff are compelled to manage the duties of the absentees in addition to their own, for a long time?

(b) Do the Government propose to direct the Presidency Postmaster to see that the officials are not subjected to such extra work?

Mr. H. A. Sams: The answer to both parts of the question is in the negative.

EMPLOYMENT OF VAN PEONS IN ALL THE SECTIONS OF THE RAILWAY
MAIL SERVICE.

1149. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Has the attention of the Government been drawn to the fact that van peons are not sanctioned by the authorities for all the sections of the Railway Mail Service and that the sorters are also required to do the work of the van peon in addition to their onerous duties?

(b) Will the Government please state whether it is a part of the duty of the sorters to do menial work as well? If not, why are van peons not sanctioned for all the sections in the Railway Mail Service?

Mr. H. A. Sams: (a) Yes. Van peons are sanctioned for Railway Mail Service sections where the duties are onerous.

(b) The work in question is not menial work. In some sections the work is not onerous enough to require the assistance of Van peons.

**CONTRACT WITH MESSRS. GARRAGE AND CO. OF MADRAS FOR THE
CONVEYANCE OF MAILS IN CALCUTTA.**

1150. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that the Government have entered into a contract with Messrs. Garrage & Co. of Madras under the terms of which the contractors have taken over charge of the conveyance of mails in Calcutta and of the motor fleet formerly under the control of the Postal Department?

(b) If so, will the Government please lay on the table a comparative statement showing the costs of mail conveyance in Calcutta before and after the contract?

(c) Is it a fact that the old motor vans have been sold to the contractors? If so, will the Government please lay on the table a statement showing the dates of purchase of the cars and their original price as well as the price at which they have been sold to the contractors?

(d) Will the Government please state if the contract system has resulted in any saving of expenditure? If the answer be in the affirmative, what will be the actual amount of saving annually? If the answer be in the negative, will the Government please state the reasons why the contract system has been introduced?

(e) Is it a fact that the services of all the motor-drivers who were attached to the Calcutta General Post Office motor fleet prior to its transfer to the control of Messrs. Garrage & Co., were dispensed with? If so, what was the length of the service of each individual?

(f) Is it not a fact that the motor drivers rendered faithful and efficient service during the gas strike and taxi-strike in Calcutta at great risk to their personal safety?

(g) Is it a fact that after transfer of the Madras General Post Office motor fleet to the control of Messrs. Garrage & Coy. the motor drivers whose services were dispensed with received from Government a decent amount as gratuity in consideration of their past service in the Department?

(h) Do the Government propose to sanction the payment of an adequate gratuity to the discharged motor drivers of Calcutta.

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

(b) A comparative statement is placed on the table.

(c) Yes. A statement is placed on the table.

(d) Yes. The annual saving at present is Rs. 84,000 approximately. The saving will be further increased by Rs. 6,000 per annum from the 1st September 1930, when the subsidy will be reduced to Rs. 16,500 per month.

(e) Yes. A list showing their names and length of service is placed on the table.

(f) No.

(g) Yes.

(h) As the men were holding non-pensionable appointments and were liable to discharge on a month's notice they are not entitled to any gratuity.

Statement laid on the table with reference to part (b) of Mr. Amar Nath Dutt's starred question No. 1150.

(a) Before the contract					Ra.
(b) After the contract					2,85,000 approximately.
					2,81,000
(b) includes { (i)					4,000 Extra "despatches.
(ii)					28,000 Pay of staff of mail department of the Calcutta General Post Office.

Statement laid on the table with reference to part (c) of Mr. Amar Nath Dutt's starred question No. 1150.

Class of vehicles.	Van No.	Date of purchase.	Original cost according to book.
			Ra.
1. Ford $\frac{1}{2}$ ton	53	May 1918	7,575
2. Ditto	640	September 1921	4,225
3. Ditto	674	December 1921	4,475
4. Ditto	1060	August 1924	2,800
5. Ditto	1076	September 1924	2,800
6. Ford 1 ton	251	November 1919	4,240
7. Ditto	261	December 1919	3,740
8. Ditto	262	January 1920	3,740
9. Ditto	272	January 1920	3,740
10. Ditto	270	February 1920	3,740
11. Ditto	296	April 1920	3,798
12. Ditto	297	April 1920	3,798
13. Ditto	151	May 1920	3,798
14. Ditto	298	May 1920	3,798
15. Ditto	199	August 1920	3,741
16. Ditto	200	August 1920	3,741
17. Ditto	515	April 1921	5,352
18. Ditto	673	December 1921	5,449
19. Ditto	676	December 1921	5,449
20. Ditto	685	January 1922	5,449
21. Ditto	684	January 1922	4,960
22. Ditto	699	February 1922	4,969
23. Ditto	708	March 1922	4,999
24. Ditto	1037	June 1924	3,200
25. Ditto	1048	July 1924	3,200
26. Denby $\frac{1}{2}$ ton	110	December 1918	8,484
27. Overland $\frac{1}{2}$ ton	100	July 1918	7,054
28. Ditto	101	July 1918	7,054
29. Ditto	102	June 1918	7,054
30. Ditto	105	June 1918	7,054
31. Ditto	106	May 1918	7,054
32. Ditto	20	August 1917	5,804
33. Federal $\frac{1}{2}$ ton	80	July 1918	8,456
34. Ditto	122	April 1919	11,544
35. Ditto	123	April 1919	8,503
36. Ditto	126	April 1919	10,651
37. Commer 3 $\frac{1}{2}$ ton	271	February 1920	13,813
38. Ditto	156	May 1920	13,692
39. Ditto	186	August 1920	16,242
40. Ditto	431	January 1921	14,642
41. Bulck	430	1918	6,500
42. } $\frac{1}{2}$ ton Trailor		1920	9,606
43. }			2,72,052

The total price payable by the Contractors is Rs. 37,155 as fixed by the Tribunal of Arbitration of the Bengal Chamber of Commerce. The sale price of each car is not yet available.

Statement laid on the table with reference to part (e) of Mr. Amar Nath Dutt's starred question No. 1160.

Name.	Date of entry in department.	Length of service.	
		Year.	Month.
1. Arjun Singh I	10th December, 1919	5	8
2. Narain Singh	Ditto	Ditto.	
3. Bhagwan Singh	Ditto	Ditto.	
4. Hari Pada Das	Ditto	Ditto.	
5. Amrita Lal Das	Ditto	Ditto.	
6. Abir Chand Ram	Ditto	Ditto.	
7. Sk. Abdul Karim	Ditto	Ditto.	
8. Mafzal Hossain	Ditto	Ditto.	
9. Debendra Nath Chatterji	Ditto	Ditto.	
10. Arjun Sing II	Ditto	Ditto.	
11. Sk. Abdulla Khan	Ditto	Ditto.	
12. Sukh Ram Das	Ditto	Ditto.	
13. Suchar Singh	Ditto	Ditto.	
14. Panchu Gopal Dutt	Ditto	Ditto.	
15. C. Gomes	Ditto	Ditto.	
16. Lachman Lall	Ditto	Ditto.	
17. Babu Lall	Ditto	Ditto.	
18. Jogendra Singh	18th January, 1920	5	7
19. Bisoon Das	28th April, 1920	5	4
20. Annada Prosad Das	5th May, 1920	5	3
21. Sk. Sukkur	10th May, 1920	5	3
22. Basanta Kumar Sarkar	11th May, 1920	5	3
23. Golam Ali Sircar	28th August, 1920	5	0
24. Satish Chandra Nag	1st March, 1921	4	6
25. Dal Singh	6th May, 1921	4	3
26. Santa Singh	15th May, 1921	4	3
27. Dharapaty Chakraburty	12th September, 1921	3	11
28. C. C. Banerjee	1st November, 1921	3	9
29. D. N. Sircar	10th March, 1922	3	5
30. S. P. Mitter	5th August, 1922	3	0
31. Narendra Nath Goswami	18th September, 1922	2	11
32. H. N. Ganguli	23rd February, 1922	3	6
33. J. N. Nath	18th March, 1922	3	5

APPOINTMENT OF MR. O. C. JACOB, LATE ASSISTANT TRAFFIC SUPERVISOR,
CALCUTTA GENERAL POST OFFICE, AS HEAD CLERK, MAILS.

1151. *Mr. S. O. Ghose (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that Mr. O. C. Jacob, the late Assistant Traffic Supervisor of the Calcutta General Post Office, who was recruited direct for the appointment specially created for him was discharged from the date of abolition of the motor fleet in the Calcutta General Post Office along with the motor drivers?

(b) Is it a fact that in reply to a reference made by the Honorary General Secretary, Provincial Postal and R. M. S. Association, Bengal and Assam the Postmaster General, Bengal, has admitted that Mr. O. C. Jacob has been transferred to the general line and appointed as Head Clerk, Mails, as a temporary measure?

(c) Will the Government please state why Mr. Jacob, who has no claim to any appointment in the general line, has been provided in a selection grade appointment in the general line even as a temporary

measure in supersession of the claims of a large number of deserving permanent officials?

(d) Do the Government propose to direct him to cancel the arrangement and fill up the appointment by a senior deserving official? If not, why not?

Mr. H. A. Sams: (a) Yes. Mr. Jacob's appointment came under reduction on the 31st August, 1925.

(b) Yes.

(c) and (d). Mr. Jacob had 5 years and 7 months' pensionable service when his appointment was brought under reduction. The action taken is in accordance with the provisions of articles 426 and 427 of the Civil Service Regulations.

TRANSFER OF MR. O'DELL FROM THE SUPERINTENDENTS' LINE TO THE POSTMASTERS' LINE.

1152. ***Mr. S. O. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that Mr. O'Dell who was recruited as a probationary Superintendent failed in the departmental examination for recruitment of Superintendents and has been appointed as a gazetted Postmaster on Rs. 350—650 over the head of several deserving senior officials?

(b) If so, do the Government propose to cancel his appointment and fill up the appointment by a senior deserving official in the Postmaster's line? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. Mr. O'Dell's transfer from the Superintendents' line to the Postmasters' line was made on equal pay.

(b) Government do not see any reason to interfere with the Director General's discretion in the matter.

COMPENSATION TO THE DEPENDENTS OF GOKUL BURMAN, A POSTAL RUNNER, MURDERED BY ROBBERS.

1153. ***Mr. S. O. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Has the attention of Government been drawn to the fact that one Gokul Burman, a runner in the Patgram Mathabhanga line, was murdered by robbers in broad daylight while carrying mails?

(b) Will the Government please say what provision has been made for his family?

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

(b) A pension of Rs. 4 per mensem was granted to the son of the deceased runner with effect from the 8th May 1925.

Mr. K. Ahmed: Was there any amount of money paid for the funeral or cremation?

Mr. H. A. Sams: I must have notice of the question.

LOCAL ALLOWANCES FOR POSTAL AND RAILWAY MAIL SERVICE OFFICIALS IN ASSAM.

1154. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): Will the Government please state how far the scheme of local allowances for postal and R. M. S. officials in Assam has been examined and with reference to the Honourable Sir Bhupendra Nath Mitra's reply to question No. 1059, on the 3rd March, 1925, what decision has been arrived at in the matter?

The Honourable Sir Bhupendra Nath Mitra: The Railway Mail Service officials in Assam already get local allowances. The scheme referred to by the Honourable Member related to the local postal staff only, not to the Railway Mail Service.

2. The result of the examination of the scheme was that orders were issued by Government in April, 1925, sanctioning the grant of compensatory allowance to the following officials:

- (1) the Inspectors of Post Offices, Sylhet and Karimganj sub-divisions,
- (2) the Sub-Postmasters and clerks of Kohima, Lakhimpur North, Mokokhung, Kongon, Mao and Sadiya Post offices, and
- (3) the Sub-Postmaster, Kolasib Post Office.

3. Government are also issuing further orders extending the concession to the Sub-Postmaster Dimapur, and the Branch Postmaster, Wokka.

ACTION TAKEN AGAINST MR. M. LAHIRI, SUPERINTENDENT, RAILWAY MAIL SERVICE, SILCHAR, FOR INSULTING THE SUB-POSTMASTER, KULAURA.

1155. ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Has the attention of Government been drawn to the fact that Mr. M. Lahiri, Superintendent, R. M. S., "S" Division, Silchar, insulted Babu Surendra Nath Gupta, Sub-Postmaster, Kulaura?

(b) Is it a fact that the Honorary General Secretary, All-India (including Burma) Postal and R. M. S. Union, represented the matter to the Director General of Posts and Telegraphs who in reply informed him that the matter was receiving his attention?

(c) Will the Government please state whether inquiry was made into the case? If so, what action was taken against the Superintendent?

The Honourable Sir Bhupendra Nath Mitra: Government have no information on the subject.

RENT OF THE QUARTERS OCCUPIED BY MR. R. H. LEGGE, TRAFFIC SUPERVISOR, GENERAL POST OFFICE, CALCUTTA.

1156 ***Mr. S. C. Ghose** (on behalf of Mr. Amar Nath Dutt): (a) Is it a fact that Mr. R. H. Legge, Traffic Supervisor, Calcutta General Post Office, has occupied the quarters intended for one of the Assistant Postmasters?

(b) Will the Government please state if any rent is paid by him? If so, how much?

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

(b) Yes. The Traffic Supervisor pays rent at 10 per cent. of his salary. He also pays charges on account of sanitary and electric fittings.

GRANT OF ALLOWANCES TO THE STATE PRISONERS AT MANDALAY FOR RELIGIOUS CEREMONIES.

1157. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that the expenses of the last Durga Puja and Saraswati Puja performed by the State prisoners and detenus in Mandalay Jail have not yet been paid by Government?

(b) Is it a fact that during the War, State prisoners and detenus confined in Rajshahi Jail were allowed to perform the Durga Puja, and a handsome grant was made by the Government for the purpose?

(c) Is it a fact that a similar grant was made for the prisoners confined under Regulation III of 1818 in the Hazaribagh Central Jail in Bihar on the occasion of the Durga Puja and Saraswati Puja?

(d) Is it a fact that the detenus confined in Berhampur Jail in January, 1925, were allowed to perform the Saraswati Puja, and that a sum of Rs. 50 was sanctioned?

(e) Will the Government please state what amount, if any, has been paid to or sanctioned for the prisoners in Mandalay Jail on account of such religious performances?

The Honourable Sir Alexander Muddiman: (a) As a special case, the expenses of the last Durga Puja amounting to Rs. 500 have been paid by Government. No allowance was made for the Saraswati Puja.

(b) No. The facts are that a sum of Rs. 250, the expenditure of which had been wrongly authorised in this connection by the jail authorities and objected to in audit, was later sanctioned by Government in the special circumstances of the case.

(c) The Local Government report that no such grants have been made.

(d) The answer is in the negative. The amount was met from the detenus' allowances.

(e) I have given the reply in answer to (a)

PAY OF THE STENOGRAPHERS ATTACHED TO THE RAILWAY BOARD OFFICE.

1158. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it a fact that the stenographers attached to the Railway Board office have not been given the increased scale of pay recently sanctioned for the stenographers by the Government of India, Home Department?

(b) If the answer to (a) be in the negative, will Government be pleased to state the reasons?

The Honourable Sir Charles Innes: Yes, for the reason that the Railway Department stands on a different footing from the other Secretariat offices.

HEADINGS OF WORK ASSIGNED TO MR. S. D. GUPTA, DIRECTOR OF
ESTABLISHMENT, RAILWAY BOARD.

1159. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please lay on the table a statement showing the headings of work done by Mr. S. D. Gupta, Director of Establishment and those done by his predecessor in office, Mr. F. Tomkins?

(b) Is it a fact that certain headings have been taken off from the work of Mr. S. D. Gupta?

(c) If the answer to (b) is in the affirmative, will Government please give reasons?

The Honourable Sir Charles Innes: (a) A redistribution of work of the Railway Board among the various branches of the Board's office had to be made in order to secure retrenchment of expenditure—*vide* pages 45 to 49 of the Proceedings of the Standing Finance Committee, Volume II, No. 3. The redistribution was made at the time Mr. Tomkins was Director of Establishment.

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

OBJECTION TO THE USE OF THE WORD "MUHAMMADAN" IN GOVERNMENT
PUBLICATIONS.

1160. ***Mr. S. Sadiq Hasan:** 1. Are the Government aware that the word Muhammadan which the Government use very often in their books and papers is incorrect?

2. Are the Government aware that the followers of Islam designate themselves as Moslems and are called by the same name by the sister communities?

3. Do Government propose to make this correction in their books and papers in future?

The Honourable Sir Alexander Muddiman: I have only recently heard that certain persons professing the faith of Islam object to being termed Muhammadans. Indeed, I have been informed that educated Muslims have, in connection with the present question, said they have never heard of any such followers objecting to the term. The term, so far as I am aware, has no objectionable significance, and further in certain phrases used throughout the English-speaking world, such as "Muhammadan Law", it would, I think, be impossible to effect any change now. If, however, the followers of Islam in this House can convince me that the feeling against the use of the term is widespread amongst Muslims and that substantially other Muslims have at least no objection to the proposed change, I am quite prepared to issue orders to secure that, wherever possible, in letters issued by the Government of India in future the term "Muslim" instead of "Muhammadan" shall be used. I consider that I am justified in asking for such proof in view of the fact that the term "Muhammadan" has been used for so long without objection.

Mr. K. Ahmed: Are the Government aware that, on account of not taking a sufficient number of "Muhammadans" in the Government offices, "Non-Muhammadan" officers are liable to commit such and similar mistakes all through from beginning to end?

The Honourable Sir Alexander Muddiman: I observe from my Honourable friend's supplementary question that he, at any rate, has no objection to using the term "Muhammadan."

NUMBER OF KASHMIRI OFFICERS IN THE INDIAN ARMY.

1161. ***Mr. S. Sadiq Hasan:** Will the Government please state the number of Kashmiri officers in the rank of Jamadar and in higher ranks in the Indian Army?

Mr. E. Burdon: I am not sure what the Honourable Member means by "Kashmiri officers". If the term Kashmiri excludes Poonch and Jammu, there are no Kashmiri officers serving in the Indian Army. Nor are there any statistics to show the number of officers from Poonch and Jammu.

(CONSTRUCTION OF A RAILWAY STATION NEAR THE KHALSA COLLEGE, AMRITSAR.

1162. ***Mr. S. Sadiq Hasan:** 1. Are the Government aware that a very keen need is felt for a railway station near the Khalsa College, Amritsar?

2. Are the Government aware that Mr. Wathen, the ex-Principal of the Khalsa College, obtained a promise from the Government for the building of a station near the Khalsa College?

3. Are the Government prepared to build a railway station near the Khalsa College?

The Honourable Sir Charles Innes: 1. The Khalsa College is within 2 miles of Amritsar station, which is easily accessible by road.

2 and 3. Government are not aware of any such promise, but in 1928, in order to serve the industrial requirements of the neighbourhood, the Railway Administration had under consideration the opening of a station between Amritsar and Chhehartà, which would have been nearer to the Khalsa College than the Amritsar station. As a result of subsequent examination, however, it was decided to hold the proposal in abeyance as it was found that industrial requirements could most conveniently be met by the gradual extension, as required, of a third line from Amritsar to Chhehartà.

UNSTARRED QUESTIONS AND ANSWERS.

RECRUITMENT OF OFFICERS IN THE ARCHÆOLOGICAL DEPARTMENT.

210. **Mr. N. M. Joshi:** Will Government be pleased to state what rules are in force for the recruitment of officers in the Archæological Department?

Mr. J. W. Shore: Assistant Superintendents are ordinarily recruited from among the Archæological scholars, while the posts of Superintendents are filled by the promotion of Assistant Superintendents.

INCREASE OF THE CADRE OF THE INDIAN ARCHÆOLOGICAL DEPARTMENT.

211. **Mr. N. M. Joshi:** Has the attention of Government been drawn to the article from a correspondent in the *Times of India* dated 19th entitled 'Fascinating finds in Sind'? Are Government taking steps to increase the cadre of the Indian Archæological Department with a view to promote research on scientific lines in the vast field of inquiry opened up in Sind and elsewhere in India?

Mr. J. W. Bhore: Yes.

RECRUITMENT OF GRADUATES OF INDIAN UNIVERSITIES FOR THE INDIAN ARCHÆOLOGICAL DEPARTMENT.

212. **Mr. N. M. Joshi:** (a) Are Government aware that a number of graduates of Indian Universities who have specialised in the study of the different branches of archæology are available for recruitment and practical training in the Indian Archæological Department?

(b) What steps are Government taking to ensure the recruitment of the fittest and most competent graduates?

(c) Do Government propose to introduce some competitive test before selecting candidates for recruitment in the Department?

Mr. J. W. Bhore: (a) Government are aware that some of the Indian Universities provide facilities for teaching in Epigraphy (namely, Gupta and Maurya inscriptions only) and the Pali language, but no arrangements exist for the study of other branches of archæology, e.g., sculpture, architecture, exploration, etc.

(b) Universities are usually asked by the Director General of Archæology to nominate candidates for the archæological scholarships.

(c) Not at present.

Mr. President: The remarks which I made yesterday have been taken by several non-official Members of this House as a reflection on them. It is my duty to assure them that I never meant to cast any reflection on them. What the Chair intended to emphasize was that the Government should not take advantage of the numerical weakness of the representatives of the people in this House and bring forward measures of a highly controversial character, except such as were necessary for the discharge of their responsibility and the carrying on of the administration. I might add further, that I feel, on reflection, that the Chair should not have made reference to its own powers, or have used language which might perhaps be construed as a threat to the Government, but should have awaited further developments before deciding on its course of action. (Applause.)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I confess that I left the House yesterday with a feeling of profound oppression. I will add nothing to the situation beyond saying that your words to-day have done much to relieve that.

THE GENERAL BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

DEMAND No. 16—CUSTOMS—*contd.*

Mr. President: The House will now proceed with the further consideration of the Budget (Part II).

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, before you proceed with the motion before the House, I understand from the Honourable the Leader of the House that the Government have no objection, if you will permit us, to our raising the general discussion as to the policy of the Government and as to the constitutional issue on the Executive Council Grant instead of on the Customs Grant with which we are dealing to-day. I understand the Honourable the Home Member agrees to that, provided, Sir, you will agree to it.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I certainly am quite prepared to take the discussion on Grant No. 28, when duly reached, if you have no objection.

Mr. President: If that is the general sense of the House, the Chair has no objection.

Sardar V. N. Mutalik (Gujarat and Deccan Sardars and Inamdars: Landholders): Sir, I move that the Demand under the head Customs be reduced by Rs. 1,001, the object being to discuss the tariff policy of the Government of India. Sir, before I come to the point, I must say . . .

The Honourable Sir Basil Blackett (Finance Member): On a point of order, Sir. I think your predecessor ruled that questions of tariff policy should be raised on the vote for the executive department concerned and not on the Customs vote, which has nothing to do with policy.

Mr. President: The Honourable Member might wait till the particular Demand is reached.

Mr. B. Das (Orissa Division: Non-Muhammadan): May I just point out that we are going to discuss the duties that are levied under this Customs head; I have given notice of an amendment on this.

Mr. President: The Honourable Member may raise that question under the appropriate Demand.

Inefficiency of the Administration of the Customs Department.

Sardar V. N. Mutalik: Sir, I move:

“That the Demand under the head ‘Customs’ be reduced by Rs. 100”
the reason being the inefficiency of the administration.

Sir, my point in moving this is that I feel that the administration of the Customs Department is not as efficient as it should be. Sir, there are many amendments which go to show that everybody feels that there is a good deal of smuggling going on, and the effect of such smuggling is the consequent loss to the Government. First of all, valuable articles are

[Sardar V. N. Mutalik.]

smuggled in various ways. When we were discussing the reduction of the saccharine duty, it was admitted on the part of the Government that smuggling is going on and the Government are unable to prevent this smuggling. Sir, there is smuggling going on not only with regard to saccharine, but it appears, as was shown at that time by my Honourable friend, Seth Kasturbhai Lalbhai, that valuable articles like silk cloth and gold thread are also smuggled. Besides these, various articles like liquor and perfumes are smuggled into British India from foreign territories in India; I might mention that obscene pictures also are similarly smuggled. I wish to draw the attention of the Government to this and I want to know what steps are being taken to prevent smuggling in all these respects. If we were to allow this sort of inefficient administration, the Government generally come before us with a plea for reduction of one sort or another of customs duty. Sir, I move this reduction.

Mr. N. M. Dumasia (Bombay City: Non-Muhammadan Urban): Mr. President, I think there must be something rotten in our tariff policy. Last year we passed a Bill to put up a barrier against smuggling from foreign territories, and what do we find? Japanese silk goods, on which a duty of 80 per cent. is levied, are allowed to enter free of duty from the Siamese frontier. I think Government should take steps at once either to put a duty on those goods or reduce the duty on Japanese silk piece-goods, so that smuggling may be prevented. I think it was an error on the part of Government which has put the Government and the merchants of Bombay to a very serious loss. People are allowed to bring in goods—not smuggled—but free, as there is no duty on the land frontier upon Japanese and Chinese silk piece-goods. This is a very extraordinary thing that honest merchants should be allowed to suffer while people who have dishonest intentions are allowed to bring in these goods without the least risk of being punished. This is due to an error on the part of the Government and I hope it will be rectified at once.

Dr. S. K. Datta (Nominated: Indian Christians): Sir, if you will permit me I shall withdraw (at a later stage) the motion of which I have given notice, namely, that the Demand under the head "Customs" be reduced by Rs. 100 (Smuggling of Opium and other drugs). I did not quite know what was going to be raised when my friend Sardar Mutalik moved his reduction and I think it will save the time of the House if I make my position clear at this stage with regard to the particular form of smuggling, namely, of articles that are prohibited from being brought into India except under special regulations. Sir, I refer to the smuggling of large quantities of cocaine and other drugs into British India. Those of us who are at all aware of what is happening and keep our eyes open, see almost daily references in the Press to hauls of cocaine that have been made by the police in various cities in India. I have a particular case in mind just now. A few months ago one of the magistrates in Calcutta referred to the fact that very large quantities of cocaine were coming into India and said that probably there were very important persons and interests who were involved in this particular form of traffic. If you will permit me, Sir, I would like to make reference to some of the international aspects of this cocaine traffic because it affects our position here in India.

Immediately before the signing of the Peace Treaty, it was discovered that there were a considerable number of nations, particularly, Germany, who had enormous quantities of cocaine and other medical drugs. The war came to an end suddenly and here were these large stocks. Under the Treaty of Versailles these stocks of cocaine and other drugs, it was agreed, were to be divided up among the allied powers. Great Britain and the United States refused to take any portion of these stocks; but France, Italy and Japan accepted their share of those stocks. Now, since the Peace Treaty, many nations almost simultaneously began to suffer from this illicit smuggling of cocaine. On one occasion an enormous haul of cocaine was made in New York by the police, which had been brought into America as a consignment of Italian olives. In 1928, in Calcutta, in one ship there were seized 600,000 doses of cocaine and in another ship the equivalent of 250,000 doses of cocaine; similar seizures of cocaine coming into British India have been made from time to time.

These are but glimpses of what must be an international trade. Another glimpse is given us by an American writer, Mr. Gavit. In a recent book, he quotes the following advertisements which appeared in a Japanese trade journal named the *Spot Goods Reporter*. In an issue of the 22nd October, 1920, the following notice appeared under the heading of "Spot Goods Offered":

No. 808: COCAINE, crystal, offer 100 tons in 25 oz. tins. Grade N. C. F. Dutch manufacture. Y 22 per oz. incl. duty, Spot Tokio.

Again:

No. 810: COCAINE, crystal, can supply any amount, up to 1,000 tons. In 25 oz. tins Boehringer's brand Y 21 per oz., duty paid, Spot Tokio.

When you consider, Sir, that the total annual medical requirements of the world are not more than 12 tons, and that here is a firm offering a thousand tons of cocaine, I say, Sir, there must be an international organisation behind it which is determined on finding markets for this cocaine which has been produced in these enormous quantities. Now, there are several ways of preventing an illegal trade of this kind, one by international action—and I am glad that India has been a party to an agreement at Geneva by which the production of cocaine will be restricted: the other way is by action in the ports in India, namely, by increasing our preventive services and making them more efficient. A third method of preventing smuggling into India of this contraband is by strengthening the law. I believe that not merely should deterrent sentences be inflicted on those who are actually caught dealing in cocaine, but penalties should be imposed upon the master of a ship in which these drugs are brought into this country; and further not merely should the master of the ship be held liable but the proprietors of the ship should also be penalised. Let it be known that at the Indian ports these precautions will be taken and that the law will be enforced not merely against those who actually smuggle but also against the ships that carry contraband and against their proprietors, and I am sure, Sir, that the traffic in cocaine and other drugs will soon cease. There is an international gang operating, but if the department will strengthen its preventive services, and penalise those who have any sort of connection with this traffic, I think a great deal can be done to stamp out this illicit trade in cocaine and other drugs.

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, while having a great deal of sympathy with the remarks of my Honourable friend Dr. Datta in his efforts to stamp out the ill use of cocaine, I must dissociate myself from his proposal that a penalty should be imposed on either the master of the ship or the owner which has the misfortune to carry it. I think really that Dr. Datta is too fair a man to mean that the master or the owner of a ship should be penalised unless guilt could be brought home to them. I would ask him how in the name of all that is reasonable can he suppose that the master of a ship could possibly find out what small doses of cocaine may be hidden in a ship's cargo? Has Dr. Datta any idea of the size of a ship's cargo or of the things that can be put on board and carried free of freight? How is it possible for any officer of the ship to find out whether any package contains opium or cocaine or to be responsible for it if it is carried without his consent or knowledge? The same remark would apply even more forcibly to the shipowner, Sir, and I would ask my friend Dr. Datta to be so good as to qualify his remarks by saying that he does not mean to penalise the ship master or owner unless guilt be proved against them.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Sir, as far as my information goes, I understand that the proprietors of ships and the shareholders of shipping companies pay very little salary to their *khalasis* and *sarangs* who are generally supposed to carry opium, cocaine and other objectionable drugs into this country because they are paid comparatively low salaries. Whenever these people go to foreign countries in the steamers, they generally bring opium and other drugs into this country because of the inadequate income which they derive from their employers, and it is these people who are ultimately sent to jail. It is high time, therefore, that the shipowners and shipmasters, especially the directors of Shipping Companies like my Honourable friend Mr. Willson who, I understand, represents several important shipping companies in Calcutta, should take the responsibility in some way or other, if smuggling takes place. I suppose it will be for the benefit of the country if the shipowners are made to accept responsibility in this matter.

Mr. A. H. Lloyd (Member, Central Board of Revenue): Sir, if I may go back to the beginning, the Honourable Member who moved this cut was primarily interested in the smuggling of dutiable goods, goods liable to high rates of duty. It must be admitted that, owing to the peculiar conditions of the sea and land frontiers of this country, there are opportunities for evasion of customs duty in certain cases where the amount to be made by such evasion is large, taking into consideration the intrinsic value of the goods or the difficulty of transporting them. In the old days, Sir, when we had a 5 per cent. tariff on most goods, and when the goods which were liable to high duties were goods that could not easily be transported on say mule back or in head loads (things like liquor), we were practically protected against smuggling by the mere accident of geography. It was not worth while taking a roundabout route which, in many cases, is very difficult, in order to avoid a low duty. It is well recognised now that certain duties that have been put on are so high as to remove that natural protection, and we are now face to face with very difficult problems that come upon us arising from the character of our frontier. We have land frontiers from the Persian Gulf round to Malaya which are almost impossible to protect completely in the manner

in which land frontiers in Europe for example are protected without an expenditure one would tremble to think of. Then again we have certain States in India which have seaports of their own and we have also the foreign territories belonging to European Powers in India which also act independently in these matters. The problems resulting from this situation have engaged the constant attention of the Department with which I am connected, and we cannot pretend that we have yet succeeded in solving them. The difficulties which they offer are, to any one who considers their character, very grave indeed, particularly where relations with other States and Powers are involved. I might draw the attention of the Honourable Member to the Report of the Indian Taxation Inquiry Committee, particularly to paragraphs 150 to 153 on this subject. That Committee points out, so far as the problem relates not to the external land frontiers, but to non-British ports in India, that a Customs *Zollverein* would be an ideal solution for the trouble; but I fear, Sir, it will be a considerable time before we succeed in reaching that solution. The Committee recommends that a special skilled inquiry should be inaugurated in order to consider the possibility of stopping the various gaps which occur in the present system, and I have very little doubt that, when the examination of this Report which the Honourable the Finance Member said will be taken up as soon as the Session is over, comes up, the question of conducting such an inquiry will be most carefully considered and probably be given effect to.

As regards one particular class of article which was referred to, that is to say, Japanese silk goods imported from Siam, I would ask my friend Mr. Dumasia to refer to the Gazette of India, dated the 27th of February, 1926, from which he will see that the Government of India have now applied the Indian Tariff Act so far as it relates to silk goods and manufactures and to silk mixtures

Mr. N. M. Dumasia: You had omitted it so long.

Mr. A. H. Lloyd: My Honourable friend complains that this action is belated. The explanation of that is a simple one. Hitherto the land frontier between Burma and Siam, which is one of considerable length, and much of which is in very wild country, has had no tariff applied to it. When we applied the tariff in 1924 to certain articles, our object was solely to prevent the importation through Siam of those goods which would ordinarily come by sea from other countries, not Siam. We discovered that such goods as matches, cigarettes and saccharine were being imported from Siam and they were not Siamese goods by any stretch of the imagination. When that action was taken in December, 1924, we considered the question of silk goods too and we ascertained that there was a considerable trade, which I might call a natural trade, in silk goods from Siam into Burma. That trade was a very long-standing one. It certainly had not sprung up as a result of the high duties because it was there in equally large volume when the duty was only 5 per cent. In fact, they were goods of Siamese manufacture. We therefore wanted to be very careful and see that we did not impose any undue hardship on anyone before we applied the tariff duty on silk goods to that frontier. It was only recently, Sir, that we got definite information that this loophole was being taken advantage of and that in addition to the natural trade in silk goods from Siam, the practice of importing silk goods from Japan and China had sprung up or was about to spring up. It had not gone

[Mr. A. H. Lloyd.]

very far before. It has not yet gone to any very great length. In actual practice I believe that some of the largest attempts of this sort, according to our information, are already in the process of organisation, and these will, I have every reason to hope, be unprofitable as soon as the notification of February 27th of this year comes into operation. I do not think, Sir, that considering our policy in the past with regard to those countries with which we have land frontiers, it can be a cause of complaint that we are careful before we extend the application of the Land Customs Act to goods which are in the ordinary course produced in those countries themselves.

Now, let me turn, Sir, to what Dr. Datta said about cocaine. In this respect the position is somewhat different. The problem is undoubtedly one which arises in the chief ports themselves. Cocaine is, although perhaps not to a sufficient extent, an article of contraband all over the world and it is not nearly so likely to be able to find its way through such places as Pondicherry as for example gold thread, which in Pondicherry is regarded as perfectly harmless and indeed is regarded in British India also as perfectly harmless as soon as it has paid its duty. So far as my information goes, cocaine smuggling is primarily concentrated in the chief ports and the question is how to prevent smuggling from the ships in these chief ports on to the shore. The profits of this unlawful trade are exceedingly high. The difficulties of checking it are, I think, to anyone who has visited any of the chief ports, almost staggering in their dimensions. In a place like Calcutta, you may have at one time many ships waiting to discharge their cargoes and take in new cargoes. They are frequently ships engaged in international trade—in continental trade. You may have a vessel which may have cocaine on board,—which has come from one of those countries, from which we are used to expect cocaine smuggling,—lying two or three weeks in port. You may have at any moment 20 or 30 such vessels which are suspect—when I say suspect, I mean which are engaged in trade of such a character that smuggling cocaine may be taking place. At the same time you may have another 20 or 30 vessels, or perhaps 10 or 20 at any rate, which may be used for the export smuggling of opium to the Far East or to Burma. The task therefore before the customs officers is a tremendous one and if we were to be able to say that we had stopped every chance of smuggling, we should have to entertain a sufficiently large staff to watch both on shore and on the vessel itself every one of those vessels. The cost would be tremendous, and even when that were done, one could not be certain of success. We have therefore concentrated upon the entertainment of a special rummaging staff. In a place like Calcutta, for instance, quite a number of officers are employed specially on this work. These staffs are of the nature of detective staffs. They watch suspected vessels and they conduct surprise searches to detect any smuggling that may be taking place. They also naturally depend very largely upon information in order to go to the place where they are most likely to be successful. It would be impossible for me to claim that they are sufficient to cover the ground. In fact I think it would be very hard to say what would be the minimum staff that could cover the ground. It would be something the cost of which would be very very considerable indeed. I am aware, Sir, that the House would not be disposed to grudge the cost if they were assured of getting full value for the money. Considering the

importance of the work which is being done, therefore, by these detective staffs I think that we can claim that we are doing a very great deal to meet the evil.

Mr. K. Ahmed: Not at all, Sir. Make the shipowners liable and put the burden on them.

Mr. A. H. Lloyd: What it comes down to is this. The first of the measures which Dr. Datta mentioned is really the one which is of the greatest importance, and that is, international action, and in particular, control at the source. It is on that that all effort must be concentrated. Any one who has studied the Convention arrived at by the Second Conference of the League of Nations at Geneva about a year ago will realise that if all the important nations come into that Convention and work it fairly, an enormous step forward will have been made. In all the international discussions at Geneva and elsewhere it has been constantly recognised that there is no hope of stopping smuggling of such deleterious drugs unless you can control them at the origin itself. That has been most emphatically stated on every hand and I personally feel that, although we must not relax our efforts in this country, the great hope for the future lies in the developments arising from the International Convention relating to dangerous drugs, if and when it is fully adopted by all the countries concerned. At present I am afraid we cannot be absolutely certain that it will be so acted upon, because I believe that the only country which has yet ratified that Convention is the British Empire. I have no doubt that other important countries will ratify it in due course. In this international sphere of action which is constantly taking place under the auspices of the League of Nations, one important point which must not be forgotten is that arrangements have been made for the exchange of information between various countries.

12 Noon. We now receive and in turn communicate through the League of Nations, or in urgent cases direct, full information of every case detected or which otherwise comes to our notice that can assist in checking this smuggling, and I feel certain that the development of this system will help us greatly to put our existing detective forces into the most profitable channel of employment. I do not think that it is the place for me here to discuss the point which led to a little controversy between Dr. Datta and Mr. Willson and Mr. Ahmed as to the question of amending the law pertaining to ship masters. The law as it stands imposes a pecuniary penalty on the ship's master if without any doubt the fact of his gross negligence and complicity in the smuggling can be brought home to him. The sort of action which Dr. Datta has in mind is more drastic. It would make it possible to prosecute a ship's master for failing to take very exceptional precautions. I am aware that action of that sort has been taken in other countries, I think I am correct in saying that the Straits Settlements have got a provision to that effect, and one Local Government has suggested to the Government of India that this country should put on its Statute-book a similar measure. Well, before this is done we shall have to consider very carefully the interests of those who are likely to be affected. It may be that the effect of such a measure would be so serious to shipowners that it might gravely affect the general facilities which are at present given in the matter of shipping traffic. Therefore, I do not think I can safely prejudge the decision of the Government of India on this matter either in one sense or the other, and that is all that I can say at the present moment on that point.

Sardar V. N. Mutalik: I beg to withdraw my motion.

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

Dr. S. K. Datta: I beg to withdraw mine.*

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

Reduction of expenditure by combination of the Customs Department with the Salt Department.

Mr. K. Rama Aiyangar (Madura and Ramnad cum Tinnevely: Non-Muhammadian Rural): I beg to move:

“ That the Demand under the head ‘ Customs ’ be reduced by Rs. 100,”

to consider reduction in expenditure by combining this with Salt administration. Sir, for some time I have been placing before the Government my view that these Departments which are now under the control of the Central Board of Revenue might be combined and that would save a lot of expenditure. I first put it before the Government in the shape of a Resolution, but I could not have it ballotted. I then moved this matter by a cut in the Demand last year, but unfortunately, when my Honourable friend, Sir Basil Blackett took objection that that discussion might come up later under the Central Board of Revenue, I agreed, but that Demand never came up for discussion later. While I was speaking on my first motion, my Honourable friend, Mr. Lloyd, explained to me the methods they proposed to adopt to combine the staff as far as possible. Though the discussion did not take place afterwards, I still thought that the Department was paying attention to the suggestions made by me and that something was being done to improve the administration and minimise expenditure. Under that impression I put a question which is now printed at page 419 of the Debates of the Assembly dated the 28th January, 1926. My question was:

“(a) Will Government be pleased to state what work has been done to combine the staffs of the Opium, Salt, Customs and Income-tax Departments so as to reduce expenditure as far as possible?

(b) If so, what steps have been taken and by how much has the expenditure been decreased?

(c) What further proposals have been made to give effect to this reduction in expenditure?”

Honourable Members might see that the trend of the question indicates that I had almost a hope, rather I relied upon the Department having taken up the question and actually effected some retrenchment in expenditure. But unfortunately I got a reply from the Honourable Sir Basil Blackett to the following effect:

“(a), (b) and (c). After careful examination of the whole question it has been found that for various reasons such as geographical conditions, necessity for knowledge of the vernaculars and so on, the combination of the staffs in question is not a feasible proposition.”

* “ That the Demand under the head ‘ Customs ’ be reduced by Ra. 100 (Smuggling of cocaine and other drugs into India).”

With that I was, I need not say, now thoroughly disappointed, but I propose to examine this answer in order to satisfy the Assembly whether there was any reason which might have prevailed upon the Honourable Member in charge to decide as he has done:

“For various reasons, such as geographical conditions, necessity for knowledge of the vernaculars and so on.”

I want to know how a combination of these Departments can be affected either by geographical conditions or by the necessity for knowledge of the vernaculars. I do feel that these Departments are working in places where the language is the same in many parts of India, and the combination of offices or duties could not be prejudiced by either geographical position or language that had to be known. For example, I will take Madras, or Bombay, or the United Provinces, or any other province for the matter of that. The geographical position, so far as Customs and Salt go, cannot affect the combination of duties. The salt officers and the customs officers, of course, may have work within a certain area. (Mr. A. H. Lloyd: “How big an area?”) Yes, that is the question. It would be 15 miles or 20 miles. Each Department has got various sets of officers and servants, appraisers, inspectors, etc. I can understand that a certain number of these officers in the lower rungs may be necessary either for the one department or the other. But I cannot understand how geographical position or knowledge of the vernacular is going to affect an attempt to combine these offices. I am now confining this particular motion to a combination of the Salt and the Customs Departments only. I have mentioned under other heads how some other Departments might be combined so as to save expenditure. I have also to refer to the report of the Taxation Inquiry Committee in this matter. I find that they have noticed this kind of extraordinary increase in expenditure going on because of Departments being started on separate occasions under separate schemes without any opportunity being given to consolidate them into one. I know that some years back the salt and excise revenues were collected by the same staff in the provinces. Recently a Resolution was passed by this Assembly to start Imperial Departments for some of these heads. The Provincial Governments helped in the collection of the revenues for the Imperial Government till a recent date and, if you only look up the expenditure for collection of all these Imperial revenues before 1921-22, you will find that the expenditure was only below one-half of most of these Departments—I mean Income-tax and Customs. It was below 45 lakhs some time back for Customs and below 22 lakhs some time back for Income-tax.

Mr. W. S. J. Willson: What are the collections now?

Mr. K. Rama Aiyangar: The collection now is considerably lower than it was some time ago for Income-tax.

Mr. K. Ahmed: No.

Mr. K. Rama Aiyangar: It was 22 crores for Income-tax three or four years back. It is now 16 and odd crores. Do not interfere at least please. You (looking to Mr. K. Ahmed) may ejaculate but do not correct me where you are wrong. Of course the customs revenue has been growing steadily and is bound to go up further and every attempt should be made to protect it as much as possible, and probably Mr. Lloyd will come forward with suggestions for protecting the customs revenue by adding

[Mr. K. Rama Aiyangar.]

to expenditure, to avoid smuggling and for similar other purposes. The Retrenchment Committee said in connection with customs revenue that they did not propose any reduction in expenditure except about Rs. 45,000 to be cut out in respect of the Bombay Customs Office. They did not say it in so many words but we have to infer from their words that at that time no increase in expenditure was needed, but since then our customs revenue has gone up considerably. I am not at all suggesting that the establishment that is now provided for Customs should be cut out to any extent, but I do say that the establishment that is now working for the Customs Department will be able with slight alterations to attend to their duties and the duties of the Salt Department with considerable efficiency. The question that arises therefore is not that geographical position or knowledge of vernaculars interferes but that the Department is not willing to pay attention to it as they expected to do some time ago. As I have already said, the Taxation Committee have referred to this aspect of the question of Departments being started independently on different occasions under different schemes which if properly looked into will save expenditure.

The Honourable Sir Basil Blackett: Will the Honourable Member give the reference in the Taxation Committee's Report? I do not quite follow him.

Mr. K. Rama Aiyangar: You will find the reference on page 446 where there is a summary of the recommendations. In clause (b) there the Committee say:

"the increase of specialisation and the separation of Imperial from Provincial functions have led to multiplication of departments and in the case of local bodies there has been a transfer to elected representatives . . ."

The Honourable Sir Basil Blackett: What has that got to do with Customs? It is municipal taxation.

Mr. K. Rama Aiyangar: It refers to departments being started on independent schemes. The detailed reference to this is in the body of the Report and I will give the reference in the course of the discussion. Therefore, my main object in bringing this motion is that the Department ought not to shirk the responsibility which it originally undertook. I do not take it as a promise. They practically conceded that the matter would be looked into. I will be able to show that if only they proposed to do it, considerable reduction will be possible. I find looking into the details of the Budget that in Madras about 16 lakhs of rupees have been spent on establishments for Salt and in Bombay 27 lakhs of rupees less monies disbursed to merchants and under contracts for purchase of salt. I exclude all this. I refer only to the portion spent on establishment. I find in Madras one Collector for Salt, four Assistant Collectors, four Appraisers, 274 smaller paid Appraisers and 122 clerks and 58 inspectors.

The Honourable Sir Basil Blackett: On a point of order. The Honourable Member is referring to Salt. I do not want this to be repeated on the motion for Salt.

Mr. K. Rama Aiyangar: I am showing how a reduction might be made. I have made a motion for a cut of Rs. 100 in order to draw the attention of the Government to the whole matter.

Mr. President: Will the Honourable Member go on. He is quite in order.

Mr. K. Rama Aiyangar: Thank you, Sir. Under Customs we find that the establishment provided is almost the same with a little extra. You find the customs establishment provides for a number of Assistant Collectors and a number of other officers, considerably overlapping each other. The question may be put to me whether the Customs Collector can attend to the Salt Department work. All that I say is that if there is one Collector for both, probably one assistant for each branch will take charge of the whole business. The Collector is only the directing authority. The Central Board of Revenue was started on that principle. In all these discussions I am bringing up I will once for all say that I will not repeat it again. My idea is that the whole difficulty is caused by only European officers being put at the head of the upper ranks. If only people that understand the habits and customs of the country and are in touch with almost all the important people in these areas are put in the higher rungs of the official ladder, there will be a considerable reduction and much trouble that is caused will be saved. One European officer is trained as Customs Collector. Another is trained as Salt Commissioner, and one does not know the work of the other, simply because he has been so trained. But the subordinate officers of the provincial services have been in both services and they are able to do the work of both very easily. It is partly a question of Indianisation no doubt, but what I say is that the whole thing will have to be worked out and it should be possible to save a lot of expenditure. You are spending about 80 lakhs of rupees on the customs staff throughout India; but the portion relating to salt will have to be combined only in a few places. In fact the customs may not at all have to help or relieve the salt staff in many places in the country, because you do not require a salt staff in most of those places. But where these two co-exist, in such centres it should be possible to reduce expenditure by many lakhs. It has been suggested that 25 lakhs would be spared from this Department, but that is not what I rely on. When I originally sent a Resolution on this for balloting I worked it out that, if these Departments were worked together, there would be more than one crore of expenditure saved. That is my view. Of course my friend Sir Basil Blackett never agreed with me in my statements on questions like this, but if he will only take it up there would be considerable saving. In Madras and Bombay, as I said, much of the expenditure of the Salt Department might be decreased by combining the duties falling on the superior officers of the Salt Department and the Customs Department. The number of superior officers will no doubt have to be added to to a small extent. I have been here for the last two and a half years and I have never failed to press this view. In fact when I come to Income-tax and Opium I will deal with the expenditure incurred by the British Exchequer in connection with the collection of Customs and Income-tax. My impression is that they have been able in England to combine the staff for these various taxes.

The Honourable Sir Basil Blackett: No, that is quite wrong.

Mr. K. Rama Aiyangar: I will just refer to that later. I do not want to do so at this stage as objection may be taken to its being brought under this head.

[Mr. K. Rama Aiyangar.]

Now in paragraph 574 of the Taxation Inquiry Committee's Report they say:

"To sum up, the pivot of the tax administration in the case of Imperial taxes should the Central Board of Revenue direct, but with separate co-ordinating staffs to deal with customs and salt in the case of provincial taxes, etc."

That is what I have been urging, Sir, from the commencement, and it is quite possible to reduce expenditure if only it is properly combined. I expect the question to be dealt with sympathetically and with advantage to the country and to the tax-payer.

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): Sir, there was some objection on the part of the Honourable the Finance Member to allow this point to be discussed together with the Salt and other Departments, but I am afraid the reorganisation question so overlaps in several Departments that it is worth while taking it under the larger rather than the smaller heads. Paragraph 566 of the Taxation Inquiry Committee's Report is worth perusal. It reads:

"The chief Imperial taxes are customs, income-tax, salt and the excise duties on cotton goods and petroleum. The customs at the chief ports are administered by the Imperial Customs Department, those in the outports and on the land frontiers in Madras by the Customs Department, in Bombay by the Salt Department, in Bengal and Burma in some cases by officers of the Royal Indian Marine and in others by officers of the Local Government, and in Bihar and Orissa by officers of the Local Government."

That itself shows that a reorganisation covers a number of Departments small and large. Secondly, Sir, I would like to draw the attention of the House to paragraph 570.

"The solution that suggests itself is a certain measure of interchange of officers."

And then, omitting one sentence, they go on:

"The possibility that suggests itself is a partial amalgamation with the customs staff, both in outports and generally in preventive work. It has been pointed out that smuggling is very largely on the increase, especially on the land frontiers, and it might well be of considerable benefit, during the off season for salt, to be able to call upon that department to strengthen the staff in particular places or to supply a flying squad to deal with special cases."

As we see from the Report itself the establishment for collecting revenue from customs is distributed under various Departments. We have even in the Marine Department some collecting staff. This sub-division has existed since a long time. With the growth of the customs tariff between 1913 and this date our customs revenue has increased from about 6 to 7 crores to about 45 crores, and the tariff has grown up in such a way that it does require overhauling with a view to recasting not only the tariff itself but the machinery for collecting the revenue. The tariff has simply grown up wild as it were—a bunch here, a bunch there and so on; and it does require to be collected together in order that the expenses of collection may be brought down to a minimum. In the case of customs revenue the usual argument is that it is a tax which can be easily and economically collected. If that is so, then surely the expenses of collection must be very small. But if we take the expenditure under these different heads and compare it with the ratio of collection expenses of other countries, we will find that the cost of collection is high in India and comparatively

heavy. It is therefore necessary, Sir, that an attempt to reorganize the whole customs staff on the lines indicated by the Taxation Inquiry Committee is necessary at this juncture. Not only will it serve our purpose of facilitating the collection of revenue and ensuring economy, but it will serve to facilitate preventive work as well. We have noted—and it was also suggested in this House—that the preventive work becomes very difficult many a time. With such reorganization, the Taxation Inquiry Committee suggests, we can make use of some of the staff which is lying idle in the off season of the Salt Department and use it for preventive work. There will then be no excuse for a good deal of the loss of revenue that we now have. With these words, Sir, I support the amendment moved by Mr. Rama Aiyangar.

The Honourable Sir Basil Blackett: Sir, Mr. Rama Aiyangar appealed to me to give this proposal my sympathy. I can assure him that it is a subject which I have always approached with very considerable sympathy. The possibility of effecting some reduction in the total cost of the collection of revenue by the amalgamation of Departments is always one which must appeal, because not only does it save money but it makes for efficiency when it is possible. The House will remember that one of the early results of the appointment of the Central Board of Revenue was that we were able to combine the office of the Opium Agent in the United Provinces with the office of Income-tax Commissioner, with results that have been very beneficial I think. But it does not mean that everything that Mr. Rama Aiyangar proposes is possible. I think he said that if we were to introduce the sort of economies which he, if he were in charge, would introduce, he would be able to save a crore in the expenditure of the Income-tax, Customs, Opium and Salt Departments. Well, now excluding payments for opium and salt compensations and payments for the cost of manufacture, the cost of the four Departments together is just over 2½ crores. Does he really think that he can save a crore out of that? He may say so, but

Mr. K. Rama Aiyangar: I may just say that I referred to all the four Departments—Customs, Income-tax, Salt and Opium. Taking all the Departments together, their expenditure can be reduced by about a crore

The Honourable Sir Basil Blackett: But their total cost is at present 2½ crores, and he says it can be reduced by one crore!

Mr. K. Rama Aiyangar: 3 crores is the total.

The Honourable Sir Basil Blackett: The total cost is under 3 crores, it is just over 2½ crores. I am always reminded when Mr. Rama Aiyangar talks of the poet who said that:

“You can work it out by fractions,
Or by simple rule of three,
But the way of Tweedledum,
Is not the way of Tweedledee.”

I am afraid I can never reach that crore. Now I promised more than once that I would go very fully into this question of the possibility of amalgamating the Salt, Opium, Income-tax and Customs Departments

[Sir Basil Blackett.]

so far as was possible. The answer to the question which Mr. Rama Aiyangar read out had reference to the amalgamation of Customs, Salt and Income-Tax, and if he will think a little, he will realize how important the knowledge of the vernaculars is for income-tax work. As a result of the debates last year we have during the year gone very fully into this question. The matter has been examined in careful consultation with the Commissioner of Income-tax, the Collector of Customs and the Collector of Salt Revenue in Madras and the Commissioner of Income-tax, the Collector of Salt Revenue and the Collector of Customs in Bombay, and we have gone very fully into the whole possibility. I would like first of all to give a summary of the result, and in doing so I should like to mention that the figures produced by Mr. Rama Aiyangar last year in regard to the tremendous increase in the cost of these Departments drew the attention of the Madras officials to the subject, and they have proved very conclusively that they do not agree with Mr. Rama Aiyangar's figures and that Mr. Rama Aiyangar's statements so far as Madras is concerned are clearly incorrect. In the case of the Income-tax and Salt Departments the cost of the establishment is now substantially lower than it was in 1921-22. It is true the cost of the Customs Department has gone up, but that is due to special causes. Let me give some figures in regard to Income-tax. In the year 1921-22 our direct expenditure was Rs. 4,34,000. In addition we paid Rs. 5,35,000 to the Local Government by assignment for collection—a total of Rs. 9,69,000. The figure in 1925-26—of course still partly estimated—is Rs. 7,77,000 direct and Rs. 20,000 by assignment to the Local Government, a total of Rs. 7,97,000, as against Rs. 9,69,000 in 1921-22. The actual figure for 1924-25, was only Rs. 7,10,000, but I have given the estimate for 1925-26, rather than the actual for 1924-25, so as not to risk overstating the case. You will see that there is a very considerable reduction. The creation of a separate Income-tax Department resulted in a saving of Rs. 1,72,000. As regards Salt, prior to the separation of the Excise and Salt Departments, the average expenditure of the Government of India during the three years 1921-22, 1922-23 and 1923-24, under the headings "Pay of officers and establishment" and "Allowances" was Rs. 10,40,000 and Rs. 1,38,000. The expenditure in 1924-25 was Rs. 9,14,000 and Rs. 62,000, a saving altogether of Rs. 2,02,000. If the head of "Supplies and Services" and "Contingencies" is also taken into consideration, there is a saving of Rs. 2,32,000. The creation of a separate Salt Department under the Government of India has also resulted in very clear economies. In the Customs Department there has been a very considerable increase, but that is almost entirely accounted for by additional preventive work and is largely covered by recoveries. I will not go into the actual figures, but the effective increase in the case of the Customs establishment between 1921-22 and 1924-25 is only Rs. 29,000 and in considering the changes which are being effected in our tariff and the introduction of preventive duties, I do not think that the Honourable Member can say that there has been extravagance. Now I come to the question of amalgamation. The general upshot is that we have come to the conclusion that no retrenchment is possible by the amalgamation of any one of the three Departments. In general, it is objectionable to render officials dealing with such technical subjects as Salt, Customs or Income-tax liable to transfer from one Department to another. The officer—I have

heard this charge made in another connection—liable to such transfer may become “the Jack of all trades and the master of none”. This was definitely recognized at the time of the original separation of the Madras Salt and Madras Customs staff. Then the localities in which each Department has to work do not coincide. Salt factories are scattered along the coast often in lonely inaccessible spots. The customs work is concentrated in ports, while Income-tax work extends through the interior of the province. In a few places the work of the three Departments does coincide, for instance in Tuticorin. The work is very heavy in each Department. It is the second largest port in the Madras Presidency, and the Customs Inspector and the Income-tax Collector cannot combine. The Salt Inspector is the hardest worked Inspector in the Presidency and is in charge of several factories, and the recent reorganization of the three Departments has already reduced the staff to a minimum.

Then there is the point raised by Dr. Lohokare. In order to save expenditure in travelling allowances he referred to the possibility of having customs outport inspections done by the Salt and Income-tax Commissioners. Unfortunately it is not feasible. In the first place the Salt Assistant Commissioners cannot possibly undertake additional work. There are only two Assistant Commissioners in executive charge of sub-divisions as against three Deputy Commissioners and six Assistant Commissioners formerly dealing with salt work. It is well known in the days of the combined Department that salt engaged a very large proportion of the time of the superior staff. Two Assistant Commissioners are now performing the work that was formerly done by 9 officers with very small additional relief. We have also considered the possibility of one officer being at the head of the two Departments. The Income-tax Commissioner at first thought that, as his Department settled down and he is relieved of part of the work, it might be possible for him to take over salt. That proposal had to be abandoned. High Court references, inspection of income-tax offices, re-opening of cases in which there has been under-assessment and so on are keeping his time fully occupied. The Collector of Customs could not possibly undertake the detailed inspection.

I hope the House will see from what I have been able to give them in regard to Madras that we have taken this matter very seriously and that we have done our best to see whether Mr. Rama Aiyangar's idea of amalgamation could not be carried out. It is an idea which indeed existed before Mr. Rama Aiyangar's time. What applies to Madras applies *mutatis mutandis* to Bombay. Much as we should like to have been able to do something in that direction, it has not been found possible. At the same time, I would draw the attention of the House to the figures I gave in regard to the cost of tax collection in Madras. There has been a considerable decrease as a result of the improved arrangements in the taking over of the work by the Central Board of Revenue in the case of Salt and in the case of Income-tax and hardly any increase in the case of Customs. There has been practically no change in spite of the very large increase in the complexity of the tariff. I hope that in view of what I have told the House the Honourable Member who has moved the motion will be willing to withdraw it, recognising that the Central Board of Revenue so far from deserving to be condemned deserve to be congratulated on the achievement which they have produced.

Mr. K. Rama Aiyangar: Sir, I withdraw my motion.

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

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, as this motion* (No. 5) raises a question of policy, I want to discuss it under the Finance Department grant.

Revision of the Tariff.

Dr. K. G. Lohokare: Sir, I move:

"That the Demand under the head 'Customs' be reduced by Rs. 100."

The purpose for moving the reduction is to consider the revision of the tariff. The present tariff and the Schedules have been considered by the Indian Taxation Inquiry Committee and the next stage of recasting these Schedules has therefore to be undertaken. We have a certain classification in the Schedules which it will be necessary to recast. We will have to divide the Schedule or rather consider the changes in the Schedule under three or 4 headings. The first will be

Mr. K. O. Neogy: On a point of order, Sir, I thought on a similar motion in the morning it was ruled by you that this question of policy should be raised under the Grant for the administrative department concerned, and it was on that understanding that some of us have not moved our motions.

The Honourable Sir Basil Blackett: I was waiting, Sir, to see what Mr. Lohokare's point was before rising on the very same point of order. If he is going to discuss the revision of the tariff, I think it will come very conveniently under the vote for the Commerce Department.

Mr. President: The Chair has allowed the Honourable Member to proceed in order to find out whether he really wants to discuss the tariff policy.

Dr. K. G. Lohokare: Sir, I want to discuss the revision of the rates in the Schedules.

Mr. President: He cannot discuss the revision of the Schedules without discussing the tariff policy.

Paucity of Mussalmans in all grades of the Customs Department in Bengal.

Mr. Ahmad Ali Khan (Assam: Muhammadan): Sir, I move:

"That the Demand under the head 'Customs' be reduced by Rs. 100."

I move this motion with a view to draw the attention of the Government to the small number of Mussalmans in the Customs Department. The attention of the Department was drawn last year to this and we asked the Honourable Member in charge to recruit more Muhammadans if possible as Appraisers in the Customs Department at Calcutta. If I am not wrong, the number is something like 17 and there is only 1 Muhammadan; even that one Muhammadan is not on a permanent footing. I am told that

*That the Demand under the head 'Customs' be reduced by Rs. 100 (Export duty on jute).

Muhammadans with the requisite qualifications, namely, with some experience of business, are forthcoming and it depends on the attitude of the Honourable Member in charge whether more Muhammadans are to be recruited or not. To my knowledge the Customs Department in Calcutta is in the same position as elsewhere, no better, if not worse. I should like to have some statement from the Honourable Member that he will consider my motion sympathetically.

Mr. K. Ahmed: Sir, not only last year but for the last 3 or 4 years I have been speaking on this motion, but the Government have not paid any heed to my speeches. Sir, it was only last year, when there were 12 vacancies, that information was given to His Excellency the Viceroy and certainly also to the Customs Officer at Calcutta. Mr. Lloyd knew it perfectly well and also the Honourable Member in charge of the Finance Department, my Honourable friend Sir Basil Blackett. They have, Sir, treated this matter very lightly. But, Sir, His Excellency the Viceroy and His Excellency the Governor of Bengal have from time to time been promising, but the office of my Honourable friend Mr. Lloyd is rather smuggling cocaine. His Department, Sir, is so corrupt, his Department is so imperfect, that unless Mr. Lloyd takes special and sufficient steps to put matters right, we are here and will criticise him and his actions. Sir, it was in 1923 in the last reformed Council, that is, when the first reformed Council was going to be dissolved and the new elections were coming on, that I, in this House and in this place at Delhi and at Simla, took exception to this, and I have been strongly supported and finally returned by my constituency as I worked very hard indeed. (Applause and Laughter.) The Swarajist propaganda to prevent my election did not help them much. But what is the subject matter here? Am I to understand that Government are very benign and the Department of my Honourable friend Mr. Lloyd is very sympathetic? It seems to me, Sir, that Mr. Lloyd's heart is very hard. Mr. Lloyd goes to Calcutta on tour from time to time and we find in the Budget that so much money is spent on his travelling. But what does he do? We have approached him and his office both here and at Simla. We sent letters to him at Calcutta. We also sent telegrams to His Excellency the Viceroy praying that the Department should meet our demands. The Honourable Member in charge of the Finance Department comes here once a year after 11 months and says: "So much is the Demand, will you pass it?" Sir, there are still some Members in the lobby and inside this Chamber. Of course, the Swarajists have now deserted us and he has to depend upon us at any rate. He knows that in case of a division we may not have a majority. (Laughter.) He knows that his five years will be over next year and then he will go back to that beautiful country where he came from. But what has happened in the meantime to these poor Indians? Sir, there is a lot of smuggling going on in the office of Mr. Lloyd. Mr. Lloyd himself has been a customs officer and as such has gathered a lot of experience. But what is the good of his having that experience when he did not help us at all? Sir, the true fact is that in his office there are many subordinates who are not doing their work honestly. Sir, some time back I happened to be in the Customs Office in Calcutta which is "very close" to the High Court where justice is dispensed. But the justice that is dispensed in the Customs Office is "far away" from that of the High Court of Justice. Sir, there I heard the rumour that the subordinates take bribes. (Laughter.) Mr. Lloyd himself admitted already in a previous discussion that he has got

[Mr. K. Ahmed.]

a number of preventive and detective officers who are employed for the purpose of stopping the smuggling of cocaine. But, Sir, in the office itself there is a smuggling going on. Why does he not keep a good staff? Only 5 minutes ago I heard my Honourable friend Mr. Rama Aiyangar saying that Indians have a special knowledge and experience of the subject and are therefore the best men to serve the country. People who have got foreign ideas and not local and special knowledge are not fit persons to detect smuggling. Sir, for the Customs Office you require a variety of people, people from the various parts of India and Bengal. Sir, in the Customs Office a great injustice is being done. Out of 17 Appraisers not one of them is a Muhammadan with a permanent appointment. That is another mistake which is made by the people at the head of the administration. Sir, during question time they use the word "Muhammadans" for "Mussalmans" or "Muslims" which they are borrowing from the English people. They ought to use the word "Mussalmans". That is also a grievance. (Laughter.) Sir, this smuggling is done by various persons. Even shipowners, shipping agents and other Indians are not immune from it. These people do a lot of smuggling. You require Muhammadans to go to the Customs Office and appraise that matter; otherwise, your department is mismanaged. You have so many highly paid officers and, notwithstanding that, smuggling takes place because these officers take bribes. You are not properly controlling your officers and I am here to put that mistake right.

Mr. A. H. Lloyd: Who takes bribes?

Mr. K. Ahmed: The officers whom you appoint.

Mr. A. H. Lloyd: On a point of order, Sir. Is it fair to accuse responsible officers outside this House of taking bribes?

Mr. K. Ahmed: Sir, if they do not take bribes, my Honourable friend certainly admits that they are doing an injustice. 17 people were appointed as Appraisers and yet not a single Muhammadan was among them permanently appointed. And still you say you do justice? You are charged with gross negligence. Does it not come to that? Mr. Lloyd has had extraordinary experience, and after being lifted to a high place with a high salary, he sits among the beautiful hills of Simla, he comes from the beautiful town of Calcutta to the Imperial city of Delhi. It is very probable that on account of the substantial work done in the Department that he has had a lot of experience. But justice must be done. What has he done? With regard to the other appointments, namely the Appraisers, out of 17 he has not permanently appointed a single Muhammadan.

Turn to page 4. What about Preventive Officers. How many Muhammadans are there among the two or three dozens that you have? If in the Calcutta Customs House they do not take bribes, do you admit that again and again gross injustice is being done there to Muslims. His Excellency the Viceroy forwards our memorials to your office, you are the Member in charge of the Central Revenue Board and you sit tight; you go to Calcutta so many times and come back without looking into these matters.

Let us see the third item. What about the clerks? Cannot you turn to the University calendar and see how many Muhammadans have passed the B. A. examination? Is there not any reliable Head Baboo or Head

Clerk in your office at Calcutta to enlighten you, so that you can appoint these people? There are so many applications forwarded to you, I forwarded several applications myself, and you write to me that the matter will be considered. And how many letters have you written to me and to the applicants? You have not paid any heed to them and still you say they don't take bribes. How do you know? I charge you from the top to the bottom with doing injustice and being guilty of gross negligence. Unless you give us a definite promise, don't you think the Demand ought not to be passed? You do not care because the Swarajists are not here. I ask each and every Member of Government to outcaste Mr. Lloyd just as Mr. Rangachariar and Sir Sivaswamy Aiyer sitting over there have been outcasted and deserted by the Swarajists. If you have got a sense of justice give us a definite undertaking. I am very sorry to have troubled you but I had to put this matter before you in this manner, so that you may not take objection to it.

Mr. A. H. Lloyd: Sir, from the concluding sentence of the Honourable Member's speech I gather that he is prepared in a kind of grudging, half-hearted way to withdraw the charge of bribery against me.

Mr. President: Order, order. The Honourable Member never made a charge of bribery against the Member representing the Central Board of Revenues.

Mr. K. Ahmed: Not against him, Sir.

Mr. A. H. Lloyd: He has, however, still left standing the charge of hard-heartedness. I am sorry to seem hard-hearted, but the only way in which it seems to me that we could meet the Honourable Member's wishes would be to behave in a very much more hard-hearted way than we are now doing, because it would involve the dismissal of a very large proportion of our service in order to make room for Members of a particular community. The Government of India have now accepted a certain policy as regards representation of communities which was stated by the Honourable the Home Member about a year ago, and that has been communicated to Collectors of Customs and they have been instructed to bear that policy in mind when making appointments. But that policy can only be applied to recruitment as it is made as vacancies occur. You cannot say that, because we have had, say, 20 Hindu officers appointed in previous years, therefore the next ten or twenty appointments must be given to Muhammadans.

Mr. K. Ahmed: I did not say that either.

Mr. A. H. Lloyd: You cannot redress the balance of the past immediately; patience is necessary for that. You can only apply this consideration of the different communities to newly recruited staff. It must be admitted, Sir, that when a number of appointments were made in Calcutta about two years ago, amongst those selected for appointment there was only one Muhammadan. The position in Calcutta now is that amongst the Appraisers there is only one Muhammadan to 12 Hindus, 5 Indians who are not Hindus or Muhammadans . . .

Mr. K. Ahmed: Why do you call them Indians?

Mr. A. H. Lloyd: I would refer the Honourable Member to Dr. Datta. I think Dr. Datta claims to be an Indian—17 Anglo-Indians or domiciled

[Mr. A. H. Lloyd.]

Europeans, and only two non-domiciled Europeans. It cannot be said that, as far as non-domiciled Europeans are concerned, they are very violently over-represented. Now, Sir, it is true that we must attempt, in that part of the cadre, to increase the proportion, as opportunity offers, of Muhammadans. It is not always easy, because if you go over the experience we have had, you will see that we have had a larger number of applicants from other communities, of persons who are well qualified, than we have had from Muhammadans. I do not mean we do not get qualified Muhammadans, but it is easier to get applicants from other communities . . .

Mr. K. Ahmed: How and why? They pass the B. A. as the others pass the B. A.

Mr. A. H. Lloyd: I was not speaking of that kind of qualification. The Honourable Member spoke also of the Preventive Service. When I first went to Calcutta there was only one member of that service who was an Indian without being an Anglo-Indian, in a service of about 200 men. Now it takes time to alter the character of a service of that sort, and it is not the Government's policy to make a complete and immediate revolution. Since that time no less than 44 Indians, not counting the one who was there before, have been appointed to that service. Of these 45, 16 are Mussalmans, 25 are Hindus and 4 are other non-Mussalmans. I think, Sir, Mr. Ahmed's *khalasi* friends are quite adequately looked after as regards the Indian portion . . .

Mr. K. Ahmed: What is the period within which these appointments were made?

Mr. A. H. Lloyd: I cannot remember exactly, but I think the recruiting of Indians who are not Anglo-Indians to the Preventive Service began four or five years ago, and out of a service of something over 200 we now have 40. I was referring, of course, particularly to the representation of Muhammadans as against the other Indians. I can only I think assure the Honourable Mover of this cut that I am quite prepared to forward a copy of his speech to all the Collectors of Customs who have the appointment of these officers and to draw their attention once more to the statement of policy of Government regarding appointments to Government service that steps should be taken to prevent, as far as possible, any community having an unduly preponderant share in the establishment . . .

Mr. K. Ahmed: Did you send my speech, Sir, in 1923 and other years? What happened?

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): Sir, I had no intention of intervening in this debate, but the speech of the Honourable Mr. Lloyd has induced me to say a few words in connection with this matter. The complaint made by my Honourable friend Mr. Ahmed Ali Khan related to the posts of Appraisers; and from what I gathered from the speech of Mr. Lloyd, he, while acting as Collector of Customs at Calcutta some time before he came here, had perhaps no idea in his mind of appointing Muslims in that Department. That is what I gathered from his speech, because he said that his attention was drawn only by the circular of the Home Department, which was circulated last year, and since then he had been making efforts to get more Muhammadans . . .

Mr. A. H. Lloyd: On a point of explanation, Sir. I did not wish to make any such implication. The Customs House in Calcutta used to be under the Government of Bengal which also recognised the desirability of allotting a certain number of appointments to the Muslim community.

Khan Bahadur W. M. Hussanally: What I maintain, Sir, is this, that apart from the fact that the policy of the Government of India is laid down by the Home Department circular, the Honourable Member did not think, before the circular came out, of having a due representation of the various communities in all branches of the service. What I should further have liked to hear from the Honourable Member was whether any vacancies have occurred in the Calcutta Appraising Department since that circular was sent out. He has not said a word about that. All that he said was that he was not prepared to dismiss a number of non-Muslims from the service so as to get some Muslims into the service. That is not what we want. What we want is that as vacancies occur more Moslems should be taken into all branches of the Customs Department. Upon that point I have not heard a word yet from the Honourable Member—whether there have been any vacancies in any of the Customs services all over India ever since that circular went out. I would ask him now to state whether he knows that there have been any vacancies, permanent or acting, in the various branches of the Customs Department all over India, and whether any of those appointments have been bestowed upon any Mussalmans at all. If he does not know, I will tell him at any rate the position in Karachi. The Karachi Appraising Department does not contain a single Mussalman; and quite recently the Chief Appraiser of that office has retired; and I would ask him if his place in the lowest grade has been filled up by a Mussalman or not; they have had the circular of the Home Department to guide them. If not, has he drawn the attention of the Collector of Customs, Karachi, to give the lowest appointment in that vacancy to a Muslim?

***Maulvi Abul Kasem (Bengal: Nominated Non-Official):** Sir, like my Honourable friend from Bombay I also did not wish to intervene in this debate; but I am forced to do it on account of certain remarks of the Honourable Mr. Lloyd. In the course of his reply to Mr. Kabeer-ud-Din Ahmed, he said that qualified Mussalmans were not so easy to find as members of other communities. I say, Sir, he is quite right in that simply because no search is made for them by the Department over which he presides. There are a large number of qualified Muslims; and as my Honourable friend Mr. Ahmed has put it in his own peculiar language and style, the attention of the various officers of Government has been drawn to this question of the appointment of Muslims in the Customs Department. I may tell him that there is an office in Calcutta which keeps a register of qualified Muhammadan candidates for employment in the various branches of the public service. It is not a private office; it is not the office of an unqualified man; it is the office of the Assistant Director of Public Instruction for Muhammadan education. He has got a list. Has he ever been asked to supply candidates? My complaint is that you add insult to injury when you say that you cannot appoint Muslims for whom you profess to have every sympathy because you do not find them qualified. You give the dog a bad name and you hang it. That has been the policy

*Speech not corrected by the Honourable Member.

[Maulvi Abul Kasem.]

not only in the Customs Department but the general policy of all administrative departments of the Government of India, and of the several other Governments. Sir, I do not for a moment wish that anybody should be dismissed to make room for some one else. I fully appreciate the sympathy expressed for my unfortunate community by the Honourable the Home Member and the circular he has issued; but what I want the different heads of departments of the administration to remember is that the circular should be acted upon in the spirit in which it was drafted and circulated and not only with a view to carry it out in the letter so as to avoid it as far as possible. It has been said that these questions will be considered in future recruitments. I think it is only just and proper that they should be considered properly and impartially. I think when you make future recruitments you ought also to consider the paucity of Muhammadans in the public service and you should give Muhammadans preference numerically and proportionately. With these words, although I do not agree with the whole speech of my Honourable friend Mr. Kabeer-ud-Din Ahmed, I fully agree with the sentiments expressed by him, and I believe that my opinion is shared by my community both inside the House as well as outside it.

The Honourable Sir Basil Blackett: Sir, I do not wish that this debate should develop on communal lines. Mr. Lloyd has already said quite definitely that the circular of the Home Department in regard to the appointment of Muslims, in particular and of various other communities in the public service is being given full effect to in the Customs Department. There were on the 31st December 1924, 6 Muhammadan—if I may use that word—Appraisers; on the 31st December 1925, there were 8. On the 31st December 1924, there were 55 Muhammadan Preventive Officers

Khan Bahadur W. M. Hussanally: May I inquire what is the total number of Appraisers and how many are Muhammadans?

Mr. K. Ahmed: Not a single Muhammadan permanently appointed, Sir. The Honourable the Finance Member will regret making that statement

The Honourable Sir Basil Blackett: On the 31st December 1925—it seems a long way from 1924 after these interruptions,—there were 60 as compared to 55. The clerks had increased in the same period from 106 to 113.

Now, this question was raised in particular in regard to Appraisers. We are accused of attempting to evade the circular, and my Honourable friend Maulvi Abul Kasem says that we do not go about making a search. Now, I think that my friend Maulvi Abul Kasem should remember that the circular of the Home Department implies some kind of acceptance on the part of Muslims of the spirit in which it was issued. The Muslims cannot be appointed to be Appraisers just because they are Muslims. They must be likely to make first class Appraisers. Now we have found in fact that Muslims do not come forward and ask for these appointments in great numbers

Mr. K. Ahmed: I forwarded over 200 applications, Sir.

The Honourable Sir Basil Blackett: And when they do come forward, they are apt to be people who have not got the requisite qualifications . . .

Mr. K. Ahmed: They have got qualifications, as they are B. As. and M. As. You have also appointed undergraduates and men of inferior qualifications as Appraisers from other communities.

The Honourable Sir Basil Blackett: The Honourable Member is possibly not the best judge of the qualifications of the numerous people whom he sends forward. I have no doubt that the Honourable Member is a very good lawyer and a very good Member of the Assembly. But does he think that he has got the qualifications to take the job of an Appraiser tomorrow?

Mr. K. Ahmed: We can cross-examine, and even teach them if we were in the position of the Honourable Member.

The Honourable Sir Basil Blackett: I do not wish to expose myself to a cross-examination or even to an appraisal by an Honourable Member, but I would put it that we are doing our best, we are fulfilling both in the spirit and in the letter the circular of the Home Department. As Mr. Lloyd pointed out, it is largely starting, in the case of the Preventive Service, from nothing, and you cannot make changes in favour of Muhammadans by way of ejection of others. It must be done in the ordinary course . . .

Mr. K. Ahmed: Is it not a fact, Sir, that last year in appointing a dozen Appraisers you appointed two Anglo-Indian undergraduates, although there were many Muhammadan graduates as candidates?

The Honourable Sir Basil Blackett: The circular has been given effect to in spirit and in letter. We have no intention whatsoever of turning out a large number of other officers in order to make room for Muhammadans. We have no intention of appointing Muhammadans who are obviously unqualified. We are most anxious to find Muhammadans who are qualified and we shall greatly welcome the assistance of Mr. K. Ahmed and others in sending us recommendations of people who are really qualified and we shall gladly appoint them when they come forward. But we have no intention either of reserving all future appointments for Muhammadans . . .

Mr. K. Ahmed: We do not want you to do that.

The Honourable Sir Basil Blackett: And if we can get Anglo-Indian candidates who are good when there are vacancies, and we do not get Muhammadan candidates who are good at the time when there are vacancies, I do not think that even Mr. K. Ahmed can object to our appointing an Anglo-Indian or a member of any other community. I would ask the Honourable Member to realise that this is not a case for heat or for excitement. We are doing what we can and it is largely in the hands of Muhammadans themselves to help themselves. The opportunities are there and if the right men come forward for the right jobs, they will get them.

Mr. Ahmad Ali Khan: In view of the explanation given by the Honourable Member I ask for leave to withdraw my motion.

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

Insufficient Number of Appraisers, especially at Karachi.

***Mr. W. S. J. Willson:** Sir, I almost wish that it had fallen to my lot to speak before Honourable Members behind me as it is on the question of the Appraising staff that I wish to address you. Sir, my first point is that it is essential that a revenue producing department like the Customs should have a sufficient and efficient number of Customs Appraisers if Government are to reap the full benefit of the rates imposed. I think Government are in certain districts adopting the "penny wise and pound foolish" policy in respect of the cadre of Appraisers sanctioned. Especially is this the case at Karachi. Hence I have included Karachi in the amendment which I move, namely:

"That the Demand under the head 'Customs' be reduced by Rs. 5."

I do so, Sir, to call attention to this comparatively important matter. At Karachi the Chamber of Commerce has for several years impressed upon the Collector of Customs the need for strengthening the Appraising staff. It is found to be somewhat inadequate for the amount of work it has to do, and its numbers are found to be insufficient, with the result that it is believed that a considerable amount of goods are imported under false invoices and thus escape detection. I understand, Sir, that some objection to an increase of staff has been raised by Government on the ground that it is their desire so far as possible to promote from their present staff. Laudable as that rule is, I do think it may be carried somewhat to excess if a sufficient number are not put in as and when required, and I think that out of a generally expanding staff like the Customs it should be possible to appoint in Karachi the number that are now required and that they might then be drafted on to other customs houses requiring an implement to the staff. If it is the case, as my friend behind me asserted, that there are no Muhammadans in the present staff at Karachi, here is a most excellent opportunity to satisfy him and to satisfy me at the same time, and I hope the Honourable Member will see his way to give effect to it at an early date.

Mr. A. H. Lloyd: Sir, I can assure the Honourable Member who has put down this motion that he has the very warm sympathy of the Central Board of Revenue in his desire to secure that the appraising staff at all ports should be adequate to carry out their duties efficiently. We naturally are extremely anxious that this should be the case. Those Members of the House who have studied the Demands for Grants for the last year or two or who have been on the Standing Finance Committee will remember that we have had to ask the Assembly to approve of increases in the appraising establishments in all the ports during the last two years, and if we are satisfied that further increases are needed we shall undoubtedly not hesitate to come and ask for them. In the case of Karachi we have only during the last year put through the Standing Finance Committee a proposal for an increase of the appraising establishment, an increase in the numbers of six. I think that it would certainly be premature to undertake to say that that increase will be insufficient and time must be given to see whether the work can now be adequately dealt with by this enhanced staff. If experience shows that it cannot be so dealt with, I have not the slightest hesitation in saying that the Central Board of Revenue at least will ask the Government of India to approve of proposals for an increase.

Khan Bahadur W. M. Hussanally: May I inquire from the Honourable Member if any one of these new men is a Mussalman?

*Speech not corrected by the Honourable Member.

Mr. A. H. Lloyd: I am afraid I am not able to answer that question. I do not recollect the details.

Mr. W. S. J. Willson: In view of the remarks which have fallen from the Honourable Member, I do not desire to press my amendment.

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

Anomalies in the Classification of Clothing for Tariff Duty.

Colonel J. D. Crawford (Bengal: European): I beg to move:

"That the Demand under the head 'Customs' be reduced by Rs. 5."

My object in moving this small cut is to draw the attention of the authorities to the anomalies in the classification of certain clothing for tariff duty. I particularly allude to clothing which is composed of two materials and is classified at the higher rate of duty. Take for instance a cotton dress to which there might be a silk collar or a silk waist-band. The whole dress I understand will be classified as if it were a silk dress and I consider that it is a very unfair assessment. I understand that the authorities say that there is some difficulty in deciding what is and what is not a silk dress and that it is difficult for them to issue any orders. It seems to me that, if the customs authorities at the ports were given some discretion and were told that where the article was in the main silk it should be treated as silk and where silk was only used for the purpose of adorning the dress it should be allowed at the lesser duty, some arrangement could be made. I also wanted to draw the attention of the House to the question of gold thread. I understand that there is considerable difficulty with the customs authorities here over the import of gold thread. I understand that actually gold thread does not contain gold in its composition, but more often than not it is charged at the higher rate of duty or there is great difficulty in proving to the authorities that it is imitation gold thread. In questions of this sort I think the customs authorities might show us a certain amount of sympathy and do what they can to relieve us from the very high duties which we have to pay on a large proportion of our necessary articles of clothing.

The Honourable Sir Charles Innes (Member for Commerce and Railways): I am not quite sure whether the Honourable Member has not raised the question of tariff policy by this amendment, but what he has really attacked is section 21 of the Sea Customs Act. Under section 21 of that Act:

"goods whereof any article liable to duty under this Act forms a part or ingredient shall be chargeable with the full duty which would be payable on such goods if they were entirely composed of such article".

That is to say, if we get a cotton dress which has certain silk attachments, then we should charge that cotton dress at the rate of duty for silk. That is the law as it stands, but the Honourable Member was entirely incorrect in the instance which he gave. We have by orders issued in 1896 given discretion to our customs officers to apply the law leniently. The Honourable Member referred to a cotton dress with a silk collar or a silk waist-band and he said that that cotton dress will be assessed as a silk dress. That is not so. The particular instance that he gave us is covered by the orders we issued in 1896. We have authorised Collectors of Customs in these cases to ignore the silk and assess the whole dress as cotton. With regard to gold thread, where it is an imitation of gold or if the percentage

[Sir Charles Innes.]

of gold is negligible, we have authorised the Customs Collectors to ignore this section 21 and to assess the gold thread as imitation gold thread and not as real gold thread. I have only to add that the Sea Customs Act is now under examination by the Central Board of Revenue and that we have under our consideration this very section 21. The Honourable Member may rest assured that when we do revise the Act we shall take this particular point into consideration.

Colonel J. D. Crawford: In view of the statement made, I would like to withdraw my motion.

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

Excess recoveries from merchants and short payment to officials of the Department.

Khan Bahadur W. M. Hussanally: I move:

"That the provision under the sub-head 'II-A. A. 3.—Overtime and Holiday Allowances' be reduced by Rs. 100."

As far as I recollect this question has cropped up many times before and we have always been told that the matter is being considered. If you turn to page 5 you will find that under "Grants-in-aid, Contributions and Donations", Rs. 70,840 have been provided for next year, but I do not know what that is, whether it relates to custom houses or something else. On pages 13 and 15, you will find that nothing is provided so far as Bombay is concerned for any donations or grants to be made to customs officers' clubs and things of that sort next year. I next draw the attention of Honourable Members to pages 22 and 23 of this Demands Blue-book. From those two pages I shall read a few figures. I shall confine myself to the budget estimate for 1926-27. What I find there is that in Madras overtime fees from merchants are to be recovered to the extent of Rs. 46,000 next year and penalty fees for working on Sundays and special holidays to the extent of Rs. 22,000. The total of these two recoveries would amount to Rs. 68,000. Then if you look on the expenditure side you find that Rs. 44,000 are to be paid out of the overtime fees collections to officers of the department and Rs. 98,000 out of penalty fees, making a total of Rs. 82,000. In other words an excess of Rs. 14,000 is to be paid to the employees of the Madras Customs Office out of the recoveries. The recoveries are Rs. 68,000 and the total amount payable is Rs. 82,000. In Bombay on the other hand, recoveries for overtime amount to Rs. 2,40,000, receipts from penalty fees amount to Rs. 1,20,000; total Rs. 8,60,000; and so far as expenditure is concerned the amount payable out of overtime fees comes to Rs. 2,00,000 and out of penalty fees to Rs. 70,000 so that the total payable is Rs. 2,70,000; in other words, Rs. 90,000 short of the recoveries. Under Karachi Rs. 60,000 are to be recovered as overtime fees and Rs. 25,000 for penalty fees: a total of Rs. 85,000. The amount payable out of overtime fees is Rs. 90,000 and out of penalty fees Rs. 51,480—I do not know how that odd figure of Rs. 480 is arrived at—the total amount payable being Rs. 81,480; in other words Rs. 3,520 short of the receipts. Under Calcutta Rs. 2,45,000 are to be recovered as overtime fees and Rs. 1,80,000 as penalty fees: total Rs. 3,75,000. The payments are Rs. 2,20,000 out of overtime fees and Rs. 88,440 out of penalty fees: total Rs. 3,08,440; in other words, a short payment of Rs. 66,560. Coming

to Chittagong, which is a very small Customs Office, the receipts from overtime fees are Rs. 14,000 and from penalty fees Rs. 4,500, a total of Rs. 18,500. The payments are Rs. 18,000 for overtime and Rs. 8,792 for penalty fees, a total of Rs. 16,792; in other words a short payment of Rs. 1,708. Coming to Burma, which is a more important Customs Office, the recoveries for overtime are Rs. 1,55,000 and for penalty fees Rs. 1,15,000, a total of Rs. 2,70,000. The payments are Rs. 1,85,000 out of overtime fees and Rs. 30,000 out of penalty fees, a total of Rs. 1,65,000; in other words a short payment of Rs. 1,05,000. I find, Sir, that the total recoveries in all these customs houses amounts to Rs. 11,76,500 and the total payments amount to Rs. 9,23,712; and if we deduct the Rs. 14,000 excess payable to Madras from the total less payments (Rs. 2,66,788), the net of the short payments to all the Customs Houses is Rs. 2,52,788. The excess to Madras requires some explanation. Why should Madras be paid more than what it recovers? Then, Sir, we come to a figure on page 23 for "Payments to seamen's and Customs welfare institutions out of penalty fees". That has been put down at Rs. 1,50,068 and it has to be distributed between various ports by the Central Board of Revenue according to their own sweet will. No details of this amount are shown. Now if we take this amount into consideration and add this figure to the total payments to the customs officers we find that the net sum of money appropriated by Government out of these recoveries after all these deductions, including this item of Rs. 1,50,068, are made, amounts to Rs. 1,02,720. Now I want an explanation in the first instance, as I have said, as to why Madras should be paid more than what it recovers.

In the second place, Sir, I want an explanation as to why any amount is to be paid for welfare institutions for seamen. What have the Customs Department to do with seamen? The seamen may either be the employees of the Royal Indian Marine or the Mercantile Marine, and it is for the employers of those seamen, the Royal Indian Marine or the Mercantile Marine people, to provide for welfare institutions for their employees. I can understand, Sir, the Customs Department paying for clubs intended for customs employees. I personally am very much in favour of that, but I know last year or the year before some objection was taken to contributions being made from these funds to those institutions, and it is probably therefore that no contributions to those institutions have been provided in the budget figures of the current year. But even supposing some contribution must be made by the Central Government revenues out of the amount of Rs. 1,50,000 just mentioned—because I see that customs welfare institutions have also been mentioned—we ought to have details as to how much is subscribed to each (seamen's and customs institutions) and for what purposes. I do not think it is right for this House to leave this large amount of money, Rs. 1,50,000 odd, to be distributed by the Central Board of Revenue for such a purpose. I would say further that the large amount of money, whether as overtime fees or otherwise, it must be remembered, is levied from merchants for customs employees working on Sundays and closed holidays for which they have to be paid extra overtime fees, and as I understand from the Blue-book, these customs officials are also paid some extra allowance as Crown overtime fees. These Crown overtime fees are however included in the items of expenditure from recoveries from merchants. If the Crown is to pay

[Khan Bahadur W. M. Hussanally.]

overtime to their servants, the amount must come from the customs revenues direct. I do not understand why the merchants should be mulcted in the amount of money payable by the Crown as overtime fees. But still these officials are deprived of the money which is legitimately due to them and recovered for them from the merchants as I have shown above, and the State pockets a large amount of money, Rs. 1,02,720 net to which I see the Crown has no claim whatever, because this money is recovered from merchants for having extra work done for them by customs officials beyond their office time. Therefore, I maintain that of the money recovered from merchants, whether as overtime or otherwise, a portion may be paid to institutions intended for their welfare, and the rest must go to them. Surely they should not be deprived of their legitimate dues, nor have the Government any right to appropriate a farthing out of this money for their own purposes. With this object, Sir, I move my amendment.

Mr. A. H. Lloyd: Sir, the Honourable Member's speech invites from me a reply which I am afraid would be a good deal more lengthy than the House will have the patience to listen to. I think I must try to deal with him exceedingly briefly. The first point I wish to bring out is that the penalty fees levied for work on Sundays and special holidays are not, as he says, levied from merchants "for the customs employees". Any customs officer employed on Sunday or a special holiday is entitled to an individual fee at the standard rate for himself. In addition to that a ship which wants to work on a Sunday or other holiday has to pay penalty fee, whether a customs officer is employed on that ship or not. This penalty fee is designed as a deterrent to Sunday work, to discourage ships from working on Sundays or on special holidays, and therefore it is not recovered for the sake of the customs employees. The question then arises as to how those fees are to be disposed of. When we took over charge, we found the practice in Bombay and Karachi had been to credit the whole proceeds to Government. In the case of ports on the other side of India we found that the practice had been to distribute the whole proceeds to various customs employees or institutions connected with seamen or with customs employees. As I have already explained, this penalty fee is levied as a deterrent to Sunday work; and seamen are adversely affected by work on Sundays as are customs officers. When the whole thing was revised, the matter was put before the Standing Finance Committee and they agreed to the suggestion that we should take out of the penalty fees the amount that is to be paid for what is called Crown overtime and distribute only the balance, this distribution to be done throughout India. The expression Crown overtime fees has nothing whatever to do with Sunday penalty fees. Crown overtime is paid for work done not on the requisition of merchants, but on behalf of Government, in such circumstances that no merchant can be asked to pay for it, as for instance, if an officer is kept on patrol duty beyond a certain time. No merchant can be asked to pay for patrol duty. Similarly, we give free service to all ships from 6 A.M. to 6 P.M. If an officer employed during that period has to work overtime, he gets a fee; but this has nothing whatever to do with Sunday or special holiday work. The connection is entirely artificial. That is a sufficient answer to the question why Madras, which gets relatively very little in the way of penalty fees, has to pay more for Crown overtime. The two things have nothing to do

with each other. As regards the excess of 1 lakh in merchants' overtime, that is an excess to which the Government are fully entitled—to which the tax-payer is fully entitled, because we charge merchants' overtime not only for work to which we appoint officers to work outside the regular working hours, but merchants have to pay overtime or similar fees for work done in the ordinary working time of officers. In that connection I would particularly mention the levy of the fees, not correctly described as overtime fees, for service done during working hours in a private bonded warehouse. It will be quite clear that the merchant should pay a fee for that service. It is also perfectly clear that the fee should go to the Government and not to the individual officer, who is being paid a salary for the work which he does in that connection. I think, Sir, the House will not probably expect me to go into the circumstances in more detail.

Khan Bahadur W. M. Hussanally: Sir, I want to say

Mr. President: The Honourable Member has no right of reply. Does he wish to withdraw his motion?

Khan Bahadur W. M. Hussanally: I want to say a few words before I withdraw my motion.

Mr. President: Does the Honourable Member ask for leave to withdraw?

Khan Bahadur W. M. Hussanally: I content myself with saying that I am not satisfied, and I withdraw the motion.

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

Mr. President: The question is:

"That a sum not exceeding Rs. 71,84,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Customs'."

The motion was adopted.

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

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

Mr. President: I have noticed often that when the Chair comes in there is no quorum. It is therefore necessary to remind Honourable Members that there is no rule which requires the Chair to wait till the quorum is made up and it is open to the Chair to adjourn the House if it finds, on a count being taken, that there is no quorum. I thank the Finance Member for reminding me that the practice is to wait for three minutes. But the Members will take note that the Chair is not bound to wait on every occasion.

The Honourable Sir Basil Blackett: Sir, I venture to thank you for the action you have taken.

DEMAND NO. 17.—TAXES ON INCOME.

The Honourable Sir Basil Blackett: Sir, I beg to move:

"That a sum not exceeding Rs. 53,64,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Taxes on Income'."

Continued levy of the super-tax, which was imposed as a war measure.

Raja Raghunandan Prasad Singh (Bihar and Orissa: Landholders): Sir, I move:

"That the Demand under the head 'Taxes on Income' be reduced by Rs. 1,000."

I wish to draw the attention of the Government to the continued levy of super-tax and to the enhanced rate. Although this enhanced rate was in existence at a time when there was a deficit in the Budget—thanks to the statesmanship of the Finance Member we are now having a surplus Budget—still this double taxation on the so-called rich is permitted.

I think the so-called rich are not in a better position than the middle class and the poor; they are more or less doubly taxed, directly and indirectly, and I appeal to the Government to consider their case and if possible reduce the enhanced tax.

Mr. A. H. Lloyd: I have noticed that the Honourable Member who moved this cut has given notice of an amendment to the Finance Bill to omit the rates of super-tax proposed in the Schedule to that Bill. I think that is a better place in which to bring forward his point than the present. This motion is by way of a censure upon the administration, and they can hardly be censured for carrying out the law as it stands. It is for the Legislature to alter the law and an indirect opportunity for securing that end will offer itself when the Finance Bill comes forward. To that I have only to add, Sir, that the Honourable Member describes in his notice super-tax as having been imposed as a war measure. It was explicitly stated by the late Sir William Meyer, both in the debate on the Super-tax Bill of 1916 and in his Budget of 1916-17, that the super-tax was not intended as a temporary financial expedient. I venture to think the Honourable Member should confine anything he has to say on this point to the time when the Finance Bill is before the House.

The Honourable Sir Basil Blackett: May I raise a point in that connection? I understand in the House of Commons the rule is that a matter cannot be raised on an estimate which involves a change of legislation. It would seem to me to be worth considering whether that rule might not be applied, with such modifications if any as are necessary, here, because we should not then be faced with this difficulty. We can hardly, as Mr. Lloyd points out, be censured for collecting income-tax in accordance with the law.

Mr. President: I have considerable sympathy with the Honourable Member, but the practice so far followed has been to allow motions of that character and I propose to follow that practice. Does the Honourable Member wish to press his motion to a division?

Raja Raghunandan Prasad Singh: I beg leave to withdraw.

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

Grievances of the Assessors.

Sardar V. N. Mutalik: Sir, I was wondering whether I should move this motion in view of the objection raised by the Honourable the Finance Member, because most of the points which may be raised during the debate on this motion will probably be in connection with the law as it stands or with its administration. Sir, I move the motion standing in my name, namely:

“That the Demand under the head ‘Taxes on Income’ be reduced by Rs. 1,000.”

My first point is in regard to the right of appeal. This involves some modification of the law as it stands. The right of appeal, Sir, at present is not full and absolute. It is a limited right of appeal. My submission, Sir, to this House is that the right of appeal should be unconditional and absolute and should not be denied to any assessee for any reason whatever.

The next point I want to raise is about the small traders, traders who are not big traders in the sense of being exporters or importers, but traders who live in small places and keep their accounts in a manner which may not satisfy the Income-tax Officer, but who have their own way of keeping accounts. Sometimes it happens that these accounts are not at all believed and the small traders are charged at a flat rate on their sales. It is presumed that every sale which a trader has to his credit will bring him some little profit. It is, Sir, the custom of the small traders to sell some articles without any profit. For example, a man keeping a groceries shop generally sells tea or sugar, particularly tea, without taking any profit; yet it is presumed that if a man sells Rs. 100 worth of tea he must be making a profit of Rs. 7 or Rs. 10 and he is charged on that amount. This generally causes losses to and inequitable assessment of these traders.

The next point, Sir, that I wish to bring to the notice of this House is about allowances and cash payments from treasuries. Orders are generally issued to charge these allowances from the treasuries at the highest rate. A man has to draw allowances from various treasuries and the amount from each individual treasury is small, and refunds in that case are not worth applying for, because it happens sometimes that the refunds are so small that a man does not like to press for those refunds and waste his time, energy, postage and everything. But the total amount of these refunds is very large; and it happens often that in spite of the fact that a man is taxed by the Income-tax Officer at a particular rate he is charged at the treasuries at a very high rate, not consistent with the rate at which he is charged by the Income-tax Officer. The Income-tax Officer only issues a certificate after the income-tax is collected from the treasuries. Then, if a man has to appeal or to ask for a refund from the treasuries he has to go first and get a certificate from the Income-tax Officer; then he has again to go to the treasuries which charged him income-tax. This causes a lot of bother, and sometimes the man does appeal against the orders of the Income-tax Officer. Sir, income-tax is also charged on house property. And even when the house falls vacant, income-tax is collected. If a man keeps a house for himself, income-tax is collected from him; but the interest which can be calculated

[Sardar V. N. Mutalik.]

on the amount spent on houses is not taken into consideration. Again, Sir, depreciation charges, which are also charges on account of depreciation of house properties, are not considered at all, and there is no provision for this. I do not propose to touch the income-tax question of the companies, because there appears to be another motion about it. With these few grievances I move my motion.

Mr. H. G. Cocke (Bombay: European): Sir, I see the amendment of the Honourable Member who has just sat down deals with the question of the grievances of assesseees. Of course, the chief grievance of assesseees is that they have to pay taxes and, therefore, any grievance in connection with the payment of taxes would, I presume, come under this amendment. He referred, Sir, to the case of the small trader and indicated that certain traders carried on philanthropic businesses. I understood him to say that they sold tea without any profit. I was not quite clear whether they sold anything else at a profit, but I presume that that is so. In any case, his difficulty seemed to be that the small trader paid too much tax. My experience is that the small trader does not pay enough tax. That point was brought up a year ago in this House, and it was suggested that owing to the difficulty of small traders keeping accounts to present to the income-tax officers, it might be possible to have a trader's tax to take the place of assessment to income-tax. I do not know whether anything of that sort is possible. Probably it would be rather difficult. But I do sympathise with the small trader having to present accounts. As I mentioned the other day, he is assessed at a certain figure, and he pays tax. A year later, the Income-tax Officer considers that the trader is making more profit than he was previously assessed for. He tests this by putting up the assessment by 20 per cent. Then if he still pays the tax, well and good; the Income-tax Officer is tempted to go still higher and puts on another 20 per cent. until the time comes when the small trader in self-defence is practically bound to present accounts. I am not grumbling about that procedure, because it is the only procedure you can adopt in the case of the small trader who does not keep accounts; but, as I say, my main objection is that the small trader does not pay enough. I do not think that these summary assessments are pushed up quickly enough, and I am of opinion that if all small traders paid their fair share of taxation, it would probably be possible to reduce income-tax rates all round.

There is one other point that I should like to mention, and that is the lack of continuity in the rulings of Income-tax Officers. I constantly find that one puts in an appeal,—I do not mean a formal appeal, but a letter asking for a certain concession in assessment, and the matter is turned down. Perhaps, six months later that particular officer goes on leave, and one tries again and gets the concession through. I do not know what steps are taken by the Income-tax Office to try and aid continuity of administration. But I have known serious cases of lack of continuity, and if anything could be done by asking various Income-tax Officers to send up difficult points to headquarters, tabulating them and sending them round the country, it would possibly aid the administration to be more even.

Mr. N. M. Dumasia: Mr. President, nowhere in the world is the Income-tax Department ever popular. People may have supposed and even real

grievances, but these grievances are inseparable from a tax-gathering department. Sir, to-day, I want to refer to the grievances not of the assessee, but of the officers of the Department. I find that the grades of pay of Income-tax Officers in the various provinces (*An Honourable Member*: "Is it in order?")—I am speaking on the original grant also—are the lowest in Bombay, Bengal and Bihar and Orissa. Under the Income-tax Act, the duties and responsibilities of the Income-tax Officers are the same everywhere. I do not know, therefore, how the Government justify the payment to the officers in these Provinces on a lower scale than to similar officers in other Provinces. I submit this is another instance of the step-motherly interest which the Central Government takes in our Bombay Presidency which, so far as the remission of the provincial contribution is concerned, has received the worst treatment. If the argument is put forward that the scale which obtains in the Bombay Presidency was proposed by the Provincial Governments, then I ask whether representations have been received from the Government of these Provinces and, if so, why those representations were overlooked in spite of the obvious unfair treatment meted out to a class of overworked and underpaid officers.

Mr. A. H. Lloyd: Will the Honourable Member kindly specify which class of officers he is speaking of?

Mr. N. M. Dumasia: I will come to that presently, Sir. If it is argued that the revenue scale was followed in Madras, I may point out that the pay for Deputy Collectors in the Bombay Presidency is as good as in Madras and therefore there is no reason why the scale for Income-tax Officers should be much lower than what obtains in the latter Presidency. If it is argued that the scales of pay are fixed according to local conditions, I would ask what are special local conditions which necessitate such differential treatment as obtains in other Provinces. As our Governor, Sir Leslie Wilson, recently pointed out, the cost of living in Bombay is admittedly higher, while the work of Income-tax Officers is certainly as arduous, if not more so, in Bombay where the varieties of the sources of income and complications of assessment, as also the amount of revenue are higher than in most of the Provinces which are given better emoluments.

My friend Mr. Lloyd asks which are the class of officers I am speaking of. I will tell him. Sir, in Madras the officers commence on a salary of Rs. 800 and by increments of Rs. 40 rise to Rs. 500 and then by increments of Rs. 50 rise to a maximum of Rs. 900 in 13 years, the position on 10 years' service being Rs. 750. In the Punjab they commence from Rs. 800 and rise to Rs. 850 in 14 years, getting Rs. 700 in 10 years. In the United Provinces, they commence from Rs. 850 and rise to Rs. 900 in 19 years, getting Rs. 650 in 10 years. In the Central Provinces they commence from Rs. 300 and rise to Rs. 900 in 20 years, getting Rs. 550 in 10 years. I now come to Bombay and Bengal. In Bombay, Sir, they start from a salary of Rs. 800 and in 10 years they reach Rs. 550 and a maximum salary of Rs. 900 in 24 years. You will see, Sir, that Bombay officers receive the worst treatment. In Bombay the affairs are very complicated. The work of assessment is most arduous and most responsible and I appeal to the Government to take into consideration the hardship that is involved on the Income-tax Officers in Bombay.

[Mr. N. M. Dumasia.]

Sir, it may be said that the re-opening of the question will involve a reconsideration of the scales of pay throughout India and consequent extra expenditure, but I submit that this is the inevitable consequence of the partiality of the Government, who ought to have considered this contingency when they sanctioned the various scales. Having once taken the step of sanctioning differential scales they cannot in fairness shirk its consequences now whatever the cost. Sir, I plead on behalf of a most deserving class of men. In Bombay, in spite of many difficulties, the Income-tax Department, under its popular chief, has worked with the least friction and in such a good manner that the most unpopular Department has given the greatest satisfaction to the assesseees. As I have said, there are real as well as imaginary grievances against this Department, but on the whole it has worked in a satisfactory manner and I desire that those who are trying to popularise this most unpopular Department should be fairly treated and given their due.

***Mr. S. Sadiq Hasan** (East Central Punjab : Muhammadan): I strongly support my Honourable friend Mr. Matalik. I would like to say that the grievances of the Punjabis as regards the Income-tax Department are innumerable. I have got no grievance against the present officers in my district, they are honest and decent people; but I know certain Income-tax Officers in the Punjab who act more like spiders than Government officials and it is only fair that the Government should know what a bad impression they are creating against the Government. Sir, you would be surprised to know that there are instances where such officials have assessed even bankrupts and made them pay during the year when they lost their fortunes. Their treatment of respectable gentlemen is most humiliating and degrading and the people are more afraid of them than of the police. I believe in taxation and personally I would not mind if unearned increments are heavily taxed and rich people have to pay more taxes, but there should be justice and the people should not be sacrificed to official prestige. The tax-payers of Amritsar once placed their grievances before Mr. Gaskell, but he turned a deaf ear I suppose as usual. On the other hand I must say when Mr. Tottenham came he was quite sympathetic. The object of the Government should be to realise taxation but not to allow their taxation officers to become petty tyrants. For that reason Government must keep an eye on them and consider the grievances of the public sympathetically. Another great grievance of the tax-payers is that the officers of the same Department hear appeals from orders of assessment which is very unfair and against the ethics of justice. As a rule we find such officers biased and it is only on rare occasions that they accept an appeal because they have to keep up the prestige of their Department and also to show to the Government the work of their Department. People will have no confidence unless this grievance is removed and the appeal lies to the judiciary.

Mr. K. Rama Aiyangar: I will dispose of my motion No. 10† on the paper under this because it practically covers the same ground. The object of the motion that I have brought forward is to discuss the methods of levy. Of course, my Honourable friend Mr. Sadiq Hasan has referred to it, though my Honourable friend Mr. Cocks rather tried to treat it

*Speech not corrected by the Honourable Member.

† "That the Demand under the head 'Taxes on Income' be reduced by Rs. 100."

the other way. I wish to place before the House the circumstances that arise in one case. It appears that recently the Department has been trying to get as many people as possible into the income-tax fold. That is a correct idea of the Department, if done properly, because when the Department is organised on a large scale it has got to do its duty as best it can. But what I want to place before the Government is that it would not serve any purpose except to create great dissatisfaction in the country if the idea is to bring in people who are far, far away from the fold. The consequent trouble that it causes us is so immense that the Department should think many times before reaching such people. There was during the last few months a meeting in Madura complaining of the troubles caused by the methods of levy and collection of this taxation. Before I started for Delhi some of the leading merchants of the place came to me and asked me to preside at a meeting to express all their grievances. It so happened that I had very few days left and I told them that if they could formulate all their grievances in the course of a few days I would preside on that occasion. But the number of days that I had before me was very small and the merchants had to meet later and it was not probably possible for them to bring the full list to me before I started. But subsequently within about ten days of my coming, about the end of January, I saw that a big public meeting had been held in Madura and the whole facts were brought out there. Because these merchants told me before I left I met the Commissioner of Income-tax in Madras while I was coming to Delhi and placed all the facts before him. He promised to investigate them and do the needful. But the facts must be mentioned clearly on the floor of this House. My friend Mr. Cocke said that it is the smaller trader who avoids payment or has not been properly paying and that he should be harassed till he maintains accounts showing the income and expenditure. That is apparently the kind of suggestion that will be made by one of the chartered accountants that we have, but certainly they are not the people who will be able to pay chartered accountants or clerks for maintaining accounts. The class of people I refer to are those that take yarn and gold thread and things like that from the big merchants. What was done in this case was that many hundreds of people were given notice to come forward with their accounts on particular days and prove to the satisfaction of the income-tax officials that they had no income. Sardar Mutalik's statement almost agrees with this grievance. These are petty people who every day take from the merchants their yarn and gold thread, bring it to the market and get one rupee or two rupees for work done by them and the ladies of the house, by weaving, dyeing and that sort of work. They give the product of their labour to the person who advances these things. Such persons were given notice in large numbers and asked to state what their incomes were. As I said, the Department is entitled to catch hold of persons who ought to pay but the wholesale issue of notices to hundreds of persons asking them to produce their accounts is nothing but harassment. They could not produce any accounts which they keep, if at all, only with their bankers or traders who give them the yarn and other things. They practically get little or nothing. They get the day's wages. It will be impossible for people to sleep in peace if they are to be brought before the Income-tax Officer with a vakil or some petition writer who will explain matters to that officer, and between these he will lose the earnings of a number of days. Such cases, I submit, will only create great dissatisfaction in the country. I placed these views before the

[Mr. K. Rama Aiyangar.]

Income-tax Commissioner and he said he would look into the matter. I do not mean to charge the Department with neglect. I remember last year Lala Duni Chand in one of his speeches was referring to various actions of that kind. I was then not in possession of facts as to what was being done. It happened in other provinces. But this case that I have come across is a case in which the people that came to me were respectable people who knew the status of almost all the persons who were served with notices. If the increase of income-tax staff only means this kind of trouble it is better that we should considerably curtail the expenditure on the Income-tax Department rather than allow them to send a lot of notices calling on people to explain whether they are liable to income-tax or not. I dare say my friend Mr. Cocke will join with me, though he did put forward a few cases of that kind where it happened that people went untaxed to some extent. Of course the Taxation Inquiry Committee has also gone into it and they have made suggestions for catching the people concerned. This is in the case of persons with more than Rs. 2,000 income. The cases I refer to only cause great dissatisfaction and create grievances. Under these circumstances I submit that instructions should be issued by the Department clearly that nobody should be brought into the clutches of the income-tax assessor and his life made unhappy unless there is good reason and that dissatisfaction should not be allowed to grow in the country. It is in that connection that I place the motion before the House.

Khan Bahadur W. M. Hussanally: Sir, I see my friend Mr. Tottenham sitting in the gallery. (*Several Honourable Members:* "Order, order.") He is concerned more with this Department than Mr. Lloyd. I do not know why Government have not followed the usual practice of getting some official Member to resign while this demand is before the House and getting Mr. Tottenham to do the work of replying to the criticisms offered by Members. Sir, the Income-tax Department is perhaps the most unpopular Department of all the Government Departments. I suppose there is no denying that fact, because we Indians all over dislike and disapprove of all types of direct taxation. Therefore, it is no wonder if grievances, both real and imaginary, are brought forward and it is for Mr. Tottenham and Mr. Lloyd, forming the Board as they do, to separate the real from the imaginary grievances. So far as my province is concerned, and as far as I am aware (although I am not a merchant), fortunately the work of the Income-tax Department there is going on very smoothly and the officers of the Department as well as the Assistant Commissioner that we have are, to my knowledge, all very popular. Therefore, Sir, so far as the grievances of assesses are concerned, I have none to bring forward before this House to-day. But I find my friend Mr. Kabeerud-Din Ahmed is not here. In the forenoon he raised a very important question about the employment of Muslims in the Customs Department; and I have been desired to put forward before the House a reply which the Income-tax Department gave to my friend Mr. Makan some time ago in connection with the number of Muslim employees in the Income-tax Department in the Bombay Presidency. Here is the reply:

"As promised in reply to your question No. 697 asked in the Legislative Assembly of the 7th September, 1925, I am directed to say that out of the 43 gazetted and 432 non-gazetted posts in the Bombay Income-tax Department, 5 gazetted and 30 non-gazetted posts are held by Muslims."

I draw the attention of the House, Sir, to this particular fact. Out of 43 gazetted posts in the Department in the Bombay Presidency there are only 5 gazetted officers who are Muslims, and I believe the majority of them if not all of them are perhaps posted in Sind. Out of 482 non-gazetted posts there are only 80 men who are Muslims.

Sardar V. N. Mutalik: On a point of order, Sir, is this a grievance of the assessee?

Mr. President: Mr. Hussanally.

Khan Bahadur W. M. Hussanally: I should like to hear what my Honourable friend, Mr. Lloyd, has to say to this. Perhaps he will plead that the circular of the Home Department in this case also has come very late and he has not had time to employ more Muslims, or that he cannot get any, Muslims, or that there is no vacancy, or that he cannot turn out the existing employees. Sir, I do not want, as I said in the morning, any non-Muslim to be turned out, but, as vacancies occur, I hope the Department will bear in mind that they owe a duty to my community as much as to any other, and if they go about the business in the right way and proper spirit, I am perfectly certain they will do justice to our community.

Dr. K. G. Lohokare: May I ask the Chair if my amendment* No. 23 is covered by this particular amendment?

Mr. President: If the Honourable Member thinks that it is covered by this particular amendment, the Chair has no objection.

Dr. K. G. Lohokare: Sir, I place before the House the question of the need of appeals to judicial authorities in certain cases of penalties under the Indian Income-Tax Act. There are two classes of cases in which certain provisions for appeals to a non-departmental authority are necessary. The first is the class of cases involving questions of fact. Cases under certain sections fall under this class; while the other class involves questions of law. In the class of cases covering questions of fact the appeal lies more to the departmental officers. The Department takes up a case for hearing an appeal with which it itself is concerned. Human nature being what it is, some consideration ought to be shown to the tendency of the higher officer to look to the work of the subordinate officers with some sympathy—and here lies the mainstay of the need of an appeal to a third party. Whether the third party should be a judicial court or a separately constituted authority might be a matter of divergence of opinion. However, the very fact that an appeal lies to the superior departmental officers is a matter which is to be strongly objected to. Under section 28 under the points to be noted as points of fact, the Income-tax Officer has authority to impose a penalty on the assessee equal to the amount of the tax. In such cases especially, sometimes it does become a very painful affair, a very troublesome affair to the assessee, if they are hauled up before departmental superior officers especially when certain misgivings can prevail regarding the conduct of the assessee towards the Income-tax Officers. It does happen sometimes that misunderstandings between the officer and the assessee arise and the decision is coloured by the conditions prevailing in particular cases. A couple of years ago I heard that in the Sholapur District there were a couple of such cases and under the power of compounding cases the superior

*That the Demand under the head "Taxes on Income" be reduced by Rs. 100.

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officer, in spite of the desire of the assessee to go to a judicial court, compounded them and the gentlemen had to pay whatever penalty was imposed. There are such occasions when the need of a judicial appeal is really felt. Secondly, Sir, on matters of fact too section 46 covers so many questions that it is particularly doubtful whether sufficient justice is done to the assessee under these circumstances. The Taxation Inquiry Committee say that they have inquired into the whole thing and find that there is a body of opinion still against the proposal on the ground that a business man does not like the disclosure of his affairs. It is a known fact in India at least that many people do not come forward to appear before these Committees. It is the small tax-payer much more who does not think of appearing as a witness before these Committees and consequently it is the larger tax-payer, rather the companies and big merchants, who appear before the Committees or manage to produce evidence before these Committees. Consequently their opinion is not the opinion of the smaller tax-payer. The inference that is drawn here is, therefore, I beg to submit, not conclusive. It is the desire of many petty merchants that they should have an independent authority before whom they can appear as to matters of fact. Sir, as regards the appeal on law points, the Taxation Inquiry Committee themselves have admitted that there ought to be certain provisions under the present circumstance. Out of the ruling of the High Courts sometimes such results come out as show that differing judgments have been given by different High Courts on important questions, and there are no means available, short of legislation, of securing a final settlement of the question in issue. The Committee therefore have suggested that provision should be made for an appeal to the Privy Council in such cases. In both the classes of cases, Sir, in cases of fact and in cases involving law points, some provision therefore is needed by which appeals under sections 28, 46 and 51 should lie either to an impartial tribunal or to some judicial authority. What that judicial authority may be for the mufassil it is for the Department to settle. The assessee has no objection to these powers being vested either in the first class Sub-Judges or in the District Judges. Whatever sort of provision is made would be welcome. But it is clear that some provision for hearing appeals by impartial tribunals ought to be made. This is the request to which the attention of the Department was drawn by me some time ago; and in one of my questions I had asked what the amount of penalty in several provinces was. I beg to point out here to the House, with all due deference to advocates of communal claims, that in the Punjab we find the proportion of recoveries from penalties excessively high as compared with other provinces. What it means I leave it to the House to infer. I do not want to say much about it. It was, in fact, more the business of my Honourable friend Lala Duni Chand who had interested himself in the question by bringing out many facts here. The point that I wish to bring to the notice of the Department, however, is that the percentage here as compared with the other provinces is inordinately high and it means that judicial appeals in such cases should have brought forth things which would have gone a great way towards improving the administration of the Department itself and would have been of great help both to the Department as well as to the assessee. With these words, Sir, I support the amendment moved.

Mr. A. H. Lloyd: Sir, perhaps the most interesting point raised in this discussion was the one that Sardar V. N. Mutalik put in the forefront

of his speech and which has to a large extent also been dealt with by Dr. Lohokare. Sir, I shall abide by your ruling that matters of this nature can be discussed in a debate of this character. I venture to think, however, that it is not desirable for me to go into the subject at great length. The law is contained in an Act that was passed by the last Assembly. Certain means of redress are provided by that law and we have yet to be convinced that those provisions are not being worked satisfactorily. There is every reason, indeed, from certain figures that we have before us, to suppose that Assistant Commissioners of Income-tax are disposing of appeals which come before them in an impartial manner. In the year which has just closed, namely, 1924-25, there were 21,791 appeals to Assistant Commissioners of Income-tax and of these 9,137 were successful. Now, as regards the possibility of having some outside authority such as a Board of General and Special Commissioners, I do not think it is incumbent upon me to add to what is said in paragraph 245 of the Report of the Indian Taxation Inquiry Committee. As regards appeals on questions of fact to a civil court, I venture to suggest that the House should be very careful before proposing a change of this sort. We believe that the Assistant Commissioners of Income-tax are not open to the charge which has been brought against them that they allow their official status to colour their decisions in the appeals which come before them. If the appeals were allowed to be made to civil courts, it would cause extreme inconvenience to the appellants themselves. In that case they would be deprived of the advantage of having their appeals heard at or near their places of residence by officers who are on tour and they would have to engage pleaders. I dare say the engagement of pleaders is regarded as no drawback by some Members of this Assembly but I think it will be regarded as a drawback by many income-tax assesseses. At present they can be represented by any person, whether he is a pleader or not, before the Assistant Commissioner or Commissioner, if such person is duly authorized. Then they would be put to considerable inconvenience by the fact that courts are already in many parts of India congested and overburdened with work, and there would undoubtedly be great delay and numerous adjournments in settling matters of this sort. Moreover, it would be a very unusual device if civil courts inquiring into matters of this sort were obliged to sit in camera, and if they did not so sit, then I think the assesseses would undoubtedly object strongly to having the whole of their affairs produced before the public in open court.

Then we had a considerable amount of discussion on the assessment of small traders. I would like in passing to refer to what Mr. Rama Aiyangar said. He quoted what was by way of being a specific instance of injudicious action on the part of an Income-tax Officer in calling upon people to submit returns when they had good reason to believe that they were not liable to tax. I hope and believe that cases of that sort are infrequent, and I think Mr. Rama Aiyangar was quite right in deciding that the proper place in which allegations of that sort should be brought up would be the office of the Commissioner of Income-tax, who is in a position to correct his officers, if such correction is necessary; I have not the slightest ground for saying that in the particular case anything wrong did occur.

What I wish to say on this point is that so long as we have this great difficulty in obtaining proper accounts from those persons who are apparently liable to taxation, we must exercise the powers which the law gives

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us to assess these persons on an estimate. In the year 1924-25 more than 50,000 people who were called upon to produce accounts failed to do so. The tax must be collected somehow, and I venture to suggest that the House should not censure the Department for exercising the powers which the law gives it to obtain the tax from those who are unwilling to co-operate fully. It is obviously fair that if a person who has been called upon to submit a return refuses to do so, or produces no accounts, he should be deprived of the right of appearing at a later stage and producing the accounts which he had previously concealed, if he had such accounts.

I was not able to follow Sardar Mutalik's third point in regard to allowances from treasuries. Am I correct in supposing that he was referring to interest on securities?

Sardar V. N. Mutalik: No. May I explain? The allowances which a man is entitled to draw from treasuries for some certain specific grant or contract.

Mr. A. H. Lloyd: I am not familiar with the kind of allowances in question. Possibly such things as pensions

Sardar V. N. Mutalik: May I give you an explanation? We have got several "haks", as they call them, in lieu of which Government actually pay us, by way of commutation of the rights and privileges which we enjoyed, annually from the treasury.

Mr. A. H. Lloyd: I do not think I can very profitably go into this point, but if the matter is brought before us, I am prepared to take up this question and see whether we cannot do anything in this case on the lines of what we do in the case of interest on securities; that is to say abstain from assessing on the maximum flat rate if the total income is of such stability from year to year that it is possible for the Income-tax Officer to give a certificate for production in the treasuries in question. I cannot, without full information, say more, but we will certainly examine that possibility. As the House well knows, in the case of persons with small incomes entirely derived from interest on securities such certificates are as a matter of routine granted on application, and that prevents the deduction at source of tax at a higher rate than the proper tax for the person.

As regards depreciation of house property, the Honourable Member has perhaps overlooked the fact that the Department does allow deductions from income on account of repairs

Sardar V. N. Mutalik: It is only for repairs.

Mr. A. H. Lloyd: The Honourable Member cannot have it both ways. If he is allowed a deduction on account of repairs, I do not see how he can ask for deduction on account of depreciation also.

Sardar V. N. Mutalik: Repairs are altogether different from depreciation.

Mr. A. H. Lloyd: I think, Sir, Mr. Sadiq Hasan allowed himself to go a little too far in his description of the operations of the Income-tax Department in the Punjab, talking about the utterly degrading treatment to which they submitted respectable people. It is perhaps sufficient for me, in addition to what I said last year in reply to Lala Duni Chand, to observe that my colleague, when on tour in Amritsar, was informed that, generally speaking, the mercantile public had no complaints to make against the operations of the Department in that town.

Then we come to a quite different matter raised by Mr. Dumasia and Mr. Hussanally, the question of the staff. As regards Mr. Dumasia's point, it is difficult for me to say more than that, firstly, as he himself observed, the scales of pay were largely arranged in consideration of the scales of pay in the different provinces of officers of more or less corresponding status, and, secondly, that Mr. Dumasia has failed to mention the fact that in Bombay City there is a senior post of Income-tax Officer on Rs. 1,000 rising to Rs. 1,500, which, if taken with the other appointments, does make the position of the whole cadre of Income-tax Officers in Bombay better than it would appear from the figures which Mr. Dumasia himself gave. As regards the point raised by Mr. Hussanally, I do not think I can usefully say more than to undertake that we will forward to Commissioners a mention of this point.

Finally, Sir, Mr. Cocke spoke about lack of continuity and suggested that the Central Board of Revenue should do all in its power by issuing circulars and otherwise to secure uniformity of practice among different officers in different parts of India and in the case of one officer succeeding another. Well, Sir, it is our great ambition to secure as much uniformity in the interpretation of law throughout India as is possible and the Department does as a matter of fact issue something like a hundred circulars a year to the subordinate staff. Also every year a conference of Commissioners of Income-tax is held and a very heavy agenda is got through, and my colleague who is more closely concerned with Income-tax administration than myself constantly takes extensive tours throughout the country, and one of his regular cares is to satisfy himself that all the officers are working on similar and right lines. I think, Sir, that we are doing all that it is possible to do in this direction.

Sardar V. N. Mutalik: I beg leave to withdraw the motion.

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

Reduction in expenditure by combining it with expenditure under "Opium".

Mr. K. Rama Aiyangar: Sir, I beg to move:

"That the Demand under the head 'Taxes on Income' be reduced by Rs. 100."

I have to revert to the same subject, but this is on other grounds. The Honourable Sir Basil Blackett told us that they have carefully been examining the question of reduction of expenditure by combining the Departments. I must confess, Sir, that when I withdrew the motion I was not convinced that the work had been done properly. I do not think there is any officer getting more than Rs. 1,000 to Rs. 3,000 or Rs. 2,500 who is willing to say that his work is unnecessary or can be managed by combination or amalgamation. If the Honourable Mr. Tottenham and his colleagues went and sat amidst these Collectors of Customs and the Commissioners of

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Salt and other officers of the Opium Department and asked them if arrangements could be made to relieve some of them of their duties so that those duties might be taken up by some departmental chief ministerial officer or chief executive officer to be put under one of these Collectors. I do not think he would ever have a reply favourable to the suggestion that I am making. Nor would it be very difficult for them to make out a case that there is work for them from morning till evening. We know, Sir, that as a matter of fact there is a good deal of difference between the work done in the lower offices and the work done in the higher offices. We know also that a few officers are very heavily worked and the majority of the staff has, I think, two or three hours' work in the higher offices. (*The Honourable Sir Basil Blackett*: "Oh!") No Department of course would ever agree that that was so: I have worked as a clerk in a *taluk* office and in a Deputy Collector's office and I know what I am saying. However, I am prepared to say that that is not the way in which to approach the subject. The subject has to be approached by the Honourable the Finance Member by the deputation of a special officer for the purpose, not of the department itself, which is considering this retrenchment. I know, Sir, that Mr. Tottenham makes it a point to meet all his officers and discuss with them the questions arising in his Department; but that will not solve the point that I have raised. I have no doubt if the Department is asked to sit in judgment on a recommendation of the Taxation Inquiry Committee, the Honourable Sir Basil Blackett will hold to the same view

The Honourable Sir Basil Blackett: On a point of order, Sir? I have nothing to add to what I said this morning and in so far as the Honourable Member is speaking now he has not said anything that he had not already said. May I ask what is the special point that he says that he did not raise this morning?

Mr. President: Will the Honourable Member explain how the point raised by him this morning differs from the point he now raises?

Mr. K. Rama Aiyangar: Sir, I only dealt with the Salt Department and the Customs Department in the previous motion, but this refers to the combination of the staff for Opium with the Income-tax Department. But there are certain common observations to make, and therefore I was making them. I could not have replied to the speech of the Honourable the Finance Member because he was the final speaker on the last motion, and arguments which were used then do not at all apply to this case, and therefore I am making

The Honourable Sir Basil Blackett: Sir, I am quite willing to allow Mr. Rama Aiyangar the last word.

Mr. K. Rama Aiyangar: When the time comes, it would be all right, and it would be utilized with much greater advantage.

Now, the real point is that it is not at all possible to convince a number of people who are in an office that the work they do can be taken away from them. That is not the way to look at it, and the Honourable Sir Basil Blackett did not refer to the question of Indianization of which I made a great point. The proper way to work the various branches effectively with less expenditure is to employ people who know the ins and outs of the country in which they are serving and who are willing and capable to take charge of the several Departments in their jurisdiction. The Taxation

Inquiry Committee in paragraphs 566 to 574 have dealt with this matter, and for the Imperial Department they suggest the determination of the policy as also the amalgamation of the staff wherever suitable. I submit, Sir, that all those principles that are suggested by the Committee would be immediately negatived by the departmental report that was referred to by the Honourable Sir Basil Blackett in his speech. It is necessary to examine and find out a method. It was said, Sir, that in England these Departments were not combined for purposes of collection of taxes, but I find from the Statistical Abstract for the United Kingdom that Customs and Excise are together collected by a common staff. Of course, there the inland revenue and inland taxes are treated separately. I find also, while examining the rates of expenditure, that they were almost the same till the war period, and subsequently too, though the income from Customs, Excise and Inland Revenue has increased considerably after the war, the establishment that was managing these departments did not increase proportionately to the income or even by any considerable ratio. I only mention this to show that it should be the duty of the Central Board of Revenue so to amalgamate the various branches of it as to make retrenchment possible. In this connection the question was raised by the Honourable Sir Basil Blackett that the Income-tax Officer is specially trained for his duties. I

4 P.M.

know that the staff that has been now recruited for the Income-tax Department is of a high order and that it will be able to look into the case with great success. The question that I now raise is that the main portion of the expenditure under the Opium Department is for the distribution of the monies to the various ryots who cultivate for cultivation expenses and afterwards for the crops that they realise. I ask the question, "Is all the establishment that has been provided here necessary?" If you have got in each area the Income-tax staff, by the addition of one officer here and there, the whole work might be attended to with a subordinate staff. The Opium Department is confined to some particular places and the United Provinces seems to be the only place where considerable money is spent on this Department. I have made inquiries, Sir, and I am satisfied that most of the money that is spent on superior and other officers there is absolutely thrown away. It is absolutely unnecessary. I place it as matter for examination by the Honourable Sir Basil Blackett. I want a definite answer to be given to me—it may be later—but I understand, Sir, that the money paid to the staff that distributes this money is not on any expert staff. It is not on any capable staff. There are a number of officers kept up for expenditure more than anything else. That is the charge that is made and I want the matter to be gone into completely. Of course we are wedded to ending this revenue and diminishing the cultivation also but it is expected that it will take another 20 years. But all the time there is a lot of money that is spent on this Department which can well be cut down by suitable additions to the Income-tax Department officers there. Of course, there is the opium factory establishment which stands on a different footing so long as it has to be maintained. But that will also go down gradually. Therefore, I submit it ought to be quite feasible to reduce expenditure considerably by amalgamating, wherever possible, under these two heads. I therefore press this motion, Sir.

The Honourable Sir Basil Blackett: Sir, I am anxious to allow Mr. Rama Aiyangar to have the last word. I hope that I shall be able to do so, because he will be able to reply to me when he comes to Opium and the same point is raised. I will repeat what I said this morning. The Income-tax Department requires a whole time staff of highly educated

[Sir Basil Blackett.]

and specially trained experts. Even the Indian Civil Service and the Provincial Services with high educational attainments and administrative local experience and training were not able to do justice to Income-tax as a side-show and we have now got a special Income-tax Department. You cannot have the Income-tax Department as a side-show to anybody, or anything, even to Opium. As regards Opium, I may say that we are taking over the Opium Department direct—it is at present under the United Provinces Government—as from the 1st of April, and naturally, with the reduction in area, we hope to effect reductions in the supervising staff. But Mr. Rama Aiyangar's idea of wandering about the fields distributing money to the cultivators does not offer quite a true picture of the duties of the Opium Department which are very important duties of superintendence and prevention.

Mr. K. Rama Aiyangar: They are not expert officers, I suppose.

The Honourable Sir Basil Blackett: I do not really hope to convince Mr. Rama Aiyangar of anything, so I do not propose to spend much time, but I would like to point out to him that far from failure to Indianise the Income-tax Department being chargeable to us, the whole of that Department is being built up on recruitment of almost entirely Indians. Of the total among the Officers and Assistant Income-tax Officers, that is those who have been recruited during the last few years—I do not know exactly how many years—27 are Europeans and Anglo-Indians,—the majority of these being Anglo-Indians are really Indians,—and 286 are Indians.

Mr. President: The question is:

“That the Demand under the head ‘Taxes on Income’ be reduced by Rs. 100.”

The motion was negatived.

Recommendations made by the Taxation Inquiry Committee in regard to Devolution Rule 15.

Mr. K. C. Neogy: I beg to move:

“That the Demand under the head ‘Taxes on Income’ be reduced by Rs. 100.”

My intention is to discuss the question of Devolution Rule 15, and the recommendations made by the Taxation Inquiry Committee in regard to that rule. According to the ruling given by you this morning, I am precluded from discussing the question of policy underlying Devolution Rule 15, which we discussed last year about this time under a cut of Rs. 100 moved by me and accepted by the House. Last year I pointed out that, although this rule was intended to give provinces which had a large income-tax revenue, like Bombay and Bengal, a share in the growth that was expected the income-tax revenue would show year by year. Those expectations of growth of revenue had been falsified so far as the two industrial provinces were concerned, with the result that while all the other provinces gained by the operation of this rule, the two provinces which were intended to benefit did not derive any benefit at all. On that occasion the Honourable the Finance Member stated that his attention had not been previously drawn to the defective working of this rule. And if I were to follow the example of my Honourable friend, Mr. Kabeerud-Din Ahmed, I could have justly said that my modesty would not prevent my saying that I was the first to draw the attention of the Government to

this defective working of the rule. The Honourable the Finance Member also stated that he would take up this question at the next meeting of the Finance Members' Conference. I do not know what has been done in that matter, but meanwhile the Taxation Inquiry Committee had a good deal to say in regard to this question. They have examined the whole question regarding the income-tax and have suggested several alternative methods of giving the provinces a share in the income-tax revenue. Their recommendations are rather of a far-reaching character. My intention in raising a debate last year over this question was to draw attention to the defective working of this rule, apart from any question of the revision of the whole financial arrangement under the Devolution Rules. The Honourable the Finance Member in his budget speech the other day referred to the question of the Devolution Rule in paragraph 57 of his speech. And from his observations there I gather that it is perhaps his intention to take up this question, apart from the question of any general revision of the whole financial arrangement which is sometimes incorrectly described as the Meston Award. I want to know definitely whether that is his intention, and the idea that prompted me to give notice of this motion is to inquire from him what procedure he proposes to adopt in connection with this matter.

The Honourable Sir Basil Blackett: I cannot be very specific on this matter. I have recognised for some time that Devolution Rule 15 has not worked quite as it was intended, nor as was desired either by the provinces or by the Government of India. I am not in a position to say quite what the result may be, but I intend to take the whole question up in connection with the Taxation Inquiry Committee's Report. I do not think that the time has yet arrived for a wide revision of the Meston Settlement, but we do hope to see whether we can arrive at some conclusion in regard to this particular portion of the Settlement. I do not say that it will be possible to introduce an arrangement amending the existing Devolution Rule 15 at an early date, but it will be something if we can get a settlement. It must be remembered, supposing we were to introduce an amendment of the Rule which costs the Government of India, shall we say—I do not know how wide people will open their mouths—shall we say Rs. 50 lakhs, that would mean that Rs. 50 lakhs less will be available for the remission of the provincial contributions. Obviously we are in a difficulty, but I am very anxious that we should arrive at some reasonable settlement on this matter, because I think it is very important to all the provinces, and particularly to provinces like Bengal and Bombay that they should feel that, if not at once, at any rate in the near future, they do stand to get some cash value for progressive expenditure.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): During the course of the discussion this morning and this afternoon the Finance Member must have noticed that several references have been made to the Taxation Inquiry Committee's Report. It is but natural that Honourable Members should refer to the suggestions contained there in dealing with their proposed cuts. I intended to make a suggestion by means of a supplementary question yesterday, but the Honourable Member wanted to have a written notice on paper. May I suggest to him the desirability of examining all the proposals together with the help of a Committee appointed by this House or a Joint Committee of both Houses. I think it will be a most useful method of examining the proposals, because the proposals bear one upon the other, and it is hardly

[Diwan Bahadur T. Rangachariar.]

right to deal with each proposal separately. I throw out this suggestion for the consideration of the Honourable the Finance Member as a useful method of dealing with the Report.

The Honourable Sir Basil Blackett: I shall be quite happy to consider this suggestion, if it is understood that I am making no promise at this moment nor in any way accepting it. I would point out that the Taxation Inquiry Committee's Report concerns all the provinces and the Provincial Governments, and a large part of the examination of it will be in consultation with the Provincial Governments. I do not say that that would entirely prevent the usefulness of the form of examination which my Honourable friend Diwan Bahadur Rangachariar has suggested but it may delay it. However, I will certainly give the matter consideration.

Mr. K. C. Neogy: In view of the statement made by the Honourable the Finance Member, I beg leave to withdraw my motion.

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

Share of the Bihar and Orissa Government in the Income-tax receipts.

Mr. B. Das: I beg to move:

"That the Demand under the head 'Taxes on Income' be reduced by Rs. 100."

I did not like to speak on the last motion of my friend Mr. Neogy, because I wish to raise the question of the share of the Bihar and Orissa Government in the income-tax receipts. The Bihar and Orissa Government gets 8 lakhs per annum. In the Explanatory Memorandum of the Finance Secretary in this year's Budget we find that it is estimated for the current year at 3 lakhs and 6 thousand. I say that the Government of Bihar and Orissa ought to get a larger share of the income-tax, and I am going to give the House the reasons. I trust that if I trace a few historical incidents the House will bear with me.

The Honourable Sir Basil Blackett: I think the Honourable Member might have raised this on the last motion. It is exactly the same point and I have nothing to add.

Mr. President: The Finance Member has given his reply to the general question of Devolution Rule 15 and I do not think it is worth while raising the question again.

Mr. B. Das: It is not my intention to deal with Devolution Rule 15. My point is that the Bihar and Orissa Government gets a very small share, and it must have a larger share. I wish to point out that the industrial companies situated in Bihar and Orissa do not pay income-tax through the Bihar and Orissa Government as their head offices are located at Calcutta and Bombay. If I am allowed I will point out these things and show how Bihar and Orissa deserves a further share of the income-tax.

The Honourable Sir Basil Blackett: This can only be done on the discussion that arose on Devolution Rule 15.

Mr. President: I do not think it can be dealt with otherwise. The whole question had just been discussed and the Chair cannot permit the Honourable Member to raise it again.

Defective administration of the Income-tax Department in Calcutta.

*Maulvi Abul Kasem: Sir, I beg to move:

"That the Demand under the head 'Taxes on Income' be reduced by Rs. 5."

As I have stated in my notice of this motion I want to draw the attention of the Government to the administration of this Department in Calcutta. There is a general belief in Calcutta that this Department is not properly administered. There is a complaint of over-assessment and a complaint of under-assessment as well. The gist of the complaint is this, that people who ought to be assessed at a smaller amount, I mean the poorer people, are over-assessed, while rich people are under-assessed for reasons best known to the Department. I am told, Sir, that in one case a big merchant filed an affidavit in the High Court explaining that his income from various sources was so much, and I am told that he was assessed at 10 per cent. of what he admitted his income in his affidavit to be, and a copy of his affidavit was sent by Messrs. Morgan and Company, his solicitors, to the Income-tax Commissioner. But under the income-tax rules neither the solicitors nor other people have been informed whether the correction has been made or not. There have been persistent efforts on the part of several gentlemen to get an inquiry made into the administration of the Department, but unfortunately without any effect. I am under the impression that the officers of the Department and the Members of Government think that it hurts their prestige if any of their subordinate officers are charged with inefficiency, incompetence or carelessness. That is the root of all this trouble. What I submit is that, whenever a complaint is made against any public servant, an inquiry should be made which would give satisfaction to the people concerned. Under the rules they cannot produce the books of merchants before the public. So far as that goes it is quite right, but we want that these books should be independently examined by officers of the Government not immediately concerned with the administration of income-tax in Calcutta. Besides that, Sir, there is another complaint to the effect that that Department when written to by private individuals about their own taxes does not care to reply to those letters. It takes no notice of them, and on the other hand it serves notices on those very people asking them to pay taxes at such and such a rate by a particular date or otherwise action would be taken under the law. But the representations made by these very people to the Department are unheeded. For these reasons, Sir, I think that it is high time that the Honourable the Finance Member and the Central Board of Revenue took proper steps to have a thorough inquiry into the income-tax administration. The complaint is that very rich people, who have to pay super-tax, are under-assessed, which means a serious loss of revenue for which the general tax-payer has to suffer. It is also said—I do not know with what truth—that several firms keep a double set of books, one for use in courts of justice and another for the Income-tax Department. I have been informed, Sir, that this practice has been brought out in this way, that courts of justice have been informed that they are to take no notice of books of accounts unless they are signed by income-tax officers. At the same time I have been told—with what truth I do not know, I cannot vouch for it—that duplicates are also signed by officers of the Income-tax Department!

*Speech not corrected by the Honourable Member.

The Honourable Sir Basil Blackett: Sir, I am very glad indeed to have this opportunity to deal with this question of the administration of income-tax in Calcutta. For the last year and more constant complaints have reached me from all quarters. I have done my very best to try and trace them to their source. The Commissioner of Income-tax, Bengal, and Mr. Tottenham, representing the Central Board of Revenue, interviewed Maulvi Abul Kasem himself in Calcutta last August and asked him for particulars and we have been unable to get any information whatever about individual cases. The same has happened in all sorts of directions. People have been actually up to Delhi and said they have got all sorts of information. You ask them for information. You get nothing; you get nothing specific whatever. We cannot go on following up claims in the strain, "I am told", "I am informed". The whole of Maulvi Abul Kasem's statement was, "I am told". Who told him? Why does not he give the information if he has got it? I do not complain I have no doubt that Maulvi Abul Kasem in making this statement does what he thinks his public duty of bringing this before the House, but I do say that we are not in a position to go on for ever being told that there are these charges when we do not get a single specific point and specific facts to look into. Mr. Tottenham himself has looked into the matter very carefully in Calcutta. That there are individual cases where individuals are getting off too lightly, I have very little doubt, and we should always be extremely grateful for proof, evidence, that that is so: but a general accusation that this is happening does not help, and I think it is really very unfair to the Income-tax Department that these general accusations should be made. I am sure they are doing their best, and they are most anxious to follow these up, but we must have something to go on and meanwhile the Department is really feeling rather under a cloud because so many accusations of this sort have been made that, quite naturally, a certain number of people are believing them, and the number of times that they are pressed from headquarters must be rather trying. That is the position. If we get direct evidence of any sort, we shall follow it up, and, if I may use an income-tax expression, "ruthlessly", but we cannot act on suspicion, and I do think that it is unfair to all concerned, to the assesses and to the Government and to the Tax Department that these charges should be made without chapter and verse. I do not know with what purpose these charges are made, but I am sure that it is not right that they should be allowed to go on and that we should be put in the position of dealing with them. I speak rather strongly because this has been going on for so long; and I ask all Members of this House, if they have got any evidence to bring it to me. It will be treated with the utmost confidence and will be thoroughly examined, but it must be evidence. We cannot conduct a roving inquiry into a thing of this sort and we have done our best to examine the books, re-examine them, but no kind of evidence is brought forward that justifies these general statements.

Maulvi Abul Kasem: On a point of explanation, Sir. I have to submit that I received complaints from several people, and I felt it my duty to interview the Member of the Central Board of Revenue when he was there, and I placed the facts before him as they came to me; but the rumour is persistent, and therefore I felt it my duty to bring it up again.

The Honourable Sir Basil Blackett: I make no complaint, Sir. I am sure he brought forward these statements under a sense of duty, but I

do say also that our highest sense of duty should make us feel that, if these complaints go on, and we have no materials on which to base them, we should try and stop the complaints.

Diwan Bahadur T. Rangachariar: Sir, I think we must extend our sympathy to the Honourable the Finance Member for the situation in which he has been placed. Already the Income-tax Department is very unpopular having regard to the nature of its duties and if to these duties is added the investigation of complaints of a vague nature arising probably from differences which arise between individuals—oftentimes we are accustomed to anonymous petitions and various other communications by which people try to hurt their enemies—I think we will be making the Department most unpopular. I am glad that the Honourable the Finance Member has taken a definite stand which he has taken to-day in dealing with such complaints. Certainly definite complaints should be inquired into; especially complaints of under-assessment made *pro bono publico* are always open to suspicion and must be viewed with great suspicion indeed. It is very likely that most cases will arise out of private grudge or enmity or other reasons, as we know now that causes of enmity are progressing very rapidly on account of the election quarrels and various other causes. I know it from personal experience that even in ordinary village union panchayat elections there is a lot of factious feeling in the villages, in the taluks and in the districts. Therefore in the matter of income-tax, the veil of secrecy must be maintained by the Income-tax Department. It is one of the essentials of the working of the Department. I do not wonder at the gentleman who complained sending in an affidavit saying that a particular person stated his income to be such and such. Oftentimes witnesses come forward. When you ask a witness as to what property he has, he overstates it. That is the usual way in which we show the respectability of witnesses. When we put questions to the witness about the income, oftentimes he overstates it. We ask the witness "How much tax do you pay" as if that is the sign of respectability. That is a very usual question we put in cross-examination and sometimes in examination in chief also by the person who produces the witness to show that he is a respectable man. The man is inclined to overstate his income. As a matter of fact when it comes to examining his accounts or finding what he is really assessable at, he probably has not got that income. Merely for stating a thing he should not be taxed. You must find the real income. An affidavit is no guarantee that he has that income, although it is a ground for investigation. I do submit, therefore, that unless there are definite complaints, the Income-tax Department would be well advised in not pursuing such inquiries, especially when it is a case of an anonymous petition and not accompanied by any definite allegations.

Mr. K. S. Jatar (Central Provinces: Nominated Official): Sir, I think it would not be right for me silently to watch this debate in view of the deep interest which I have always felt in all matters connected with the administration of the Income-tax Department. I was entrusted with the duty of supervising the work of the staff in the Income-Tax Department for nearly six years in the Central Provinces and Berar and I should like to give the House an idea of what the subordinate officers think of the hostile speeches made in this Assembly in connection with their work. Sir, the lot of officials working in a Department like that of Income-tax is by no means enviable. It is generally believed that the Police Department is the most unpopular Department under the present administration of

[Mr. K. S. Jatar.]

the country. But I feel certain that the conditions in the Income-tax Department are even worse. While the Police have ordinarily to frustrate the evil tendencies of the criminals who come from the lowest ranks of society, the officials in the Income-tax Department have to meet the attempts to evade just taxation of persons who hold a high position in society. Sir, it is not considered a crime to evade payment of a tax by gentlemen who would not otherwise stoop to do anything which is considered degrading. My experience in the 6 years of administration of income-tax was most interesting in this respect. I found the assessee trying to evade payment of what they justly owed to the State included even persons who are generally recognised as leaders of society. When I was doing the work of a magistrate—and this I did for nearly 25 years—I invariably had the help of a prosecutor who always placed before me in an able manner the version of the prosecution story as against that of the defence and I found little difficulty in arriving at the truth. But the only way in which the poor Income-tax Officers can detect persons offending against the provisions of the Income-tax Act is by going through complicated accounts. Every attempt is made by several assesseees to get themselves assessed without producing the accounts. In fact, the process of obstruction starts with an attempt to get assessed without discharging even the statutory responsibility of submitting a correct return. When the returns and accounts are produced, the accounts are often discovered to be incomplete. It is by no means rare to find in the accounts false entries deliberately made with a view to evade taxation. If the Income-tax Officer resorts to powers given to him under the Act and levies a penalty, he incurs considerable unpopularity and the public unfortunately sympathise generally with the rich offending assessee and not with the miserably paid Income-tax Officer who is trying to discharge his public duties in the most uncongenial surroundings. He is generally regarded as a machine employed by Government for exacting as much money from the people as possible. I am wearying the patience of the House by mentioning the circumstances under which an Income-tax Officer has to work simply with a view to induce the Honourable Members to refrain from attacking them in this House without sufficient grounds and in a general and vague manner as appears to have often been done. My difficulty in explaining the correct facts as regards the specific grievances which have been brought to the notice of the House is that I have not been in close touch with the Department for the last two years. But, Sir, I can certainly imagine the circumstances under which these alleged grievances of income-tax assesseees have arisen in the province of Bengal and in some other provinces, the Members from which have just given expression to their views. The work of introducing the provisions of the new Act throughout the whole Province under a specially trained staff was completed in my province a little earlier than in other provinces. I remember that, when my officers were new to this work, similar grievances were placed before me. The allegations made were similar in character to those objected to by the Honourable Sir Basil Blackett just now. The pity of it was that the allegations were too vague to be replied to. When the administration of my department was attacked, I wrote personal letters to all the gentlemen who had taken a leading part in the agitation. I challenged them to bring to my notice half a dozen concrete cases from any part of the province in which the alleged grievances may be found to exist. In the replies I got, only one

definite case was quoted. Sir, I carefully looked into that case. I did not of course mention the name of the assessee nor could I go into details because we are strictly bound to observe secrecy. I explained the position in a general way to the gentleman who had written to me and he admitted that in that particular case the action of my Income-tax Officer was correct. I appeal to the Honourable Members, Sir, that they should not move such motions of censure in a light-hearted manner. We have with some difficulty succeeded in securing a band of energetic and young officers. In my province all the officers from the Income-tax Commissioner downwards are Indians and I believe most of them to be thoroughly reliable and straight and they are doing their best. Unjust criticism of their work is extremely discouraging to them. I am sure the same will be found to be the case with most of the Income-tax Officers in the other provinces.

Maulvi Abul Kasem: Sir, I desire to withdraw my motion.

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

Discrimination against Companies.

Mr. W. S. J. Willson: Sir, you have just heard from my friend Maulvi Abul Kasem, faults of the Income-tax Department in regard to the small traders and the small man's income. Now, Sir, will you kindly hear some complaints from the other end of the scale. Sir, the small man, the poor individual, as is generally admitted, is not in the habit of keeping accounts. Those for whom I wish to speak at this moment, and whose case I wish to bring to your notice are companies, who do keep accounts. Their accounts are ordinarily printed and circulated after audit by firms of the very highest standing, and I submit that there is no question—there never has been any question—as to the accuracy of these returns.

Sir, it is, I believe, generally admitted that we wish to industrialise and encourage industries in India. If that be true, then my submission is that we cannot do it better than by means of joint stock companies. If you have joint stock companies with limited liability, with a capital consisting of shares, the poor may share with the rich in investing their money and in participating in the industries of the country. But the people who offer a certain amount of discouragement to company finance are the Government who have put upon companies an extra-tax, a double tax, in the shape of a company super-tax. Sir, this company super-tax was put on originally as a war tax, and when there was war and the circumstances of the war had to be met, although the tax in its first form was most objectionable, subsequently some adjustments were made and the evils of it were to a small extent lessened; but now the existence of the tax in any shape or form is, I submit, an objection. It is a double tax. Shareholders in companies have to pay their income-tax. Commonly the company pays it for them and deducts it from the dividend warrant sent out. In other cases the company pays it and does not deduct it from the dividend warrant, but in that case the shareholder receives less than he otherwise would do. But the super-tax is paid by the company at a flat rate on the entire profits of the company, the flat rate being one anna in the rupee, with a deduction in respect of the first half lakh of rupees of the profits, which in the case of very large companies is a very small consideration, but in the case of very small companies may be a very real one.

[Mr. W. S. J. Willson.]

Sir, the amount realised from the collection of this double tax on companies is, I believe, something like 8½ crores per annum, and if that figure be true, it seems to me that the tax, which was originally put on for the purposes of the war, is now being used—or if not directly used is practically accounting for—the whole of the provincial contributions, the remissions of which we are able to give in the course of this year, which do not amount to 8½ crores.

The Honourable Sir Basil Blackett: Yes, they do.

Mr. W. S. J. Willson: The extra remissions.

Now, Sir, I am aware that many Government officials would call it a corporation tax. A rose by any other name would smell as sweet, and a skunk by any other name would be no more attractive. If you called cotton excise duty by any other name it would not abolish the scandal, it would not abolish the injustice of it. An argument they use is that this company tax affords them some measure of protection against bogus companies. Now, Sir, I would say that the question of bogus companies is far more a Government bogey. That there are a few bogus companies is regrettably true, but I submit that in most cases their articles of association, their management and their general appearance mark them down pretty correctly. Whether that is so or not, I firmly believe that the number of such companies is extraordinarily few, and it is an entirely new idea of justice to learn that because a few escape a tax which might be collected from them, deliberate injustice is to be imposed on the great majority of others. That seems to me to be entirely contrary to the first principles of British justice.

I would like to remind Government that an investment company, like a parent company, whether it has few shareholders or many, is a perfectly legal and proper concern. It has paid its taxes, it has acquired from the State its license to exist and to trade, in the shape of the company registration fees and fees upon its capital which it has paid. It is in my view just as right and proper, just as morally right, just as legal and just as legitimate in every way to promote a private company for the purpose either of an investment company or a parent company, as it is to promote a company for the purpose of limiting one's liability. The fact that a certain number of companies have from time to time been formed for the purpose of carving up their profits—gambling profits very likely—if any, or going into very violent disruption if not, in order to cheat their creditors, has never been allowed to militate against the operation of company law. In my view the bogey in the Government spectrum in regard to a few companies should not be regarded as a justification for this injustice of a double tax upon perfectly legitimate companies.

Sir, in other countries there are bogus companies, probably many more than there are in India. Nevertheless the bogey of bogus companies has not been allowed to interfere with the abolition of the corporation profits tax in England, and my submission is that it should not be allowed to do so here. It has never been proposed that a shareholder drawing dividends from a company which has paid this double tax should be allowed any rebate in connection therewith. Generally speaking (which I shall have occasion to refer to a few days later) there is such a tendency at the present time to put upon companies and the officers of companies

an amount of work on behalf of the State which other individuals are not asked to do, that I have been tempted to move the amendment that stands in my name, which is that the Demand under the head "Taxes on Income" be reduced by Rs. 5, which I move, Sir, in order to call attention to this matter.

Mr. A. H. Lloyd: Sir, the motion before us is again in the nature of a vote of censure upon the Legislature, because the machinery under which super-tax is collected from companies is prescribed by the Income-tax Act passed in 1922, and the rate at which it is collected is prescribed by the Finance Act of the current year. However, Sir, I do not complain of Mr. Willson's bringing this point up because it puts me in a position to draw his attention to the fact that the Taxation Inquiry Committee, in paragraph 251 of their Report, have considered this particular tax, the super-tax, as it is called, on companies. The Committee recommend that its name should be changed, but they also say that they see no particular objection to its existence; and I may also mention that although in the United Kingdom a tax of this nature has been abolished—that may be the good fortune of the United Kingdom—there are other countries in which it exists. I believe I am correct in saying that it exists in the United States of America and in the Union of South Africa. Well, Sir, in the course of our examination of the Taxation Inquiry Committee's Report we shall have to take into account this matter also. I leave it to Mr. Willson to draw what comfort he can from that; but as a matter of immediate practical politics, his answer seems to lie in the figure—something like 8 crores—which he himself mentioned as the revenue derived from this particular tax.

Mr. B. Das: Sir, I rise to speak on this subject and I say there is no equity in the way income-tax is assessed on companies. If we just look at Schedule II of the Finance Bill we find in the case of every company and registered firm, however small its total income may be, the income-tax is assessed at one anna and six pies in the rupee: while a private person who is getting an income of Rs. 40,000 pays one anna and six pies, and a person with an income of Rs. 30,000 pays one anna and three pies and a person with an income of Rs. 20,000 pays one anna in the rupee. Now what happens in the case of small registered companies which form the largest number of industrial undertakings? They cannot pay such heavy income-tax; and I think therefore that Government should revise their schedule of assessment of income-tax and give a certain amount of relief to these small companies.

As regards super-tax, I think Government have already received by telegram from the Indian Merchants' Chamber and Bureau their views on the subject. They support what Mr. Willson has just now stated. Let me just quote one sentence from their telegram:

"They further urge consideration at the earliest possible opportunity of the total abolition of company super-tax, which operates as a very odious form of double income-tax."

I do not know if Government have got a copy of this telegram; it is from the Indian Merchants' Chamber and Bureau, Bombay. We know that this super-tax is working very heavily on various companies. Of course there is a Bill shortly to come up before the House by which Government propose to collect super-tax which they cannot now properly collect from private individuals: Hindu joint families with so many members combine

[Mr. B. Das.]

themselves as an associated firm and thereby defy the income-tax authority in the matter of the payment of super-tax. But these joint stock companies are working for the development of industries and they are heavily taxed by the tariff policy of the Government already on imported materials, machinery and stores. Government should not continue this double taxation in the shape of super-tax and thereby imperil the resources of these companies and bring their development to a standstill.

***Mr. N. M. Joshi** (Nominated: Labour Interests): Sir, I rise to oppose the motion. (Laughter.) India is the one country in which the income-tax is the lightest. Mr. Willson said that this super-tax was imposed on companies as a war measure and therefore this tax must now be removed. But there are many taxes in the list which were imposed as war measures. He knows that the salt tax was raised from one rupee to one rupee and four annas as a war measure; it has not yet been reduced. (*Mr. W. S. J. Willson*: "It was Rs. 2-8-0 before that.") I therefore think that before taxation on poor people is reduced Government will not be justified in reducing any taxation on the richest people in the country. Mr. Willson referred to the accurate accounts of the companies. I do not know much about the accuracy of the accounts of the companies; but we know much about the window-dressing of the accounts of these companies. Sir, I oppose this motion.

Dr. K. G. Lohokare: Sir, the motion before us suggests to us one more feature of capitalism in spite of the fact that the capitalists have already been exempted from taxation on the transfer of their shares and on unearned income

Mr. W. S. J. Willson: There is a fee for transfer of shares.

Dr. K. G. Lohokare: But how much is it as compared with the tax on other properties is the question. Some more benefits consequent upon the incorporation of companies have been derived by them, and, in spite of all that, they want to bring down the income-tax, and to find cause enough further to tax the poor people of this country

Mr. W. S. J. Willson: I only referred to the double tax.

Dr. K. G. Lohokare: Yes! There is also the question of capability of the persons to pay taxes. That is one of the tests of taxation too. If that canon is followed, the tax on companies here is comparatively very much less than what it is in other countries, and therefore the plea that has been put forward for reducing the taxation does not stand at all because they have enough capacity to pay these taxes in return for concessions enjoyed.

Mr. H. G. Cocke: Sir, I am very glad to find myself in agreement with my Honourable friend Mr. Willson on a question of super-tax. I appreciate very fully the remarks he made. I consider that super-tax on companies is a tax on trading which ought to be taken off following what has been done in the United Kingdom. I am very sorry to find that the Taxation Inquiry Committee have committed a blunder in paragraph 251 of their Report in regard to this matter, and I hope that when Government consider their Report, they will skip over that paragraph and will not give any very serious consideration to the suggestion made by them. In

*Speech not corrected by the Honourable Member.

addition to suggesting that super-tax on companies should be retained, they have, as I pointed out the other day, suggested that the initial Rs. 50,000 should be taxed, and that it should not go free of tax as at present. They seem to have been somewhat hard on companies. I do not think they can appreciate the great benefit to the business world if small businesses cease to be firms and become limited liability companies. Every encouragement ought to be given to businesses consisting of partners, or a sole trader, to register under the Act. It is better all round, and I think those who have had business experience will entirely agree with that proposition.

The Honourable Sir Basil Blackett: Sir, I wish to add very little to the debate. Mr. Lloyd has already dealt fairly fully with the question of super-tax

Mr. W. S. J. Willson: Not at all.

The Honourable Sir Basil Blackett: This tax has a past, a present and a future. I will not say what its future will be, but I do wish to say on behalf of its past that I know of no evidence that it was imposed solely as a war measure. I have not been able to trace any statement to that effect, but it is just possible that it was so. But in order that there may be no slur on its past, I desire to say that, so far as I am aware, it was not imposed solely as a war measure, and my personal view is that it has been a very useful tax hitherto.

Mr. W. S. J. Willson: Sir, I beg leave to withdraw the motion.

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

Mr. President: The question is:

“That a sum not exceeding Rs. 63,64,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1927, in respect of ‘Taxes on Income’.”

The motion was adopted.

DEMAND NO. 18—SALT.

The Honourable Sir Basil Blackett: Sir, I beg to move:

“That a sum not exceeding Rs. 99,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1927, in respect of ‘Salt’.”

Improvement in the production of Salt.

Mr. K. Rama Aiyangar: Sir, I move No. 30 and I do not propose to move No. 31. No. 30 runs:

“That the Demand under the head ‘Salt’ be reduced by Rs. 100.”

This question has been taken up more than once on the floor of the House and as far as I can see, there is no sign of steps having been taken by the Government to actually improve the production of salt, so that the whole country might be self-contained so far as salt production goes and no import may be allowed.

The Honourable Sir Basil Blackett: (Holding up the Taxation Inquiry Committee's Report) Is this not evidence?

Mr. K. Rama Aiyangar: There is an excise duty levied on imported salt as much as the duty on salt itself but that does not go very far. The peculiar conditions of India are such that if possible it should not import any salt from outside. A higher levy of duty to protect the industry in the country will be quite justified. In fact, it has been proved that a considerable area has been shut down for production of salt during recent years because of competition. I raise this question only to know definitely from the Department what steps are being taken to improve the production of salt and to produce the amount necessary for consumption in India in India itself. With that view I raise the point, Sir.

Mr. A. H. Lloyd: Sir, I am grateful to Mr. Rama Aiyangar for the brevity with which he has brought his point before the House and I shall attempt to be equally brief. The question which is in issue is one which was very fully debated in this House, a year ago on the Demand for Salt. Since that debate took place, the Taxation Inquiry Committee—I am sorry to have to refer to it so often—have submitted its Report and it will be found that in paragraph 179 of that Report the Committee sum up their conclusions with reference to the possibility of removing handicaps on the Indian manufacturer, of encouraging the manufacturer in certain provinces to make salt suitable for consumption in Bengal and of otherwise taking steps to make India self-supporting in the matter of salt supply. The Committee recommend that with this end in view an inquiry should be put in hand by the Tariff Board. It is of course too early for me to say whether the Government of India will decide on that course or will decide to adopt some other procedure for examining this proposal of the Taxation Inquiry Committee, but I think that Mr. Rama Aiyangar may rest satisfied that the matter is not at a stand-still and that certainly, in some form or other, it is going to receive very careful consideration.

Mr. K. Rama Aiyangar: I do not press the motion, Sir.

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

Mr. President: The question is:

“That a sum not exceeding Rs. 99,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1927, in respect of ‘Salt’.”

The motion was adopted.

Mr. President: I do not know if the House desires me to take up the next new Demand.

(Cries of “To-morrow.”)

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 10th March, 1926.
