

THE  
COUNCIL OF STATE DEBATES

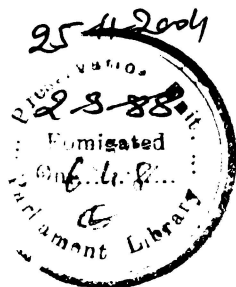
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(12th February to 12th April 1929.)

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SIXTH SESSION

OF THE  
SECOND COUNCIL OF STATE, 1929



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# COUNCIL OF STATE.

*Monday, 4th March, 1929.*

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The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

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## MEMBER SWORN.

THE HONOURABLE MR. LANCELOT GRAHAM, C.I.E. (Legislative Secretary).

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## MESSAGE FROM HER MAJESTY THE QUEEN-EMPRESS.

THE HONOURABLE THE PRESIDENT: I have a Message for the Council from Her Majesty the Queen-Empress. The Message which I have received through His Excellency the Viceroy is as follows:

*"I desire to express on behalf of the King-Emperor sincere thanks for the loyal message received from the Council of State whose sympathetic assurance of its great anxiety during His Majesty's protracted illness is keenly appreciated. I wish also to express my profound gratitude to the Council for its moving reference to the progress which the King has happily made towards convalescence and for its prayers for His Majesty's early and complete recovery."*

(Sd.) MARY, Regina et Imperatrix."

I am sure the Council is deeply grateful for Her Majesty's gracious Message.

(The Message was received by the Members of the Council standing.)

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## QUESTIONS AND ANSWERS.

### INDIAN DELEGATES TO THE INTERNATIONAL CIVIL AERONAUTICS CONFERENCE IN WASHINGTON.

30. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna): Will Government please state:

- (a) if their attention has been drawn to an International Civil Aeronautics Conference recently held in Washington?
- (b) if they received an invitation to send delegates to that Conference, and the names of such delegates, if any, as were sent?
- (c) if no delegates were sent, the reasons for the same?
- (d) if there is any definite policy in the matter of sending delegates to International Conferences, or is every case judged on its own merits?

- (e) if there is any policy, what is that policy ?
- (f) if it is a fact that Great Britain and the principal Colonies of the British Empire were represented both by official and non-official delegates at the Conference ?

**THE HONOURABLE MR. A. C. McWATTERS :** (a) The reply is in the affirmative.

(b) and (c). An invitation was received but no delegates were sent from India. The only suitable Officer who could have been deputed was the Director of Civil Aviation in India, whose services could not be spared during the period in which the Conference was held.

(d) and (e). No general policy has been laid down, but each case is judged on its own merits. The Honourable Member's attention is invited to the Honourable Mr. H. G. Haig's remarks on the Resolution regarding Indian representation on the League of Nations and other International or Imperial Conferences moved by the Honourable Member himself in the Council of State on the 13th March 1928.

(f) The Government of India have no information on this point.

#### DESIGNATION OF THE REPRESENTATIVE OF THE GOVERNMENT OF INDIA IN THE UNION OF SOUTH AFRICA.

31. **THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna) : (a) Will Government please state what exactly is the designation of their representative to the Government of the Union of South Africa ? Is it Agent or Agent-General or anything else ?

(b) Will they state if such a representative also looks after the interests of Indians in Rhodesia ? If not, will Government consider the advisability of instructing him to do so ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :** (a) The designation is "The Agent of the Government of India in South Africa".

(b) No : the Indian community in Rhodesia have not approached the Government of India direct so far. If they do, the suggestion will be considered.

#### ISSUE OF FREE RAILWAY PASSES BY SOME OF THE GOVERNMENT-MANAGED RAILWAYS TO MISS KATHERINE MAYO.

32. **THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna) : Will Government please state :

- (a) if it is a fact that free railway passes were issued by some of the Government-managed Railways to Miss Katherine Mayo when she visited India ?
- (b) if the reply be in the affirmative, the names of the Railways that issued such free passes, and whether such free passes were given with the knowledge and permission of the Railway Board ?
- (c) if other than Government-managed Railways also issued such free passes, and, if so, which ?

**THE HONOURABLE SIR GEOFFREY CORBETT :** No passes were issued by any of the State or Company-managed Railways.

USE OF VEGETABLE GHEE IN HOSPITALS.

33. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : Will Government please state if they are in communication with Provincial Governments regarding the use of vegetable ghee in hospitals, and what replies, if any, have been received from the different provinces ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : The reply is in the negative.

APPOINTMENT OF PLEADERS AS CHIEF JUSTICES OF HIGH COURTS.

34. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : Will Government state if any fresh action had been taken in the matter of enabling High Court Pleaders to be appointed Chief Justices of High Courts ? If not, why not ?

THE HONOURABLE MR. H. G. HAIG : A Bill to amend section 101 of the Government of India Act, which has as one of its objects that which the Honourable Member has in view, was introduced in the House of Lords on the 21st May, 1928 and passed by that House on the 27th June, 1928. It would not, however, be proceeded with in the House of Commons during that Session as time could not be found.

The Bill has been re-introduced in that House.

THE HONOURABLE MR. V. RAMADAS PANTULU : May I know if the Government of India have taken any action upon the protests launched against the Bill from Lahore and other places ?

THE HONOURABLE MR. H. G. HAIG : I thought the Honourable Member was in favour of the provisions which are referred to in this question.

THE HONOURABLE MR. V. RAMADAS PANTULU : Yes : I meant of course action to counteract the protests made in Lahore and other places against the Bill.

THE HONOURABLE MR. H. G. HAIG : I am not sure, Sir, whether any special representations have been made to the Home Government, but the Bill is being pursued.

AMOUNT OF INDIA'S CONTRIBUTION TO THE EXPENSES OF THE LEAGUE OF NATIONS DURING THE LAST THREE YEARS.

35. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : (a) Will Government state what is the amount of India's financial contribution to the expenses of the League of Nations during the last three years ?

(b) Is it a fact that it is higher than that of any other State not having a permanent seat on the Council of the League ?

THE HONOURABLE MR. L. GRAHAM : (a) The net contribution of India for the last three years is as follows :

1926—1,370,454 gold francs.

1927—1,260,713 gold francs.

1928—1,297,730 gold francs.

(b) The answer is in the affirmative.



**SPEECH OF LORD LYTTON AT THE LAST SESSION OF THE LEAGUE OF NATIONS.**

**36. THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna) : (a) Have Government read the speech made by Lord Lytton on behalf of the Indian Delegation to the League of Nations at Geneva at the last session of the League ?

(b) Is it a fact that he expressed the grave anxiety of the Indian Delegation at the increasing budget of the League ?

(c) Did he further express the view that the Indian Government might feel obliged to consider whether membership of the League was worth the price India had to pay for it ?

(d) Do the views expressed by Lord Lytton represent the views of the Government of India, and, if so, will they be pleased to state what policy they intend to adopt in future with regard to the League ?

**THE HONOURABLE MR. L. GRAHAM** : (a) Government are not in possession of the text of the speech, but a full summary thereof is contained in paragraphs 95 to 100 of the Interim Report of the Indian Delegation.

(b) Yes.

(c) The summary represents him as having said that every increase of the financial burden without a corresponding extension of the sphere of the work increased the difficulty of maintaining that membership of the League was worth the price. The Government of India have no reason to believe that he expressed the view attributed to him by the Honourable Member.

(d) The answer to the first part is in the affirmative. If by the second part the Honourable Member intends to inquire whether Government have any intention of terminating India's membership of the League, the answer is in the negative.

**NUMBER OF INDIANS EMPLOYED IN THE SECRETARIAT OF THE LEAGUE OF NATIONS.**

**37. THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna) : (a) Will Government be pleased to state how many Indians are employed in the various departments or services of the League of Nations, their names, their designations, their duties, and the salary paid to each ?

(b) What steps have Government taken in order that the number of Indians employed in such departments or services may be increased ?

**THE HONOURABLE MR. L. GRAHAM** : (a) Two in the League Secretariat and three under the International Labour Office. A statement containing information regarding names, designations, duties and salaries is laid on the table. In addition, I may refer the Honourable Member to paragraph 4 of the Interim Report of the 1928 Delegation from which it appears that a new post is being created for an Indian in the Information Section of the League Secretariat.

(b) Appointments in the League Secretariat being normally for terms of seven, 21 or 28 years and appointments under the International Labour Office being normally for terms of 21 or 28 years, the Honourable Member will understand that the possibility for effective action in this matter is extremely limited. Government are at pains to take such action as is possible by causing India's delegates to the Assembly to ventilate the matter as often and as strenuously as is consistent with technical considerations;

*Statement showing the number of Indians employed in the League of Nations, their names, their designations, their duties, and the salary paid to each.*

Name.	Designation.	Duties.	Salary.
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LEAGUE SECRETARIAT.

Mr. J. Dalal	Member of Section	Legal Section.	Pay of post 13,700—800—19,000 Swiss francs. Present pay understood to be 13,700 Swiss francs.
Mr. S. M. Dhume	Member of Section	Economic and Financial Section.	Pay of post 13,700—800—19,000 Swiss francs. Present pay unknown.

INTERNATIONAL LABOUR OFFICE.

Mr. K. Kuriyan	Member of Section	Section A of the Diplomatic Division dealing with Ratifications and Application, etc., of Conventions.	Pay of post 13,700—800—19,000 Swiss francs. Present pay unknown.
Mr. R. K. Das	Member of Section	Section C of the Diplomatic Division dealing with Labour in Colonies, Protectorates, etc.	Pay of post 19,000—800—28,000 Swiss francs. Present pay understood to be 20,600 Swiss francs.
Dr. P. Pillai	Is at present the representative of the International Labour Office and Director of its Indian Branch with rank superior to that of Chief of Section at Geneva. Understood to hold lien on post of Member of Section.		Pay of post temporarily fixed at 24,000 Swiss francs.

*Note.*—In addition Dr. Pillai is authorised to engage four office Assistants in India for the purpose of his work.

RECOMMENDATIONS OF THE ROYAL COMMISSION ON AGRICULTURE.

38. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze, Sethna) : Will Government be pleased to state what action they have so far taken on the recommendations of the Agricultural Commission (a) by themselves, and (b) by the various Provincial Governments ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : Of the recommendations made by the Agricultural Commission which affect

the Government of India, the most important relates to the establishment of a Council of Agricultural Research. The conclusions which the Government of India have reached as regards these were announced by His Excellency the Viceroy in his address to the Assembly on the 28th January. The other recommendations which concern the Government of India exclusively, or jointly with one or more Local Governments, are still under consideration.

The Government of India have no information apart from what has appeared in newspapers as to the action so far taken by the Local Governments on the recommendations which concern them.

#### PRINCIPLES OF LAND REVENUE ASSESSMENT.

39. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : Will Government be pleased to lay on the table a statement showing the progress made up to date by each Provincial Government in the matter of giving effect to the recommendation of the Joint Parliamentary Committee that the principles of land revenue assessment should be embodied in a Statute ?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : A statement giving the information asked for is laid on the table.

*Statement showing the progress made by Provincial Governments in the matter of embodying the principles of land revenue assessment in a Statute.*

Bills have been passed by the Legislative Councils of the Punjab, the United Provinces and the Central Provinces. Legislation has not been considered necessary in Bengal and Bihar and Orissa, as large territories in these provinces are under permanent settlement. In Madras and Assam attempts to secure legislation regarding assessment of land revenue have not proved successful. In Bombay a Bill has been prepared and is expected to be introduced in the local Legislative Council. As regards Burma, the Local Government were awaiting the report of the Taxation Enquiry Committee before taking any action in the matter. Their attention to the question of legislation has again been drawn.

#### RULES REGULATING THE FORMATION OF NEW PROVINCIAL SERVICES.

40. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : Will Government be pleased to lay on the table the new rules framed for the purpose of enabling Provincial Governments to form new provincial services without frequent references to the Secretary of State ?

THE HONOURABLE MR. H. G. HAIG : The rules in question, known as the All-India Services (Transferred Departments) Replacement Rules, were published in the Gazette of the 2nd February, which the Honourable Member will find in the Library of the House.

#### BRANCH RAILWAY FROM MANMAD TO DHULIA *viâ* MALEGAON.

41. THE HONOURABLE MR. G. A. NATESAN (on behalf of the Honourable Sir Phiroze Sethna) : Will Government be pleased to state what progress has been made in giving effect to the scheme of a branch Railway from Manmad to Dhulia *viâ* Malegaon, District Nasik ?

THE HONOURABLE SIR GEOFFREY CORBETT : On investigation the project was found to be unremunerative, but the Bombay Government have been asked whether they wish to guarantee the line.

**NUMBER OF EUROPEANS, ETC., EMPLOYED IN THE CLERICAL AND HIGHER ESTABLISHMENT OF THE GOVERNMENT SECURITY PRINTING PRESS, NASIK.**

42. **THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna): Will Government be pleased to give a tabular statement showing how many Europeans, Anglo-Indians, Indian Christians-Parsis, Hindus, Muhammadans and Indians of other communities are, employed in the clerical and higher establishment of the Government Security Printing, Nasik Road, receiving salaries (1) of Rs. 100 to Rs. 250; (2) of Rs. 251 to Rs. 500 and (3) of Rs. 500 and over?

**THE HONOURABLE MR. E. BURDON**: I lay on the table a tabular statement giving the information for which the Honourable Member has asked.

*Statement showing the number of persons of various communities employed in Security Printing, India, Nasik Road (including Central Stamp Store and Currency Note Press) as on 1st February 1929.*

—	Euro- peans.	Anglo- Indians.	Indian Chris- tians.	Parsis.	Hindus.	Muham- madans.	Indians of other com- munities.	Total.
(1) Rs. 100 to 250.	1	4	6	3	35	1	..	50
(2) Rs. 251 to 500.	7	3	..	..	1	..	..	11
(3) Rs. 500 and over.	11	2	..	..	1	..	..	14

**APPOINTMENT OF A ROYAL COMMISSION ON EDUCATION.**

43. **THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna): Have Government considered the advisability of urging on His Majesty's Government the necessity of appointing a Royal Commission on Education with a view, in particular, to investigating what measures, financial and other, should be adopted in each province to introduce compulsory mass education within a specified period?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH**: No.

**THE HONOURABLE MR. G. A. NATESAN**: In view of the great importance which the public attach to the question of compulsory mass education, will the Government of India think of taking steps in this matter?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH**: The whole question regarding education is being investigated by the Statutory Commission. Until their recommendations are known, it will not be possible for the Government of India to take any definite action.

**DEDUCTIONS FROM THE WAGES OF LABOURERS EMPLOYED ON  
TEA ESTATES IN ASSAM.**

**44. THE HONOURABLE MR. G. A. NATESAN** (on behalf of the Honourable Sir Phiroze Sethna) : Will Government be pleased to state :

- (a) the date from which estates in Ceylon began paying minimum rates of wages as laid down in the Minimum Wage Ordinance ?
- (b) whether this Ordinance makes any provision to ensure that the actual amount of wages over and above the minimum rates, if earned, is paid to the labourer ?
- (c) whether it is a fact that on tea estates, certain deductions are made by the Estate authorities from the amount of tea leaf plucked by a labourer working at piece rates and that he or she is only paid for the balance ?
- (d) if the reply to (c) is in the affirmative, what these deductions are for, and whether they are fixed or variable at the pleasure of the employer ?
- (e) whether all such deductions are always made with the knowledge and consent of the labourer ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :**  
(a) 1st January 1929.

(b) and (c). Yes.

(d) As far as the Government of India are aware, the deductions referred to are made on account of the weight of the basket in which tea leaves are weighed and other considerations of a technical nature. These deductions as a rule follow custom and not the will of the employer.

(e) The Government of India understand that generally speaking the position is as stated by the Honourable Member.

**EFFICIENCY BARS IN THE TIME-SCALE OF PAY FOR FIRST AND SECOND DIVISION CLERKS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.**

**45. THE HONOURABLE MR. G. S. KHAPARDE :** (a) Will the Government be pleased to state the efficiency bar stages in the time-scale of pay for the first division and second division clerks in the office of the Director-General of Posts and Telegraphs ?

(b) What are the efficiency bar stages in the other attached offices of the Government of India ?

**THE HONOURABLE MR. A. C. McWATTERS :** (a) In the office of the Director General of Posts and Telegraphs, for the first division clerks the efficiency bars are at the Rs. 130 and Rs. 180 stages, respectively, and for the second division clerks at the Rs. 80 and Rs. 115 stages, respectively.

(b) In certain other offices under the Government of India, for Assistants the efficiency bars are at the Rs. 200 and Rs. 300 stages, and for clerks at the Rs. 115 and Rs. 155 stages, respectively.

**ANNUAL INCREMENTS OF FIRST DIVISION CLERKS IN THE OFFICE OF THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS.**

46. **THE HONOURABLE MR. G. S. KHAPARDE :** (a) Is it a fact that in the time-scale of pay sanctioned for the first division clerks in the office of the Director-General of Posts and Telegraphs the initial rate of increment is Rs. 6 only per annum as against Rs. 8 in the case of other attached offices of the Government of India ?

(b) Is it a fact that the first division clerks of the Director-General's Office have to draw this lower rate of annual increment for ten years, whereas a clerk in the attached office begins to draw an increased rate of increment at Rs. 10 per annum after only five years' service ?

(c) If so, do the Government propose to remove this anomaly by suitably amending the existing time-scale of pay for first division clerks of the Director-General's Office ?

**THE HONOURABLE MR. A. C. McWATTERS :** (a) and (b). The facts stated by the Honourable Member are substantially correct.

(c) No, Sir ; I refer the Honourable Member to the explanation given to the Standing Finance Committee, recorded in paragraph 13, and in Appendix I, section E, of the Committee's proceedings of the 28th January 1927.

**ENQUIRY INTO THE TIME-TEST IN THE POST OFFICE.**

47. **THE HONOURABLE MR. G. S. KHAPARDE :** (i) Will the Government be pleased to state if the enquiry into the Time-Test in the Post Office has been finished and a report submitted ?

(ii) Will the Government please lay on the table a copy of the report ?

(iii) Will the Government please state if the report of the Special Officer was agreed to by the representative of the All-India (including Burma) Postal and R. M. S. Union who was associated with him in the enquiry ?

(iv) When will Government give effect to the recommendations of the Time-Test Committee ?

**THE HONOURABLE MR. A. C. McWATTERS :** (i) Yes.

(ii) Government cannot say whether they will lay a copy of the report on the table till they have seen and considered it.

(iii) Yes.

(iv) No Time-Test Committee was appointed. Government are unable to state precisely when effect will be given to such recommendations of the Special Officer as may be accepted by Government. At present the report, which was received on the 31st of January last, is being considered by the Director-General.

**PROVIDENT FUND FOR CIVIL ENGINEERS EMPLOYED ON STATE RAILWAYS.**

48. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will Government kindly state whether, unlike the other superior establishments on State Railways, Civil Engineers have up till recently not been given the option of a Provident Fund ? If this is the case, do Government contemplate giving the option of a Provident Fund to those engineers who do not at present possess it ? If not, will the Government explain why this privilege is denied to them ?

**THE HONOURABLE SIR GEOFFREY CORBETT:** The answer to the first part of the question is—yes : to the remaining parts—that there is no question of denying a privilege to members of the Indian Railway Service of Engineers. The position is simply that until recently officers of that service have been on pensionable and not on provident fund terms. All entrants to the service after the 1st of January 1926 have, however, been recruited on a non-pensionable basis.

**STOPPAGE OF THE RECRUITMENT OF HINDUS TO THE OFFICES UNDER THE CHIEF AUDITOR, NORTH-WESTERN RAILWAY.**

**49. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** (a) Has the attention of Government been drawn to the notice which appeared in the papers a few months back similar to that now appearing in the papers on behalf of the Chief Auditor, North-Western Railway, to the effect that “An examination for the recruitment of clerks to the offices under the Chief Auditor, North-Western Railway, will be held on the 11th and 12th March, 1929. It will be open only to members of the following communities, namely, Muhammadans, Sikhs, Anglo-Indians, Indian Christians and Parsis” ?

(b) Has this policy of excluding Hindus from recruitment to the offices under the Chief Auditor, North-Western Railway, been adopted by this Railway Administration with the approval of Government ? If not, what action do Government intend taking in this connection ?

(c) Is it the policy of Government entirely to stop only the recruitment of Hindus to the State Railways services till such time as their proportion in the services falls to the proportion this community forms of the general population ?

(d) Is this policy of total stoppage of recruitment of a particular community or communities followed only on the North-Western Railway or on any other State Railways as well ?

(e) Have Government stopped the recruitment of non-Hindus in all departments of those Railway Administrations where they are in excess of the proportion of non-Hindus in the general population of the areas served by such Railways ?

(f) If the answer to (e) be in the negative, will Government kindly state why they follow different policies in different parts of the country ?

**THE HONOURABLE MR. E. BURDON:** The Government are making certain enquiries to enable them to reply fully to the Honourable Member's question. A further answer will be sent to him as soon as possible.

**INABILITY OF THE SUFFERERS IN THE KOHAT RIOT TO PAY THE INSTALMENT OF THE LOAN ADVANCED TO THEM BY GOVERNMENT.**

**50. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Have the authorities in the North-West Frontier Province or the Government of India received a representation from the sufferers in the Kohat riot to the effect that they are at the present moment unable to pay the instalment shortly falling due on account of the loan advanced by Government to them ? If the answer be in the affirmative, have Government considered the advisability of putting off for the present the demand for payment of the instalment ?

**THE HONOURABLE MR. H. G. HAIG :** The Honourable Mr. Watson being absent from Delhi, I would ask your permission, Sir, to answer questions on his behalf.

I understand that a representation has been addressed to the Local Administration and that the matter is under their consideration.

INSTALLATION OF A TELEPHONE SYSTEM AND A TRUNK CONNECTION AT DALHOUSIE.

**51. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will Government kindly state whether they contemplate installing a telephone system and a trunk connection at Dalhousie? If so, when is it likely to be installed?

**THE HONOURABLE MR. A. C. McWATTERS :** Yes. During 1929-30.

TOTAL AMOUNT OF FOREIGN COAL ORDERED FOR STATE RAILWAYS DURING 1927-28 AND 1928-29.

**52. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will Government kindly state what has been the total quantity of foreign coal ordered for Indian State Railways during the years 1927-28 and 1928-29? What is the average contract price?

**THE HONOURABLE SIR GEOFFREY CORBETT :** No foreign coal was ordered for State-owned Railways during the period in question.

AMOUNT OF GOLD IN THE PAPER CURRENCY RESERVE.

**53. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will Government kindly state what is the existing amount of gold in the Paper Currency Reserve? What was it before the Great War?

**THE HONOURABLE MR. E. BURDON :** The amount of gold in the Paper Currency Reserve at present is £24,161,000. It was £18,340,000 on the 31st July 1914.

AVERAGE LIFE OF DIFFERENT KINDS OF SLEEPERS ON CERTAIN SPECIFIED RAILWAYS, ETC.

**54. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** (a) Will Government kindly state what is the average life of each of the following kinds of sleepers on the North-Western, East Indian, Great Indian Peninsula and metre-gauge section and Nagda-Muthra section of the Bombay, Baroda and Central India Railway, and the Eastern Bengal Railway :

- (i) Deodar,
- (ii) Treated Chir and Fir,
- (iii) Sal,
- (iv) Teak,
- (v) Jharrawood,
- (vi) Reinforced Concrete,
- (vii) Pot Cast Iron,
- (viii) Plates C. I., and
- (ix) Steel?

(b) What was the average price of each of the above classes of sleepers in 1914 and 1926, and what is it now?



(c) How many sleepers of each of the above classes have been purchased for delivery during 1927-28 and 1928-29, and at what average price for each kind?

THE HONOURABLE SIR GEOFFREY CORBETT: I am laying on the table statements giving the information required.

*Statement showing the average life of sleepers.*

Kind of sleeper.	Average life (in years).					Remarks.
	N. W. R.	E. I. R.	G. I. P.	E. B. R.	*B., B. & C. I.	
Deodar . . . . .	12 to 15	14	12	..	12	*Information regarding the average life on particular sections of this Railway is not available.
Treated Ohir and Fir and Reinforced concrete.	There has not yet been sufficient experience with these sleepers to allow of a fair estimate of their average life being given.					
Sal . . . . .	12	14	12	12 to 15	15	
Teak . . . . .	18	..	12	..	15	
Jarrah . . . . .	7	..	12	9	10	
Cast Iron pots and Cast Iron Plates.	Different types have been used on different Railways. It is anticipated that the average life will be about 50 years.					
Steel . . . . .	The average life is about 35 years.					
Reinforced concrete .	We have not had sufficient experience of these sleepers to forecast their average life.					

*Statement showing the average price of B. G. sleepers in 1914, 1926 and at present.*

Kind of sleeper.	Average price.			Remarks.
	1914.	1926.	At present.	
Deodar . . . . .	Rs. 4-4-0 to Rs. 4-6-9.	Rs. 6-15-0 to Rs. 7-15-0	Rs. 6-2-0 to Rs. 6-8-0.	Very few teak sleepers are obtainable.
Sal . . . . .	Rs. 4-8-0 to Rs. 5-0-0.	Rs. 8-0-0 to Rs. 8-12-0.	Rs. 8-0-0 to Rs. 8-12-0.	
Teak . . . . .	Not known	Rs. 11-8-0 C. I. F. Calcutta.	Rs. 8-6-0 to Rs. 10-0-0.	
Jarrah . . . . .	Rs. 6-4-6	Rs. 8-0-0 C. I. F.	..	
Ohir . . . . .	}	Rs. 5-12-0 to Rs. 6-4-0 (*treated).	Rs. 4-15-6 to Rs. 5-0-0 (*treated)	*Cost of treating a sleeper in 1926 was Rs. 2 and at present it is Rs. 1-12-0.
Fir . . . . .				
Cast Iron . . . . .	About Rs. 11	Rs. 11-12-0 per complete sleeper.	Rs. 8-8-0 to Rs. 9-6-0 per complete sleeper.	
Steel . . . . .	Rs. 8 to Rs. 9	Rs. 10 per complete sleeper.	Rs. 7-14-3 to Rs. 9 per complete sleeper.	
Reinforced concrete .	Information is being obtained and will be supplied to the Hon'ble Member.			

*Statement showing the number of deodar, chir, fir, teak, jarrah, cast iron and steel sleepers purchased and prices paid for the same in the years 1927-28 and 1928-29.*

Kind of Sleepers.	Number of Sleepers purchased and the average price.						Remarks.
	Broad Gauge.		Metre Gauge.		Narrow Gauge.		
	No.	Average price per sleeper.	No.	Average price per sleeper.	No.	Average price per sleeper.	
1927-28.							
Deodar . . .	7,50,594	Rs. 7 to 7-6-5.	1,71,788	Rs. 3-4 to 3-7-3.	..	..	
Chir . . .	3,17,272	Rs. 3-15-3 untreated.	..	..	..	..	
Fir . . .	3,82,360	Rs. 3-14-1 untreated.	..	..	..	..	
Sal (C. P., Assam, Nepal, U. P., B. & O.)	11,14,161 1st class.	Rs. 8 to 8-12.	9,69,595 1st class.	Rs. 3 to 3-4	1,76,105	Rs. 2	
	39,785 2nd class.	Rs. 5 to 6	1,07,693 2nd class.	Rs. 2-1	..	..	
Teak . . .	40,064	Rs. 8-8 to 10-8.	1,85,994	Rs. 3 to 4-4	5,000	Rs. 2-4	
	2,500 (halfround).	Rs. 8	..	..	..	..	
Jarrah . . .	51,223	Rs. 7-5-11 C. I. F.	20,000	Rs. 3-4 C. I. F.	..	..	
Cast Iron . .	5,31,234	Rs. 11 to 11-12.	..	..	..	..	
Steel . . .	15,76,231	Rs. 8 to 10-4 (with keys).	4,79,979	Rs. 5-1 (inclusive of keys).	..	..	
Reinforced concrete.	Information is being obtained and will be supplied to the Honourable Member.						
Cast Iron . .	4,44,979	Rs. 8 to 9-8	..	..	..	..	Information regarding the purchases of metal sleepers given in this statement is as far as available from the records in the Railway Board's office.
Steel . . .	4,92,566	Rs. 8 (with keys).	1,93,209	Rs. 4-11 to Rs. 5-1 (inclusive of keys).	..	..	
Reinforced concrete.	No information.						

Wooden—For 1928-29 information is not complete; following statement shows the number of timber sleepers allotted by the Central Sleeper Pool for purchase during 1928-29:—

Northern Group . . . . .	12,50,000	deodar, chir, figate.
Central „ . . . . .	1,60,000	sal.
Teral „ . . . . .	6,000	„
Eastern „ . . . . .	5,35,000	„
Southern „ . . . . .	1,50,000	teak and mixed.

**RAISING OF THE MAXIMUM PAY OF THE LITERATE STAFF IN THE TRAFFIC DEPARTMENT OF THE NORTH-WESTERN RAILWAY.**

55. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Are Government aware that the initial pay of the literate staff in the Traffic Department of the North-Western Railway has recently been raised from Rs. 15 to about Rs. 38 per month on account of the rise in the cost of living?

Do Government contemplate raising the maximum also in the lower grades for this class of State employees ? If so, what action do they intend taking in this direction ?

THE HONOURABLE SIR GEOFFREY CORBETT : Government are unable to connect the Honourable Member's enquiry with any proposals for increase of pay of which they are cognisant.

**EXTENSION OF THE PERIOD FOR THE SUBMISSION OF CLAIMS BY INDIAN SEAMEN WHO SUFFERED BY ENEMY ACTION DURING THE EUROPEAN WAR.**

56. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : (a) Has the attention of Government been drawn to the Resolutions passed at the last general meeting of the Indian Seamen's Union at Calcutta in connection with the payments to Indian seamen under the German Reparation Award of 1st September, 1922 ?

(b) Is it a fact that the Indian Seamen's Union, which represented the claims of Indian seamen, was not informed of the last date (31st March, 1928) fixed by Government for submission of claims under the award ?

(c) Is it a fact that most of the Indian seamen likely to derive any benefit under the award were absent on the high seas for long periods ?

(d) Have Government extended the period within which the claims have to be put in ?

(e) If the answer to (d) be in the negative, is it the intention of Government to issue instructions for the acceptance by the officers concerned of the claims of Indian seamen, who suffered by enemy action during the last European War though they are received after the 31st March, 1928 ?

THE HONOURABLE MR. L. GRAHAM : (a) The reply is in the affirmative.

(b) The Honourable Member is referred to the reply given to question No. 25 of the Honourable Mr. Khaparde on the 25th February, 1929.

(c) It is probable that many seamen eligible to receive compensation have been absent at sea for long periods during the time in which claims could have been submitted, but it is improbable that any of them have been absent all the time.

(d) The time limit for submission of claims was first fixed at the 30th June, 1920. It was then extended to the 15th December, 1920, and it was further extended to the 31st March, 1928.

(e) As already stated in reply to the Honourable Mr. Khaparde, the question of extending still further the period within which claims can be received is at present under the consideration of the Government of India.

**REPARATION AWARDS TO INDIAN AND OTHER SEAMEN WHO SUFFERED BY ENEMY ACTION DURING THE EUROPEAN WAR.**

57. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : Will Government be pleased to state the total number of claimants, with the amounts claimed, obtained and distributed from the Enemy Powers (under the Reparation Award Scheme) in the following categories :

- (a) Seamen within the Empire, irrespective of race or colour ; and
- (b) Indian seamen ?

THE HONOURABLE MR. L. GRAHAM : (a) The figures are not available.

(b) The number of claims on behalf of Indian seamen received by the Government of India was 766 and their value was Rs. 5,23,942. The amount awarded on these claims was Rs. 2,15,161.

REVISION OF RULES 1 (a) AND 20 OF THE GOVERNMENT SERVANTS' CONDUCT RULES.

58. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : (a) Will Government be pleased to state whether the modification of Rules 1 (a) and 20 of the Government Servants' Conduct Rules (published in the *Gazette of India* on the 26th January, 1928) is necessitated by any particular case or cases ? If the answer be in the affirmative, when and where did such cases (if any) occur during the last twelve months ?

(b) Are Government aware that there are many Government servants on the governing bodies of educational and civic institutions—such as universities, municipalities and other local bodies ?

(c) Are Government aware that Government servants who are appointed to such bodies (not *ex-officio*), or elected, in some cases do not represent Government as such, but are in those bodies in their individual capacity ?

(d) Are Government aware that actions of Government as a whole, or Government proposals come up for discussion and opinion before such educational and civic bodies ?

(e) Have Government considered the effect of Rule 20 in the Government Servants' Conduct Rules on the freedom of action of Government servants in such educational or civic bodies ?

(f) Will Government take steps to have the comprehensive general provisions of Rule 20 further amended so as to exclude the action of Government servants in educational or civic bodies ?

THE HONOURABLE MR. H. G. HAIG : (a) to (f). The revision of Rules 1 (a) and 20 of the Government Servants' Conduct Rules was undertaken in consequence of a representation from a Local Government. It was recognised at the time that Government servants who are members of bodies such as those referred to by the Honourable Member have an obligation to protect the interests of those bodies, and in consequence should have reasonable latitude in expressing their views with this object. Instructions to this effect have been issued to the Local Governments for the guidance of officers serving under them.

COMMITTEE APPOINTED TO ENQUIRE INTO THE AFFAIRS OF THE IMPERIAL LIBRARY, CALCUTTA.

59. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : (a) Did Government appoint in 1926 a Committee to enquire into the affairs of the Imperial Library with Mr. J. Richey, C.I.E., as the Chairman ? If so, who were the other members of the Committee ?

(b) Was the Committee appointed to go only into the question of the location of the Library ? If not, what were the terms of reference ?

(c) Was the Council of the Imperial Library consulted by the Committee of Enquiry while the enquiry was going on ?

(d) Who were the members of the Library Council at the time when the enquiry was being made ?

(e) Did the Committee of Enquiry examine the Librarian, any member of the Library Council or any other person on the questions at issue? If so, who were the persons examined?

(f) Will Government place a copy of the report of the Enquiry Committee on the table?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : (a), (b) and (d). A statement giving the information desired by the Honourable Member is placed on the table.

(c) Government have no information on the point, but the Library Council was represented on the Committee.

(e) The Committee of Enquiry examined Mr. Chapman, the Librarian, and his staff. The names of the latter are not known.

(f) Government are not prepared to place the report on the table.

*Statement showing the personnel of the Committee appointed in 1926 to enquire into the affairs of the Imperial Library, Calcutta, the terms of reference to the Committee and the names of members of the Library Council at the time.*

Personnel of the Committee.	Terms of reference.	Names of Members of the Library Council at the time of enquiry.
<p>A Committee was appointed consisting of the following :</p> <p><i>Chairman.</i></p> <p>The Honourable Mr. J. A. Richey, C.I.E., Educational Commissioner with the Government of India.</p> <p><i>Members.</i></p> <ol style="list-style-type: none"> <li>1. Mr. J. H. Lindsay, I.C.S., Secretary to the Government of Bengal, Department of Education (Representative of the local Government).</li> <li>2. R. B. Ramsbotham, M.B.E., Principal, Hooghly College, Chinsurah (Representative of the Imperial Library Council).</li> <li>3. Mr. J. Bhandari, Deputy Auditor General (Inspection) (A financial officer).</li> </ol> <p>Mr. Bhandari also acted as Secretary of the Committee.</p>	<ol style="list-style-type: none"> <li>(1) To report on the condition of the Imperial Library, Calcutta, more specially of the staff and finance, and to make recommendations, and</li> <li>(2) to consider and make recommendations as to the future of the Imperial Library.</li> </ol>	<p><i>President.</i></p> <p>The Honourable Sir Philip Buckland, Kt., Puisne Judge, High Court, Calcutta.</p> <p><i>Members.</i></p> <ol style="list-style-type: none"> <li>1. Mr. Salahuddin Khuda Baksh, Bar-at-Law, Calcutta.</li> <li>2. Mr. R. B. Ramsbotham, M.B.E., Principal, Hooghly College, Chinsurah.</li> <li>3. Mr. H. C. Edmondson, of Messrs. Turner Morrison and Co. Ltd. (Bengal Chamber of Commerce).</li> <li>4. Mr. H. C. Maitra, Principal, City College, Calcutta.</li> </ol>

THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : With regard to 59 (e), is it mentioned in the report that the Librarian or any other person was examined by the Committee when the Committee were conducting their inquiry at Calcutta?

THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH : My answer is based on the information contained in the Committee's Report.

**LIBRARIAN, IMPERIAL LIBRARY, CALCUTTA.**

**60. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE :**

(a) Has Mr. Chapman, the Librarian of the Imperial Library, taken leave preparatory to retirement ?

(b) If the answer be in the affirmative, what steps have been taken to fill the permanent vacancy ? Has the matter been placed before the Public Service Commission or has any public advertisement been issued inviting applications for the post ?

(c) Was any recommendation made by the Richey Committee with regard to the type of person fitted to hold the post ? If so, will Government place the relevant passage from the report on the table ?

(d) Is there any proposal to send a competent scholar to Europe for being given a training in the big libraries of the West and then to appoint him as Librarian of the Imperial Library ?

(e) If the answer be in the affirmative, has such a proposal been considered by the Standing Advisory Committee either of Finance or of Education ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :**

(a) Yes.

(b) The Librarian of the Imperial Secretariat Library of the Government of India, who is a qualified and experienced officer, has been appointed to act for Mr. Chapman. The reply to the latter part of the question is in the negative. The question of filling the post permanently will be considered on Mr. Chapman's retirement at the end of 1930.

(c) Yes. The Committee's report is confidential, and Government do not propose to lay extracts on the table.

(d) No.

(e) Does not arise.

**FUTURE MANAGEMENT OF THE IMPERIAL LIBRARY, CALCUTTA.**

**61. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE :** (a) Has Government decided anything about the future management of the Imperial Library ? If so, on which date was the final order passed by Government ?

(b) Will Government be pleased to state whether the Bengal Government or the Library Council were consulted on the question at any stage ? If so, will the opinions received be placed on the table ?

(c) Is it a fact that a larger Council of Management has been proposed and that different bodies have been invited to send their representatives ?

(d) If the answer to (c) be in the affirmative, will Government be pleased to state whether the financial aspect of the scheme has been considered, and, in particular, what amount do Government expect the travelling allowances of the members will amount to every year if the enlarged Council is to meet once every three months ?

(e) What amount was spent during the last three years on the travelling allowances of the members of the Council of the Library ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :**  
(a) and (b). The matter is being considered by Government in consultation with the Government of Bengal and the Library Council.

(c) Yes.

(d) The financial aspect of the scheme has not yet been considered.

(e) No expenditure has been incurred during the last three years on this account.

**THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE :** A supplementary question, Sir. It now appears that nothing has yet been decided about the new Council of Management. Will Government please mention why the different bodies have already been invited to send their representatives to the proposed new Council, as the University of Calcutta was invited to elect representatives last August ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :** I would ask the Honourable Member to put that question down.

#### GOVERNMENT GRANT TO THE IMPERIAL LIBRARY IN 1928-29.

**62. THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE :**  
(a) What was the total amount of the Government grant to the Imperial Library in 1928-29, and how much was budgeted for the purchase of books and periodicals ?

(b) Is it a fact that the Government of India and the Provincial Governments now charge for all the Government publications, reports, memoirs, journals, gazettes, etc., which used to be supplied free to the Library ?

(c) If the answer to part (b) be in the affirmative, will Government be pleased to state from when has this new system been introduced and what is the additional amount that the Library has to spend on Government publications per year. (The figures for the last three years may be given) ?

(d) Have Government increased the grant by the additional amount mentioned in part (c) ? If not, will Government consider the desirability and necessity thereof ?

(e) Have the Government of Bengal agreed to contribute anything towards the maintenance of the Imperial Library ? If so, what is the amount ?

**THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD HABIBULLAH :**  
(a) The total amount budgeted for the Imperial Library was Rs. 78,400, of which Rs. 15,000 were for the purchase of books and publications.

(b) Only the Provincial Governments now charge for all their publications.

(c) The new system was introduced from 1st April, 1925. The approximate amounts spent on Provincial Governments' publications during the last three years were as follows :—

											Rs.
1925-26	.	.	.	.	.	.	.	.	.	.	270
1926-27	.	.	.	.	.	.	.	.	.	.	800
1927-28	.	.	.	.	.	.	.	.	.	.	920

(d) The grant was increased by Rs. 3,000 during 1925-26 to meet the additional expenditure on Provincial Governments' publications but was again reduced to the original figure of Rs. 15,000 in 1926-27 on the basis of past actuals. An increased grant of Rs. 16,000 has been provided in the Budget for 1929-30 as presented to the Legislative Assembly. The latter part of the question does not arise.

(e) Yes, the Bengal Government have agreed, subject to the approval of the provincial Legislature, to contribute a sum of Rs. 20,000 per annum towards the maintenance of the Library.

RESOLUTIONS OF THE ALL-INDIA POSTAL AND RAILWAY MAIL SERVICE UNION RELATING TO THE POSTS OF TOWN INSPECTORS OF POST OFFICES.

63. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government please state :

- (a) whether it is a fact that there are several Postal Service Associations in India recognised by Government ?
- (b) whether it is a fact that copies of resolutions passed at the meetings held by the members of these Associations are sent to Government for taking necessary action ?
- (c) whether they received copies of a series of resolutions passed by the Members of the All-India (including Burma) Postal and Railway Mail Service Union in their meetings recently held at Calcutta, Rangoon, Allahabad, and Lahore, relating to the Postal Town Inspectors ?
- (d) whether they noticed any inconsistencies in the resolutions when read together relating to Postal Town Inspectors ?
- (e) whether they are aware that any such resolutions have been passed by the All-India Union relating to any other classes of postal employees, whose pay has been revised in the Government Order of 5th August, 1927 ?

THE HONOURABLE MR. A. C. MCWATTERS: (a) Yes.

(b) This is usually done, either through the Director General, Posts and Telegraphs, or direct.

(c) Government understand that the Director General has received copies of some resolutions but not all of those mentioned by the Honourable Member, relating to appointments to the posts of Town Inspectors.

(d) Government understand that different views are expressed in some of the resolutions.

(e) Government have no information.

DATE OF THE LOWEST SELECTION GRADE EXAMINATION IN THE POST OFFICE.

64. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) Is it a fact that Government decided that the date of the lowest Selection Grade examination in the Post Office would be June, 1928 ?

(b) Is it a fact that the date for the same examination was subsequently changed to December, 1928, and then again changed to 17th and 18th March, 1929 ?

(c) Is it a fact that the date for the same examination has again been postponed *eine die* ?

(d) Will Government be pleased to refer to the reply to question No. 781 (c) put by Mr. Siddheswar Prasad Sinha in the last Simla Session of the Assembly and state whether there will, in future, be no test of efficiency by examination for promotion to the lowest Selection Grade appointments in the Post Office and Railway Mail Service, i.e., in the scale of pay Rs. 160—10—250 ?



THE HONOURABLE MR. A. C. MCWATTERS : (a), (b) and (c). The reply to all three parts of the Honourable Member's question is in the affirmative, except that the decision referred to in part (a) was that of the Director General, not of the Government of India, and the dates mentioned in part (b) were the 18th and the 19th and not the 17th and 18th of March, as stated by the Honourable Member.

(d) The test by examination will be held on a date which is being fixed by the Director General.

EXPENDITURE ON THE EDUCATION OF THE CHILDREN OF THE ANGLO-INDIAN AND INDIAN STAFF OF THE BENGAL AND NORTH-WESTERN RAILWAY.

65. THE HONOURABLE MR. MAHENDRA PRASAD : (i) What was the total sum spent during each of the three years ending March, 1926, 1927 and 1928, on the education of the children of the (a) Anglo-Indian and (b) Indian staff of the Bengal and North-Western Railway ?

(ii) Is it a fact that the Bengal and North-Western Railway subsidises the Anglo-Indian staff for the education of their children ? (iii) If so, on what grounds is it sanctioned by the Railway Board ?

(iv) Are any schools run by the Bengal and North-Western Railway for their Indian staff ?

THE HONOURABLE SIR GEOFFREY CORBETT : The information available is contained in the report on the expenditure of the Railways on the education of the children of employees, in 1925-26, copies of which are in the Library. I would refer the Honourable Member specifically to pages 61 and 79 of that report. The information required in part (i) with regard to later years is being obtained and will be communicated to the Honourable Member.

REGISTERED LABOUR UNION OF THE WORKMEN OF THE BENGAL AND NORTH-WESTERN RAILWAY.

66. THE HONOURABLE MR. MAHENDRA PRASAD : (a) Is it a fact that practically all the State Railways have recognised their trade and labour unions ?

(b) Is there any registered labour union of the Bengal and North-Western Railway workmen ? (c) If so, has it been recognised ? If not, why not ?

THE HONOURABLE SIR GEOFFREY CORBETT : (a), (b) and (c). There are Trade Unions on the Eastern Bengal Railway, the North Western Railway and the Great Indian Peninsula Railway with which those Administrations have dealings. But there are other Unions on those Railways with which the Agent does not have dealings, presumably because he is not satisfied that they are in a position to represent an appreciable proportion of the staff. As regards the Union of the Bengal and North-Western Railway Workmen, it is understood that the Railway Administration is making enquiries regarding the registration of this association and its claims to represent the railway workmen, and if it is satisfied on these points it will probably be prepared to deal with it regarding such matters as concern the welfare of the railway workmen.

ENQUIRY BY THE LATE MR. KAUL OF THE RAILWAY BOARD INTO LABOUR  
QUESTIONS ON THE BENGAL AND NORTH-WESTERN RAILWAY.

67. THE HONOURABLE MR. MAHENDRA PRASAD : (a) Is it a fact that Mr. Kaul of the Railway Board has been put on special duty to investigate labour questions on Indian Railways ? (b) Did he make any such enquiries on the Bengal and North-Western Railway ? (c) If not, why not ?

THE HONOURABLE SIR GEOFFREY CORBETT : (a), (b) and (c). The answer is in the negative. The late Mr. Kaul's special duty was concerned with the administrative procedure to be adopted in giving effect to the Washington Hours Convention and the Geneva Weekly Rest Day Convention to staff on Railways. He did not visit the Bengal and North-Western Railway.

PAY OF CERTAIN CLASSES OF EMPLOYEES ON THE BENGAL AND  
NORTH-WESTERN RAILWAY.

68. THE HONOURABLE MR. MAHENDRA PRASAD : 'What is the starting pay of the following staff of the Bengal and North-Western Railway :

*Indian.*

(1) Signallers on probation, (2) signallers on confirmation, (3) station masters, (4) assistant guards, (5) pointsmen, (6) guards, (7) drivers, (8) shunters, (9) *khalsis*, (10) clerk, T. M. Office, (11) clerk, Loco. Office, (12) clerk, Agent's Office, (13) clerk, Chief Auditor's Office, (14) clerk, Chief Engineer's Office ;

*European.*

(1) Station masters, (2) drivers, (3) guards, (4) shunters ?

THE HONOURABLE SIR GEOFFREY CORBETT : The Honourable Member will find such information as to the pay of these classes of servants of the Railway Company as is in the possession of Government in the Establishment Rolls of the Bengal and North-Western Railway, a copy of which is in the Library.

APPOINTMENT OF MR. HUDSON AS A TRAFFIC INSPECTOR ON THE BENGAL AND  
NORTH-WESTERN RAILWAY.

69. THE HONOURABLE MR. MAHENDRA PRASAD : (a) Do the Bengal and North-Western Railway adhere to the policy laid down by the Railway Board in regard to Traffic Inspectors ? (b) If the reply to (a) is in the affirmative, will the Government be pleased to state whether it is a fact that recently the Traffic Manager, Bengal and North-Western Railway, has appointed Mr. Hudson as a Traffic Inspector on Rs. 250 a month ?

(c) What are Mr. Hudson's qualifications as a railway man ? (d) What was he doing before he joined the Railway ?

SUPERSESSION BY MR. HUDSON OF MR. HANAFI, A TRAFFIC INSPECTOR ON  
THE BENGAL AND NORTH-WESTERN RAILWAY.

70. THE HONOURABLE MR. MAHENDRA PRASAD : Is it a fact that Mr. Hanafi, Traffic Inspector, who was superseded by Mr. Hudson, has been trained in England ?

**THE HONOURABLE SIR GEOFFREY CORBETT :** With your permission, Sir, I propose to answer questions Nos. 69 and 70 together.

Government have already brought to the notice of all Railway Administrations the Resolution regarding the appointment of Indians to the Traffic Inspector grade moved by the Honourable Rai Bahadur Lala Ram Saran Das and adopted in the Council of State on the 28th of February, 1923. They have no reason to believe that the Bengal and North-Western Railway Administration do not fully consider the claims of qualified Indians for promotion to the grade of Traffic Inspector whenever vacancies occur, or that in selecting Mr. Hudson they have not selected the most suitable man for the post taking all the circumstances into consideration.

#### QUARTERS FOR STATION MASTERS ON THE BENGAL AND NORTH-WESTERN RAILWAY.

**71. THE HONOURABLE MR. MAHENDRA PRASAD :** Is it a fact that station masters of the Bengal and North-Western Railway are allowed two small rooms to live in ?

**THE HONOURABLE SIR GEOFFREY CORBETT :** Government understand that the quarters provided for the station masters on the Bengal and North-Western Railway consist of two main and two subsidiary rooms. The accommodation provided appears to correspond very closely to that provided on other Railways, such as the Great Indian Peninsula and the North-Western Railways.

#### INDIAN AND EUROPEAN RUNNING ROOMS AT CERTAIN STATIONS ON THE BENGAL AND NORTH-WESTERN RAILWAY.

**72. THE HONOURABLE MR. MAHENDRA PRASAD :** (a) Will Government be pleased to lay on the table plans of the Indian and European running rooms at Gonda, Gorakhpore, Bhatni, Sonapore, Chupra and Muzaffarpore ? (b) What is the annual amount spent on the equipment of the European and Indian running rooms respectively ?

**THE HONOURABLE SIR GEOFFREY CORBETT :** Government regret that they do not consider the plans of these running rooms of sufficient importance to lay on the table of the House. They are asking the Railway Administration whether they have separate details of the annual cost of equipping European and Indian running rooms already compiled ; and, if so, will furnish the information to the Honourable Member ; but they think it very unlikely that it will be available.

#### TOTAL STRENGTH OF INDIAN AND EUROPEAN OFFICERS ON ALL COMPANY-MANAGED RAILWAYS ON THE 1ST APRIL, 1924, AND THE 1ST APRIL, 1928.

**73. THE HONOURABLE MR. MAHENDRA PRASAD :** Will Government be pleased to state :

(a) The total strength of Indian and European officers on all Company-managed Railways separately on the 1st April, 1924, and the 1st April, 1928.

(b) The total number of vacancies likely to occur in the officers' grade on all the Company-managed Railways up to the period when their contracts will expire ?

**THE HONOURABLE SIR GEOFFREY CORBETT:** (a) The information is contained in the annual reports by the Railway Board on Indian Railways, copies of which are in the Library.

(b) Government regret they are unable to make a forecast.

**REVISION OF THE PAY OF INDIAN AND EUROPEAN OFFICERS OF THE STATE AND COMPANY-MANAGED RAILWAYS.**

**74. THE HONOURABLE MR. MAHENDRA PRASAD:** (a) Is it a fact that in 1921 the Railway Board enquired into the prospects of Indian and European officers of the State Railways and a revised scale of pay was then sanctioned for such officers? (b) If so, what increase in pay was allowed as a result thereof?

(c) Did the Railway Board also approach the Company-managed Railways in 1921 for a similar increase in the salary of their officers? (d) If so, what was the result?

**THE HONOURABLE SIR GEOFFREY CORBETT:** (a) A revised scale of pay for officers of State Railways was sanctioned in 1921.

(b) A statement comparing the scales then sanctioned with previous scales has been placed in the Library.

(c) The usual practice in such cases is to send copies of the orders revising scales of pay on State-managed Railways to Company-managed Railways for information, and this course was followed on this occasion.

The scales of salaries on Company-managed Railways were also revised at about the same time.

**RECOMMENDATIONS OF THE LEE COMMISSION WITH REGARD TO SERVICE CONDITIONS OF THE STATE RAILWAYS.**

**75. THE HONOURABLE MR. MAHENDRA PRASAD:** (a) Will Government be pleased to state whether any enquiry was made by the Lee Commission with regard to service conditions of the State Railways? (b) If so, what recommendations were made and given effect to by Government? (c) Was there any distinction made in the scale of pay for Indian and European officers?

**THE HONOURABLE SIR GEOFFREY CORBETT:** As regards the recommendations of the Lee Commission, I would refer the Honourable Member to the Report of the Commission itself. The action taken by Government on these recommendations is contained in a statement which was placed on the table of the Legislative Assembly on the 27th August, 1925, and will be found on pages 317-318 of Legislative Assembly Debates, Vol. VI, No. 6.

**NON-ADMISSION OF INDIAN APPRENTICES INTO THE LOCO. DEPARTMENT OF THE BENGAL AND NORTH-WESTERN RAILWAY.**

**76. THE HONOURABLE MR. MAHENDRA PRASAD:** Are Government aware that the Bengal and North-Western Railway has a standing rule that it will not admit Indian apprentices into its Loco. Department?

**THE HONOURABLE SIR GEOFFREY CORBETT:** No. Enquiry is, however, being made from the Agent, Bengal and North-Western Railway.

**APPOINTMENT OF MR. CARLE AS AN ASSISTANT LOCO. SUPERINTENDENT ON THE BENGAL AND NORTH-WESTERN RAILWAY.**

**77. THE HONOURABLE MR. MAHENDRA PRASAD :** (a) Has the Railway Board sanctioned the appointment of Mr. Carle as an Assistant Loco. Superintendent on the Bengal and North-Western Railway? (b) Were suitable Indians or Anglo-Indians available to fill this vacancy?

(c) How many Anglo-Indians are at present employed as foremen in the Bengal and North-Western Railway workshops? (d) What is the length of their service and what pay are they drawing?

(e) What are the qualifications of Mr. Carle? What was he doing in England before he joined this Railway?

**THE HONOURABLE SIR GEOFFREY CORBETT :** (a), (b) and (e). The Railway Administration have full powers to make appointments of this nature, and Government are not aware whether suitable Indians or Anglo-Indians were available. Nor have they any information regarding the qualifications of Mr. Carle. They have no doubt that the Railway Administration selected the officer whom they considered most suitable for the post.

(c) and (d). Government have no information and they do not think that any useful purpose will be served by calling for this information.

**GRANT OF OVERSEAS PAY TO INDIAN OFFICERS OF THE BENGAL AND NORTH-WESTERN RAILWAY.**

**78. THE HONOURABLE MR. MAHENDRA PRASAD :** (a) With reference to Mr. Parsons' statement in the Assembly about the grant of overseas allowance to the Indian officers of the Bombay, Baroda and Central India Railway, will Government be pleased to state whether any overseas allowance is being given to Indian officers on the Bengal and North-Western Railway? (b) If the reply is in the negative, will Government be pleased to state what action is proposed to be taken in the matter?

**THE HONOURABLE SIR GEOFFREY CORBETT :** Indian Officers who were in the service of the Bengal and North-Western Railway when the pays were split into basic pay and overseas pay continue to draw the equivalent of the overseas pay.

**APPOINTMENT OF MR. JACKSON AS AN ASSISTANT STOREKEEPER ON THE BENGAL AND NORTH-WESTERN RAILWAY.**

**79. THE HONOURABLE MR. MAHENDRA PRASAD :** (a) Are Government aware that one Mr. Jackson has been appointed as an Assistant Storekeeper on the Bengal and North-Western Railway? (b) Is this post reserved for Indians? (c) If so, why has Mr. Jackson been appointed?

(d) Will Government be pleased to state the conditions under which Mr. Jackson was appointed as an audit officer on the Bengal and North-Western Railway after retirement from the Oudh and Rohilkhand Railway? (e) Are there any reasons for his services being retained up to the age of 64 years? (f) Will Government be pleased to state when Mr. Jackson is likely to retire?

**THE HONOURABLE SIR GEOFFREY CORBETT :** (a) to (f). Government have no information about the matters referred to by the Honourable

Member, as they relate to a Railway Administration which has full powers to deal with them. It would be unsuitable for Government to make enquiries as they could not take any further steps, but a copy of the Honourable Member's questions will be sent to the Agent for his information.

ADMINISTRATION OF THE DARGAH SHARIF KHWAJA SAHIB AT AJMER.

80. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will Government be pleased to state :

- (a) whether they know that the Dargah Sharif Khwaja Sahib at Ajmer is looked upon with awe and reverence by the Muslim community all over India ;
- (b) what is the approximate number of devotees that visit the shrine during the annual fair in the month of Rajab ;
- (c) whether the Dargah Sharif and its property is a public or a private *wakf* ;
- (d) how this trust is managed at present and what is the number of the detailed properties under its administration ;
- (e) whether there is a Managing Committee formed under a Notification of 1867 ;
- (f) the classes of persons who form the personnel of the Committee since its inception till now ?

PRESENT CONSTITUTION OF THE COMMITTEE OF MANAGEMENT OF THE DARGAH SHARIF KHWAJA SAHIB OF AJMER.

81. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will Government be pleased to state :

- (a) whether legal proceedings were taken in the Court of the District Judge, Ajmer (the Honourable Mr. C. C. Watson), at the time of filling a vacancy in the Dargah Committee, Ajmer, caused by the death of one Syed Zahurul Hussain, in October, 1922 ? If so, will they quote the remarks of the presiding officer in his judgment with regard to the present constitution of the Dargah Committee and the amendment of the Notification of 1867 and Act XX of 1863 ?
- (b) whether it is a fact that a deputation of the Muslims of Ajmer waited on the Commissioner, Ajmer-Merwara, in 1925 in order to request the Government to give effect to the remarks made in the above-mentioned proceedings ;
- (c) whether any steps were taken by Government in pursuance of the request of the deputation ?

ANNUAL REPORT AND ACCOUNT OF THE INCOME AND EXPENDITURE OF THE COMMITTEE OF MANAGEMENT OF THE DARGAH SHARIF KHWAJA SAHIB OF AJMER.

82. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will Government be pleased to state :

- (a) what steps are being taken by the Dargah Committee to keep the public informed of the yearly accounts of income and expenditure and to submit an annual report for the information of the public ;

- (b) whether they will kindly place on the table of this Council a copy of the last annual report and the account of income and expenditure of the last three years with the remarks of the auditors ?

PRESENT CONSTITUTION OF THE COMMITTEE OF MANAGEMENT OF THE DARGAH SHARIF KHAWAJA SAHIB OF AJMER.

83. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state whether the present Committee of the Dargah Khwaja Sahib has on it four members of the beneficiary class and one independent member ? If so, will they state why the majority of members are taken from the beneficiary class ?

MANAGEMENT OF THE DARGAH SHARIF KHAWAJA SAHIB OF AJMER.

84. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government be pleased to state

- (a) whether with a view to the improved working of *wakf* property the Charitable and Religious Trust Act of 1920 and Act XLII of 1923 were passed on the ground that Act XX of 1863 was found ill-suited to the preservation and management of *wakf* property ;
- (b) whether the above-mentioned Acts apply to the Dargah Committee of the Khwaja Sahib, Ajmer, constituted under Act XX of 1863 ?
- (c) if not, whether they intend or propose to enact a new local Act for the better management of the Dargah Khwaja Sahib, Ajmer ?

THE HONOURABLE MR. H. G. HAIG: With your permission, Sir, I will answer questions Nos. 80, 81, 82, 83 and 84 together. The information is being collected and will be communicated to the Honourable Member in due course.

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CONGRATULATIONS TO THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN AND THE HONOURABLE SIR ANNAMALAI CHETTY ON THE HONOURS CONFERRED ON THEM.

THE HONOURABLE THE PRESIDENT: Before we proceed to the further business of the day I have a pleasing duty to perform on behalf of the Council, and I am sure the Council is unanimously with me in the matter. I have to tender the congratulations of the Council to two of our colleagues who have been honoured by the Government in the last few days. The Honourable Colonel Nawab Sir Umar Hayat Khan has been a Member of the Council since the first day of its inception. His connection with the Central Legislature, however, as we are all aware, goes far beyond that. He reckons himself, I believe with some justification, one of the oldest Members here of the Central Legislature. It will be a matter of great satisfaction to his friends, among whom I count myself by no means the newest, that Government has conferred upon him the title of Nawab as a hereditary distinction. (Applause.)

The Honourable Sir Annamalai Chetty, who unfortunately is not with us to-day, has been given the title of Raja as a hereditary distinction. His well-known philanthropies in Madras have thoroughly earned for him this great distinction, and I shall send to him on behalf of the Council our warmest congratulations.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN : Sir, I stand to thank you, Sir, for the kind and glowing terms in which you have spoken of me and the House which has taken all that with applause. I am glad that I was able to do some humble service to the Crown as well as to the country, and I am always ever ready again to lay down my life for the Crown whenever needed. (Hear, hear.) As Raja Sir Annamalai Chetty and I are in the same boat, on his behalf too I tender thanks to the Council for their kindness.

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### RESOLUTION *RE* REDUCTION OF THE PRICE OF POSTCARDS.

THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE (West Bengal : Non-Muhammadan) : Sir, I beg to move the Resolution which stands in my name. The Resolution runs as follows :

" This Council recommends to the Governor General in Council that he should take steps at an early date to have the price of postcards reduced from half an anna to a quarter anna each."

This proposal is not new to this Council and this has been characterised as a hardy annual during the debates on the Finance Bill in each successive year for the last five years.

The reasons which prompted me to bring this proposal before the House independently of the Finance Bill ought to be mentioned at the very outset. When a question of this character is discussed in connection with the Finance Bill, Government finds itself in a difficult position sometimes because it is not possible at that stage to forego the large income which accrues from this source. In bringing it separately I want to give an opportunity to Government to consider it independently of the Finance Bill, and I for one would be satisfied if Government would agree, "after hearing me and other Members of this Council, to consider our points of view in the course of the next few months and make some reduction on this account either in the near future or even at the time the next Finance Bill is presented. With these words, Sir, I shall go into the merits of the question.

When the post offices were started in India they were started, not as a business proposition, not as a commercial concern as they at present appear to be under the Government of India, but I maintain that it was, and should still continue to be, a public utility concern. The post offices have an educative value and it is through them that modern civilisation is carried into the villages. For these and other reasons the post office should be looked upon not as a business concern but as a public utility concern—a concern which should not always be expected to pay its own way,—and for the maintenance of which the general revenues should be ready to contribute, if necessary, a portion of the charges of this Department. In this view I am fortified by the opinions which have been expressed by Government Members since the early sixties, by Governors General in the Imperial Legislature during the last 25 or 30 years and by Finance Members in this



[Srijut Rama Prasad Mookerjee.]

House and in the other place. For example, Lord Curzon characterised the Postal Department as being in existence for the benefit of the public and not for the pecuniary gain of Government. The Committee appointed some time ago and known as the Ryan Committee also gave its opinion that the commercial character of the Department must be subordinated to considerations of public advantage. I will not trouble the House with the opinions which have been given by other responsible Members, but would only remind the House that the present Member in charge of this Department on previous occasions expressed the view, in spite of the fact that he was supporting an increased rate for postcards and for letters, that he accepted the position that the post office could not be regarded as purely a commercial concern, and the other side of the question has always to be kept in view. It will be in the recollection of the House that the rates were increased in 1922. If we analyse the number of postcards that had been in use before and after that year it would be a telling example of the effect which has been produced by the increase in postal rates. In 1921-22, the number of postcards sold was 648½ millions. The next year the number came down to 523½ millions. If we take the total number of articles which passed through the post office in those two years we find a still larger difference, and that again is mainly due to the increase in the postal rates. In 1921-22, the total number of letters, postcards and other articles which passed through the post office was 1,421½ millions, roughly ; against this we find in the next year 1,186½ millions. The normal increase which we find previous to 1922 was between 30 and 40 millions in postcards alone in every year except in one, when it was about 18 millions. But immediately after the increase in the rates the normal increase has been reduced to 8 to 9 millions per year, and in 1926-27 there was an increase of only 2 millions over the figures of the previous year. So that not only the normal increase which we had been getting before the introduction of the increased rates has been checked but, over and above, there was the large drop between the year previous to the increase and the year immediately following the increase. It is no doubt true that some Honourable Members have mentioned that the drop was not only due to the increase in the postal rates but also to the slump in trade ; but I would ask those Honourable Members whether there is now that slump in trade which existed seven years ago? There is one important criterion by which that may be tested. The number of value payable articles and letters which pass through the post office would be a good index of the volume of trade for which the post office is responsible. You will find, Sir, that in 1921-22 it was a little over 5 millions, but in the next year it was a little less than 5 millions. After that it has gone on increasing until in 1926-27 it is near about 6 millions. So the statement that the drop is due not so much to the increase in the postal rates as to the slump in trade, I submit, is not supported by the figures that we have in the Government statistics.

The next question that arises is that when this increase was supported in the other place as also here seven years ago, one of the principal grounds that was assigned by the then Member in charge was that he wanted to serve the rural areas, and he wanted to increase the emoluments of the staff in the Department. No doubt during the last few years there has been an increase in the number of post offices, but is that commensurate with the increase that has been effected in the postal rates? As was stated by the Honourable Sir B. N. Sarma at that time, the additional revenue which would be available to the Government of India by the increase would be about Rs. 70 lakhs from postcards and about Rs. 80 to 90 lakhs from

letters. So the increased income was taken to be about Rs. 1½ crores. But what is the amount that has been actually spent on post offices in rural areas? I would take the figures of the last two years. During the year 1925-26, no doubt, as it is mentioned in "India in 1927-28", 707 new post offices were opened; but Mr. Coatman is discreetly silent about the number of post offices that have been abolished during that year. By comparison of the figures I find that as many as 251 post offices were closed during this year. During the next year, 1926-27, 991 post offices were opened, but as against that 262 post offices were closed. It was pointed out about 4 or 5 years ago that by starting village post offices even when they are unremunerative Government incurs a loss of about Rs. 100 per year per post office. Even taking it for granted, though that is not an actual fact, that all the post offices here mentioned were in rural areas and in each of these cases Government was incurring a loss, what is the total amount that is being lost by Government by starting these rural post offices? So it appears that the principal reason by assigning which this increase was got by Government has not been supported by the subsequent programme and policy of Government. The increase in the pay is responsible also for an increase in the expenditure as a whole. That increase is covered by the increased income which the post office has got in the course of the last five years. Each year the income is increasing by a certain figure. I shall not trouble this House with detailed figures. But if it is controverted by any Honourable Member I shall place the figures before the House later on. The increased expenditure on account of the new scale of pay sanctioned is covered or almost covered by the increased income in this Department during the last five years.

Sir, I have already mentioned that commercialisation of the Postal Department has been accepted by this House or by the Legislature as a whole, but does that mean that the Central Legislature has accepted commercialisation of the policy of the Department? It is only a question of keeping accounts which had been decided by the Legislature. The Legislature did not certainly approve of commercialisation of the policy by which the Postal Department is run. I would give you, Sir, two or three instances which will show the way in which Government has attempted to take away from the Postal Department lakhs and lakhs to the general revenues of the country, which should in the ordinary circumstances have been left to the Postal Department. The most important head would be the interest that is being charged on the capital that has been used in building up the Postal and the Telegraph Department. Up to 1923 or 1924 nothing was being charged. But when commercialisation was in the air, the help of Chartered Accountants was taken, and the system by which the interest was to be charged was arrived at. We find that as much as 50 to 60 lakhs is being charged on this head alone. The principle on which the figure is arrived at is certainly a novel one. During the last 50 or 60 years the Postal Department has not been run always at a loss, but there have been years when there had been lakhs of profit which had been taken into the general revenues of the country, but Government would now value the total property which is under the Postal and Telegraph Department although.....

THE HONOURABLE THE PRESIDENT: Order, order. I must ask the Honourable Member not to anticipate his Budget speech for Wednesday, but to try and come back to postcards.

**THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE:** I am going to show that by curtailing expenditure under certain heads it is possible for Government to reduce the price of postcards: the loss which would be incurred by such reduction will be met or more than met by omission or curtailment of expenditure under the heads I am mentioning.

**THE HONOURABLE THE PRESIDENT:** The Honourable Member will have an opportunity of saying all that on Wednesday. He will have further opportunities of saying it when the Finance Bill comes before this Council for consideration. I am not suggesting that the Honourable Member is out of order in the remarks he is making. I am merely suggesting it to him that he is not well advised in speaking of the Postal and Telegraph Department budget as a whole on the discussion which he raises in regard to postcards.

**THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE:** I shall try to be brief on this point as much as possible, but I cannot develop the argument without mentioning at least some of the points and at least this important head—the interest that is charged on the capital. Although the whole of the capital had been advanced from the revenue and not from loans the very fact that those large amounts had been advanced from revenue without any stipulation of payment of any interest shows the principle under which the previous Governments had been acting, in spite of those facts interest is being charged from 1925 and the Postal and Telegraph Department is made to pay Rs. 50 to 60 lakhs per year on that head alone. Sir, the next point that I shall mention is that quite a large number of telegraph offices are situated at such points in the country where they do not benefit the locality by itself, but those are stationed from political points of view. Just as we have strategic lines, so we have strategic telegraph offices also. What is the amount that the ordinary revenue of the country would contribute to the Post and Telegraph Department for the services rendered by this Department to Government as a whole? Either you have commercialised the Post and Telegraph Department or, Sir, it has not been so done. If it has been commercialised, as it is maintained by Government, then all the services that are being rendered by these Departments to the country at large or to the other Departments of Government should be properly valued and the money value thereof should be credited to the account of the Post and Telegraph Department.

There is one other head of expenditure, Sir, which was introduced some time ago. Previously, all the pension charges were being made not out of the Post and Telegraph revenue, but out of the general revenues of the country. That certainly was wrong in principle. Government, since the principle of commercialisation was accepted, put down a figure which was not the actual amount which was being paid out of the general revenue for the pension charges of this Department but it was 100 per cent. more. I find that 50 lakhs were put down three years ago as the amount which would be payable by the Department as a whole to the general revenues, although as a matter of fact it was acknowledged by the Honourable Member in charge that only 23 to 25 lakhs was being paid out of the general revenues. I would have understood the position if a separate pension fund was being created with a view to safeguarding the ultimate liability of the Post and Telegraph Department, but that is not what is being done. The whole of this additional amount is being transferred to the general revenues of the country, although the general revenues are not paying the whole of the

amount at the present moment,—and there is no knowing whether the general revenues would or would not in the future be paying the pension charges of this department. Sir, if the postal rates are lowered, the loss would be more than compensated if some of these items are properly credited to the Post and Telegraph Department and are utilised for the purposes for which these sums are being realised. By one hand you realise 150 lakhs of rupees from the Postal Department by increasing the rates, but by another hand you take out of the same Department 50 lakhs at one place, 25 lakhs at another place—there are other heads also, but by these two heads alone you take away 75 lakhs of rupees from the Post and Telegraph Department. As I told you, Sir, before, it was computed at the time when these rates were increased that an additional income of 70 lakhs would be available by increasing the price of postcards. I would point to these two items—not to speak of many other items which I know of and which I might have brought to the notice of the Council—from which alone we get an amount compensating the loss to be incurred by reducing the price of postcards.

One other point, Sir. It has been mentioned more than once in this Council and in the other place that it is a commercial concern that you are to deal with. But is it really a concern run on commercial lines? When you reduce the rates of foreign telegrams—as a matter of fact Government lost 15 lakhs of rupees during the last year—that was not to the interest of the larger section of the public of India but only of a limited number of influential people in this country and was not a commercial proposition. When Government carries the newspapers on payment of one pice from one corner of the country to another, the question of commercialisation is not raised because there also you have got powerful interests to cope with. When press telegrams are sent at lower rates no question will arise about commercialisation because there again it is a powerful interest which has to be coped with. When the rates are increased to one anna for letters, the minimum is made  $2\frac{1}{2}$  tolas. That again is not to the interest of the ordinary public but of the commercial community in India. These and many other anomalies are in existence in the Post and Telegraph Department, which go to show that the Department is not being run on real commercial lines or in the interest of the general public of the country as a whole, but mainly with an eye to the interest of particular communities or of certain powerful interests in this part or that part of the country.

The time has come, Sir, when we should do something real to please the people. The ordinary man does not understand most of the large political issues that may be fought out in this House or elsewhere but that which appeals to the ordinary lay public in India would be the reduction of postal rates or the reduction of the salt duty or some such other thing. In no country is the administration so costly as in India, and in no country has civil and military expenditure risen to such a high figure as to necessitate the imposition of new taxes in the way in which it has been done in India. By raising the postal rates there has been caused in India discontent and unpopularity which I am sure is not appreciated by Government as it ought to be. Every time a man sits down to write a letter he is reminded of this fact that, although he had the right to send a postcard from one part of the country to another for 30 or 35 years on payment of one pice, he is now compelled to pay two pice for it. Increased taxation, like the raising of postal rates, creates such deep-rooted discontent that it undermines the very foundation of every established Government. You may increase the military budget, modernise military equipments, but Government can never afford

[Srijut Rama Prasad Mookerjee.]

to forget that the Government of a vast continent like India cannot continue for an indefinite period on military preparation alone ignoring the goodwill of the governed. Once the sleeping Sampson is awakened, the whole edifice of the present Government will collapse like a pack of cards.

There is one other point of view no doubt from which the action of Government in increasing postal rates or imposing a salt tax or such other taxes may be looked upon as being helpful in the propagation of discontent throughout the country. It is from that point of view that a Lord Curzon or a General Dyer is looked upon as being helpful to awaken a spirit of nationalism throughout the length and breadth of India much more than even a Montagu might have been considered to be. ....

THE HONOURABLE THE PRESIDENT : The Honourable Member has  
12 NOON. exhausted his time.

THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE : I have almost finished and will not take more than two minutes.

THE HONOURABLE THE PRESIDENT : The Honourable Member would have found his time ample if he had taken my advice.

,Resolution moved :

“ This Council recommends to the Governor General in Council that he should take steps at an early date to have the price of postcards reduced from half an anna to a quarter anna each.”

THE HONOURABLE MR. A. C. McWATERS (Industries and Labour Secretary) : Sir, I should much have preferred if the Honourable the Mover of this Resolution had waited for a few weeks when we shall probably have a discussion on much the same subject in connection with the Finance Bill. I am glad, however, that the Budget papers have been in the hands of Honourable Members now for a few days, and therefore we can approach this subject as a practical problem, because I cannot think there is very much use in debating pious hopes. We want not to debate this subject as a theoretical proposition or as an academic proposition, but in relation to the near future as we can see it in connection with the financial position of the country, and therefore, Sir, I would first call attention in very few words to the general financial position which has been disclosed to the House in the Budget papers.

Very briefly, the position is that the hopes which we entertained two years ago when the provincial contributions were remitted that the gap would shortly be closed have not yet been realised. The Honourable the Finance Member has been able to balance his Budget but only by recourse to the Revenue Reserve Fund. The Honourable Sir George Schuster, coming to this country with an unprejudiced eye and with a fresh outlook, has, if I may say so, faced the position and explained it not only clearly but courageously. I think it is clear to every one who has studied those papers that this gap has not been filled up and that this is not the time to contemplate giving away large amounts of Government revenue, for the proposition which the Honourable the Mover has put forward does involve a very substantial loss of revenue. He himself did not mention definite figures, but I may tell the House that the loss involved will certainly exceed a crore of rupees. If we

take the actual number of postcards in circulation, we can, by a purely mathematical calculation, see that a reduction from half an anna to a quarter of an anna will mean something like Rs. 90 lakhs. But that is by no means the end of the story. As has been explained in this House time and again, a reduction of the postcard to a quarter of an anna, while leaving the letter rate at one anna, is not an economical proposition. There will be a diversion from the more expensive letter rates to the cheaper postcard rates, and this is all the more true because, as has also been explained again and again, the postcard is very largely used—not entirely of course, but very largely used—by business men, middle class men, and commercial men in the big industrial centres. Speaking on this subject only last year, I gave the House some figures for typical parts of the country. I took Bihar and Orissa, which is a typical rural province, and I showed that the population there was 38 million and the number of postcards used was 33 million, whereas in Bombay the population is 27 million and the number of postcards used was 101 million. It is therefore clear that a reduction such as is contemplated without a general revision of our postal rates, as a whole, will certainly increase this loss beyond the 90 lakhs which I mentioned. There is a further point. At a quarter of an anna we should be carrying every postcard at a loss. Every postcard requires to be handled, sorted and delivered, and the cost of the staff in dealing with it is very large indeed. It is only in the smaller post offices—the one-man post offices—where we can deal with an increase of traffic such as would undoubtedly arise from this proposal without increasing our staff. Therefore, the increase that would result, so far from reducing the deficit, would add to it, and therefore, I am mentioning a very modest figure indeed if I say that the loss on this proposal would considerably exceed a crore of rupees. I ask the House whether, considering the general financial position, this is the time to contemplate in the near future a reduction of revenue of that amount.

But I also wish to look at it more particularly from the point of view of the Budget of the Post and Telegraph Department. The Honourable the Mover of this Resolution devoted a great deal of his speech to a very able analysis, from his point of view, of our commercialised accounts, and I am with him in a great deal of what he says. He quoted Lord Curzon and I accept absolutely what Lord Curzon has said. He said that the Department should be for the benefit of the public and not for pecuniary gain. I am entirely with him in that. We do not propose to make use of the Department for pecuniary gain; but we also do not propose that the Department should be a burden on the general taxpayer. We certainly contend—and I hope rightly—that we have in view always primarily the interest of the public. At the same time, we do not propose that the Department should impose on general revenues a serious tax. Now, Sir, taking the Budget of the Department, I will call the attention of the House to pages 3 and 4 of the special detailed statements regarding the Post and Telegraph Department. Taking the current year, it is anticipated that the Department, as a whole, would work at a loss of Rs. 28½ lakhs. Taking the next year, we hope that the loss will be reduced to Rs. 7,83,000, and if we exclude the loss on the working of Radios, which has now been separately distinguished in the accounts and which we expect to be Rs. 10 lakhs, the Department should be just able to cover its expenses. That is the Department as a whole. But what we have to consider to-day is the postal side of the Department. If you take the postal side of the

[Mr. A. C. McWatters.]

Department, you will find that in the current year there is a loss of Rs. 5,42,000, whereas next year we hope for a small gain of Rs. 3,91,000. Now, Sir, one of the objects of this system of commercialised accounts is to have a *pro forma* account of the three sides of the Department so as to see whether each side of the Department is paying its way or not, so that you may judge whether rates should be reduced or increased. With a possible surplus of about Rs. 4 lakhs there is obviously no margin on the postal side for making a big reduction of something like a crore or more than a crore of rupees. Now, Sir, these commercialised accounts were placed before the Public Accounts Committee and they were in general accepted by them without comment, and I contend that they do show, Sir, very clearly whether each side of the Department is or is not paying its way. The Honourable Member mentioned interest charges, and he hoped that by excluding interest charges he would find a large proportion of this crore of rupees which he wishes to obtain. I would point out to him that the interest charges fall almost entirely on the account of the Telegraph side of the Department. If he will study these figures, he will see that the total interest charge debited to the Post Office side is Rs. 6 lakhs. He will only get a very small sum from these interest charges to meet his crore of rupees. He dealt with one or two other points in connection with commercialised accounts, for example, the rates at which we debit pensionary charges. These figures represent the actuarial liability and not the exact charges payable at the moment, and I contend that this is the right method.

Well, Sir, that is broadly the position. The general revenues as a whole cannot afford at the moment anything like a reduction of a crore of rupees, when the Budget has been balanced only by recourse to the Revenue Reserve Fund, and the postal Budget cannot afford it either. I cannot do better than quote from the Honourable the Finance Member who dealt quite clearly with this matter in paragraph 39 of his Budget speech. Dealing with next year's Budget position, he said :

"The position is thus more satisfactory, but I regret that it still falls far short of anything which would make a reduction in postal or telegraphic rates justifiable."

Therefore, Sir, when that is the position, and when we cannot see in front of us at the moment in the near future any possibility of making this reduction, I think it is really useless for the House to debate a Resolution of this character which could not be anything more than what I have called at the beginning a pious hope.

I should like, Sir, to develop the subject at much greater length, but I feel that I shall almost certainly be speaking on the subject again in the course of the next few weeks when the Finance Bill comes before this House. I should have liked to take the point very strongly that any premature reduction will not be in the interests of the Department itself. I should like to have dealt at some length with our development of postal facilities to which the Honourable the Mover did refer. Now two years ago the Honourable Sir Bhupendra Nath Mitra gave some figures to this House. He showed that in the years 1925-26 and 1926-27, 1,400 new post offices had been opened in rural areas as compared with 786 in the preceding nine years. The Honourable the Mover asked how many have been closed. He rather challenged these figures. Well, Sir, I can give him later figures. I will give him the total net increase in the number of post offices between the 31st March 1925 and the end of December

last year, and that net increase is 3,332. That, I think, Sir, is a sufficient answer to the Honourable Member and shows that we have kept constantly in view the development of rural facilities. Our ideal is to bring postal facilities so far as we can within the reach of everybody. It is a big programme and it will take years to carry out. But I contend that the mere reduction of the rate will do really less good to the persons whom he desires to benefit than the bringing within their reach of postal facilities. Then again the Honourable Member dealt with the figures of the circulation of the postcard and he rather challenged our view that the big drop after 1922 was not solely due to the reduction in the rate but was due largely also to the slump in trade. It was of course due to both. He then went on to quote figures for the succeeding years. He showed that the drop was only being very slowly made up. He was very careful not to take his figures up to the year 1927-28. Perhaps they were not available to him. In 1927-28, I may inform the House that the increase in postcards was 24 millions, as compared with an average annual increase up to 1919 of 14 millions. So I think that we have turned the corner and that we are now steadily, and I hope rapidly, increasing the circulation of the postcard even at its present rate. That, Sir, is all I have to say on the present occasion. From the point of view of general finances, from the point of view of the budgetary position of the Department and from the point of view of the interests, not only of the Department itself but of the persons whom this Resolution is ostensibly intended to serve, I think this House would be doing no good by accepting a Resolution which is in merely general terms and which Government do not at present see their way to carry out in the near future. Therefore, Sir, I should be glad if this discussion could be dropped at this stage, and those, if there are any, who differ from me as regards the present budgetary position might take up the challenge when the Finance Bill comes before the House. I am afraid I am unable to accept the Resolution.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (Punjab : Nominated Non-Official) : Sir, I had no mind to speak but when I heard one or two remarks which have fallen from the Mover I thought I should say a word. As to the Resolution itself, of course it is put very ably, but when one is speaking and one gets warmed up sometimes one forgets what one is saying. A remark has been made about the uselessness of the Army and the crumbling of the Government like a pack of cards. I would remind my Honourable friend that if we had no Army he would have no Reforms, and he would not be making such speeches here in the Council. See what has happened in Afghanistan, where the Army was not properly trained and organised. He perhaps thinks that Government's house is built of a pack of cards and is going to fall. I would remind him that their house is charged with electricity ; it is dangerous to touch electricity and one is sometimes electrocuted. The martial classes are always going to stick to the Government and if any one thinks of stretching out his hand to knock down what he thinks is a house of cards he will find his hand cut off before he can reach the pack of cards. These speeches are circulated in the Press and the public read them, and they might think that statements like these are true if they are not contradicted by somebody else. For that reason I thought I would just say a few words.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY ( West Bengal : Muhammadan ) : Sir, I shall be failing in my duty to my constituency if I



[ Mr. Mahmood Suhrawardy.]

do not rise to speak a few words on the matter of the reduction of the price of the postcard. The question has been discussed in this House and elsewhere so threadbare from all points of view that there seems to be no new arguments to carry conviction to the Government. The reduction of the price of postcards has become an annual question and the Government also give the same stereotyped reply. Beyond this, Sir, they do not move an inch from their position. Well, Sir, time after time, year after year, repeated arguments have been urged on the floor of this House for the reduction of the price of postcards whenever there is a surplus. But I find that the net profit is either swallowed up by the Telegraph and Wireless Departments or credited to the general revenues. This year, as I notice, there is a little deficit and the Government have come out with their fifth-rate excuses of the limited resources at their command. But, Sir, I wish to impress upon the Government as sincerely as I can that their numerous beneficent activities will be better appreciated by a reduction of the price of the postcard. Sir, the excuse for the continuance of the present rate for postcards, however reasonable and cogent it may appear to us, is too technical for the comprehension of the simple villagers and of the masses when they are denied their much-needed relief for ever. Sir, I think the price of postcards and letters was increased in 1922 as one of the measures sought to cope with the exigencies of the war, and the then Government were justified in doing so. But ever since, down to the decade after the peace, frequent attempts have been made to persuade the Government to reduce the postal rates but with no tangible results. Sir, what does it matter to the people of the remote villages whether you spend lakhs for keeping abreast of the latest developments in wireless and aviation? What does it matter to them whether you can talk on the telephone from one hilltop to another hilltop, from Delhi to Simla, or from Bombay to Calcutta or from Poona to Madras? It is all the same to them so long as greater facilities for their comfort in the matter of postal communications are not within their easy reach. Sir, if you want to catch the imagination of the people, from the prince to the peasant—if you really want to lay claim to be a better Swarajist than the Swarajists themselves—if you want to relieve the rich and the poor alike—if you want to please the master down to the servant—the bearer who brushes your shoes—then do that act of service and devise some means by which you can reduce the price of the postcard. I dare say, Sir, that the Government Members cannot fail to appreciate our relation to the poor men and the villagers, whose comfort and convenience we, as their accredited representatives, are bound to further. Sir, I come from a constituency which consists perhaps of the poorest Mussulmans of the country and I speak from my personal experience as to how difficult it is for them to afford to pay half an anna for a postcard that would fetch them anxious news from their distant relatives. Sir, I have seen how the people of my country take a morsel of food with a pinch of salt with suppressed tears. I have seen all this. Sir, I stood here on the floor of this House, even as I do now, and knocked at the door of Government in vain. But, Sir, we shall continue the same process of knocking again and again until it finally opens. Lastly, in all earnestness and sincerity I appeal to Government, resourceful as it always is, to devise some means by which it can reduce the price of the postcard. With these words, Sir, I accord my full support to the Resolution of my Honourable friend Babu Rama Prasad Moukerjee.

**THE HONOURABLE SRIJUT RAMA PRASAD MOOKERJEE :** Sir, I have not got very many words to say in reply to what two of the Honourable Members have stated. It has been mentioned by the Honourable Mr. McWatters that the general financial condition of the country does not warrant a reduction in the postal rates at the present moment. As I made it clear in the beginning, I do not expect the Government to revert to the old rates immediately in the present Finance Bill. That is exactly the reason why I have tabled this Resolution independently of the Finance Bill. I want Government to go into the question minutely during the next year, so that steps may be taken in the near future to lower the rates. But I find the Honourable Member harping on the same note that with the present financial condition as laid bare by the Budget estimates which are to be considered by the Legislative Assembly it is not possible to introduce the change at once. I did not overlook that. That was exactly the reason why I wanted Government to go into the matter more fully at a later stage. He has also stated that the loss would be one crore or more than a crore. But, Sir, as I mentioned in the beginning, on the facts stated or on the figures supplied by the Honourable Member in charge in 1922 the total additional income which Government expected was Rs. 70 lakhs from postcards. The Honourable Member in charge at that stage left out of consideration 20 per cent. of the total number of postcards that was being used at that time as there was bound to be a fall in the number as soon as the rate was increased. So, instead of there being a loss of a crore, on the figures as given by the Honourable Member six years ago, the diminution would be about Rs. 40 to 50 lakhs at the utmost and not a crore. There is bound to be a large increase as soon as the rates are reduced.

The next question with which he has agreed with me is about the fact that Government should not get any pecuniary gain from the Post and Telegraph Department. But he has not touched on the points that I raised, the indirect way in which Government is making a gain from the Post and Telegraph Department. Government does not openly say that so much is being taken out of the Postal Department as profits of that Department, but charges which are being levied from the Department as being due to the general revenues, charges which in my opinion, and of many other Honourable Members, are not justified; those are the indirect methods by which Government is making a very large pecuniary gain from out of the Post and Telegraph Department.

With regard to the next point mentioned by the Honourable Mr. McWatters about pension contribution, he says that that has been approved of by the Public Accounts Committee. But probably he forgets that the pension contribution was first incorporated in the revised estimates of the year 1924-25 although no amount had been included in the budget estimates when they were passed by the Legislative Assembly, and this was a point pressed by various Members of the Assembly the next year. The opinion of the Assembly was not taken on the question as to whether the additional Rs. 25 lakhs should be taken from out of the Postal Department in the way in which it is being done now. The Honourable Member has also mentioned that it was simply an actuarial calculation by which the figure has been arrived at. But he has not answered the point that has been raised by me, namely, what is the objection to taking the amount which is being actually paid from the general revenues to meet the charges of the pension contribution. We are not thinking of the later commitments of the general revenues for meeting pension charges. But, if the contribution which is equal to the amount which is being actually paid

[Srijut Rama Prasad Mookerjee.]

out of the general revenues to meet the pension charges is taken from the Post and Telegraph Department, I would have no objection thereto ; but that is not being done.

There is one other point, Sir which has been mentioned by my Honourable friend the Honourable Nawab Sir Umar Hayat Khan. I never suggested that the military ought to be abolished from this country ; but when we are spending crores on the military budget—and I am glad to find His Excellency the Commander-in-Chief in his seat now ; he has been able to cut down the expenditure by Rs.  $1\frac{1}{2}$  crores and which is expected to increase to Rs.  $2\frac{1}{2}$  crores in the course of the next year or two from the figure which we had last year or the year before last—is it too much to expect that a certain portion which is now being utilised for the modernisation of the military units in India would be devoted to the purpose of lowering the postal rate ? If in place of taking four years to modernise the military equipments in India, it is made five years, I do not think that there will be any serious difficulty in the way ; by this method also we can reduce the postal rate, because that would be an additional amount available in the general revenue Budget of the country, and the difficulty of balancing the Budget will be obviated. There would be no difficulty if we take this step. I never suggested that the whole military is to be abolished or that all the soldiers should be disbanded in India. I know my Honourable friend is a member of the martial races ; I may not belong in his estimation to a martial race ; but the necessity for the military is patent to every Member of the House from whichever part of the country he may come. He need not have, moreover, mentioned Afghanistan in this connection. That is exactly the place where, in spite of the whole race being a martial race, the country is now engulfed in a suicidal fight among the different sections.

Sir, I would only make one last appeal to the Honourable Members of this House ; the reduction of the postal rates would not affect any Member of this House as very few Honourable Members of this House would write any postcards, but that it would be a measure which would appeal to every member of the lay public in this country and specially the poorer section in this very poor country of ours ; it would further be a step in the right direction if the goodwill of the people is to be recognised by Government as an asset. The Honourable the Finance Member in introducing the Budget in the other place has referred to goodwill and I do not know of any other potent factor by which the goodwill of the country may be got by Government than by lowering the postal rate which would affect the poorest of the poor in the country and which ought to be resorted to by Government even if it be at the risk of lowering the income. Government did not feel nervous when the rate for foreign telegrams was reduced. This is just another thing of the same nature but one that would affect a much larger section of the public than the telegraph rates have affected.

I commend my Resolution to the House.

THE HONOURABLE MR. A. C. McWATTERS : Sir, I do not propose to say more than two words in reply because I feel that it is the general sense of the House that a general discussion of this subject is probably less fruitful than a more concentrated discussion which we shall have no doubt in a few days' time. But I must say that I cannot at all accept the Honourable Member's figure of 50 lakhs. I think if he would look at the

estimate given by the Honourable Member in charge himself in any one of the last two or three years, he will find it is nearer my figure than his. I am tempted to argue with him at length about the form of our commercial accounts, but I do not feel the House wishes me to do so. I think these accounts are close enough to give us a general idea whether the rates in each section of these accounts can or cannot be reduced and Government's declared policy has been, their main object in forming these accounts has been to see whether each section is so working that modification in rates would or would not be justified. I think therefore the House would be well advised not to accept this general Resolution but to concentrate on a more practical issue.

THE HONOURABLE THE PRESIDENT : The question is :

"That the following Resolution be adopted, namely :

'This Council recommends to the Governor General in Council that he should take steps at an early date to have the price of postcards reduced from half an anna to a quarter anna each'."

The motion was negatived.

## RESOLUTION *RE* ASSESSMENT OF INCOME-TAX ON THE ANNUAL VALUE OF RESIDENTIAL PROPERTY.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to move the Resolution which stands in my name and which reads as follows :

"This Council recommends to the Governor General in Council that assessment of income-tax as regards income from leased property be made on the actual income received and not on the supposed annual letting value ; and that, in case such income is realised by recourse to law, the actual legal expenses incurred be allowed as an extra deduction when assessing the tax."

Sir, my Resolution of to-day is a modest attempt to point out a few of the many illegalities and irregularities committed and arbitrary powers exercised by the Income-tax assessing authorities while making assessments. An Income-tax Officer is given arbitrary powers under the Act ; he is authorized to make assessments under section 23(4) of the Act according to his sweet will and pleasure. He should proceed according to law on the evidence before him of members of the public or his own officers, as is clear from the wording of section 37 ; but this is all ignored ; even though his order be set aside or modified, no costs are allowed to an assessee who undergoes the expense of preferring appeals. Had there been this provision of law, there would have been some check on his arbitrary power and he would have been more considerate in the matter of assessment.

One of the most important of the arbitrary powers of which I conspicuously make mention is that the present Act makes no provision for any reference under section 66 (2) to the High Court of any order that a Commissioner may pass under the proviso to section 33, however arbitrary that order might be. In this connection I would also point out that under section 66(2) an assessee is required to deposit a fee of Rs. 100 ; whether the Commissioner makes or does not make a reference, that fee is forfeited. There seems no justification for forfeiting the reference fee if no reference is made. There are many more such arbitrary powers and anomalies which require the special attention of Government and which require amendment."

[Rai Bahadur Lala Ram Saran Das.]

Income-tax, as its name implies, is a tax on income alone. No definition of the word "Income" is attempted under the Act. But its dictionary meaning is obviously clear. It is that which comes in; its legal concept is that which comes in minus the expenses, i.e. the excess of income over expenditure; the annual receipts of a private person or a corporation from rents, business profits, etc. This definition, in its simplest form, has, it seems, been adopted in the Indian Income-tax Act, as is clear from the wording of section 3 which is a charging section.

"Where any Act of the Indian Legislature enacts that income-tax shall be charged for any year at any rate or rates applicable to the total income of the assessee, tax at the rate or those rates shall be charged for that year in accordance with, and subject to the provisions of, this Act in respect of all income, profits and gains of the previous year of every individual, Hindu undivided family, company, firm and other association of individuals."

But I will presently show that landlords and owners of house property are treated differently from those who derive income from business, professional earnings or salaries. Income under these heads, that is, business and professional earnings which are dealt with under this Act under sections 10 and 11, respectively, is assessed on actual receipts or constructive receipts in conformity with the definition of the word "Income"; whereas income from property, the method of computation of which is laid down in section 9, is made on the "*bona fide* annual value". This unfortunate expression is defined by sub-clause (2) of section 9 of the Act and has been explained in paragraph 28 of the Income-tax Manual and will be the main point of my discussion to-day.

"Annual value shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year."

Under the Act as it stands at present, the assessment of income from property is made not on the rent that can be received, but on the rent that can be supposed to be received. For this calculation, the assessing authority is vested with arbitrary powers. He is the sole judge to hold that a particular bungalow on an important road or a house in the congested parts of a city is capable of fetching more rent than it actually does, whereas under section 10, which deals with business, he cannot say that an article has been sold by a trader for Rs. 10 whereas it could be sold for Rs. 15, and that the latter price would only be considered for the purposes of assessment. I know of a case in Lahore where Hajee Peer Baksh, an owner of landed property, was assessed on the rental income of a shop in excess of that which he had shown and possessed. The assessing officer rejected the documentary proof, namely, the letter of tenancy and accounts showing the rent receipts, by contending that the rent charged was less as compared with the rents prevailing in the locality. This decision was upheld on appeal. No assessee can choose to be a loser by renting out property in this manner except in very rare circumstances when it otherwise pays him to do so, and even in such circumstances it is not desirable to assess him on the amount which he does not receive or for which there is no such stipulation. In a business, say of a book-seller, the traders' sale prices of books are fixed, but from a particular charitable institution he charges 5 per cent. less, which rate is less than the rates prevailing in the market. Section 10 read with section 13 of the Income-tax Act gives no arbitrary powers to an Income-tax Officer to include in the sale proceeds returned by that bookseller the amount to the extent of which concession is shown by the trader to that institution. He must accept the profit and

loss account of the trader, in which the sales in favour of that particular institution are shown to have been made at concessional rates. It is not within his jurisdiction nor within his competence to do that in the case of the assessment of a business man which he can do in the case of an owner of property. If an owner of landed property can afford to let his property to a tenant at a lower rent simply because the tenant happens to be a friend or a privileged person, an Income-tax Officer has no reason to add the rational value according to his sweet will and pleasure because the tax is to be charged on what comes in and not on what is supposed to come in. This differential treatment of two classes of assessee, namely, a trader and an owner of house property, should be abolished.

Side by side with this proposition, I would ask the Finance Secretary to consider another hardship of a greater magnitude which the present Act inflicts upon an assessee owning house property. The assessment in case of income from house property under section 9, as I have explained in the beginning, is made on the rent receivable during the year regardless of what has actually been received by an assessee. In this respect also an assessee owning house property is harshly treated. How anomalous, unreasonable, unjust and illogical it is to assess a man on an income which he does not receive ! To illustrate my meaning I would take a particular example, a widow whose only source of income is house property. She has let it at a monthly rent of Rs. 250 per month. The annual letting value is Rs. 3,000. As ill luck would have it, her tenants are stubborn ; they do not pay her for a full year and then abscond. The income-tax authorities, after making the fixed statutory allowance for repairs, charge tax on the supposed income regardless of the fact that she has not received a pie. How very hard it is ! Why talk of a hypothetical case ? I will give you a concrete example. Mrs. Buckley had taken certain premises on a long lease from Khan Sahib Sheikh Mohammad Naqi on the Mall, Lahore. She did not pay the rent of the premises for some time ; but in spite of this the taxing authorities continued to charge on the rent due from the tenant. The arrears went up as high as Rs. 75,000 ; the landlord had to give up the arrears, and in the year of writing off such a large amount, he claimed this amount as a bad debt in the assessment for 1927-28. No such allowance was made, the appeal was dismissed and the decision was upheld by the Commissioner of Income-tax for the sole reason that tax on property is charged on the annual letting value, and that no allowance for short recoveries or non-recoveries is provided for by the Act. I would appeal to Honourable Members of this House to consider if there could be a harder case of an entirely illegal taxation. Rupees 75,000 are charged to tax even though not a pie has been received, and the pith of the whole affair is that no allowance is made when this is finally written off and the claimant to it foregoes all his right to receive it. This hardship can be avoided and the assessment of income from property can be brought into harmony with the assessment from business, professional earnings and salaries only if actual realizations of rent are charged to tax, that is, in taxing it against the annual value allowance is made for short recoveries or for non-recoveries.

Sir, It is well known that under the head business the Government of India have issued instructions for the allowance of bad debts or irrecoverable loans. I will invite your attention to paragraph 37 of the Income-tax Manual. I fail to understand why a similar instruction should not issue in order to bring the assessment of income from property on the same just and equitable grounds as the assessment of income from

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business. Why should an owner of property be differently and differentially treated? The only possible objection that I apprehend will confront me is that the assessment of property income will be made very difficult if actual income alone were to be declared chargeable or if allowances were to be made for short or non-recoveries, when an assessee fails to submit a return and to submit proof of income from property. I will venture to submit that this difficulty is only speculative. The present Act enables an Income-tax Officer to make an estimated income against a defaulter under section 23(4) of the Act. No one can question his authority even if an assessee were to be an owner of house property. The only legal defect existing at the present time may be that section 13, which entitles an assessing authority to determine as assessable income from business, professional earnings or other sources, does not make mention of section 9 which deals with property. To safeguard against assessee's owning property who do not fulfil their statutory obligation under the Act, section 13 should be so amended as to include section 9 also in order to vest power in an Income-tax Officer to make estimates of income from property also.

I now take up the concluding portion of my Resolution which claims allowance on account of litigation expenses incurred for realizing arrears of rent. The scheme of the Act is to charge all income profits and gains of a person and to make allowances for such expenditure as is necessary for earning profits. The intention is that the expenses so borne should not be of a capital nature nor those of a personal nature—*vide* section 10 (ix) of the Act. It is under this sub-clause that a business man is entitled to claim against income from business such litigation expenses as he has incurred for recovering his outstandings. Surely this is a third hardship for an assessee owning house property not to be allowed such expenses when he has actually to meet them for realization. These expenses are not of a capital nature, nor of a personal nature. There seems evidently no earthly reason for not making an allowance for this, when all that I have said is accepted.

I assure the Honourable House that there is a genuine feeling amongst the tax-payers that the present method of taxing income from house property is very defective and it works great hardship on them. The hardship is real and great. I therefore commend my Resolution to the acceptance of this Honourable House.

THE HONOURABLE MR. V. RAMADAS PANTULU (MADRAS : NON-MUHAMMADAN) : Sir, in view of the intimation you were kind enough to give me that, as my amendment does not fall within the scope of the Resolution, it would not be in order, I do not wish to move it. I hope a better fate will overtake my endeavour when I want to bring my proposition before the House on another occasion.

THE HONOURABLE MR. E. BURDON (Finance Secretary) : Sir, I had myself desired to ask whether the Honourable Mr. Ramadas Pantulu's amendment was in order with reference to condition (a) to the proviso to paragraph 119 of the Manual of Business and Procedure.

THE HONOURABLE THE PRESIDENT : The Honourable Mr. Ramadas Pantulu said he is not moving his amendment. It is therefore unnecessary for me to give any ruling from the Chair.

THE HONOURABLE MR. E. BURDON : I did not hear that, Sir. Then, Sir, dealing with the Resolution moved by my Honourable friend Mr. Ram Saran Das, I gather that the Honourable the Mover only wishes to attack our existing system in its application to certain particular classes of cases. Nevertheless I think it will probably simplify our discussion if, in the first instance, I state what the general position is in regard to the assessment of income-tax on the annual value of residential property and explain why that general position has come to be established. The general problem of income-tax law and administration out of which my Honourable friend's grievance arises is, by what means are the authorities concerned to determine the amount of annual income which the possession of residential property represents ? A means must be chosen which gives an equitable result, not only to the individual tax-payers, but also the general body of tax-payers, for obviously if one tax-payer pays less than his fair share of the burden of taxation, this must necessarily increase the burden upon others. Now, Sir, in the general case under discussion there are obviously two possible methods of calculation open to Government. One method is to take the rent actually received, and the other is to take an assumed annual value reckoned in accordance with scientific principles and with reference to ascertained data of a relevant character. Closely connected with this question of ascertaining the annual value of property, we have the question of the proper and equitable means of determining the expenses relating to upkeep and the administration of the property which should be allowed as a deduction before tax is calculated upon the residuary figure. Now, Sir, on the most superficial view, one might be apt to decide summarily in regard to these two methods that the rent actually received and the expenses actually incurred would bring one nearer the truth and that this method of calculation should be adopted in preference to a calculation based upon anything which involves assumption. Indeed it seems surprising that any other criterion should have been adopted. But the superficial and simple view will not stand the test of practice in a very large number of cases which have to be dealt with. In any event, in the nature of things the choice cannot be made on the assumption that the two systems are or can be mutually exclusive. You cannot take one and reject the other for application to the whole field. The assumed annual value has to be adopted in cases where a proprietor occupies his own house or allows it to be occupied by a relative or a friend rent free, for in such cases no rent passes and there is no figure of actual receipt to look to. Similarly, the test of actual rent cannot be adopted in another very large category of cases,—my Honourable friend knows how large that is—the cases of individuals who keep no accounts. Now, Sir, I think this very brief explanation of our system will show that it has some justification behind it, and also that it is absolutely necessary. It is of course a matter of common knowledge that local self-Government bodies have to adopt a similar system where they levy a house tax. It may be mentioned also that the general basis of taxation in the United Kingdom of house property is more or less the same as in India, and that the assessment in that country is made upon the annual letting value minus certain flat percentage allowances for repairs, etc., and not on the basis of actual net income. The alternative proposal made by the Honourable the Mover, if viewed as one of general application, has been considered in the United Kingdom more than once. As early as 1907 the matter came up for discussion, and the then Chancellor of the Exchequer refused to accept the proposal on the ground that it was impracticable. The point was again raised by the Royal Commission on



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Income-tax in 1920, and they too ruled out the proposal on the ground that it would involve a heavy increase in the cost of administration because of the extra labour of examining detailed accounts in support of deductions. I think too that it will be clear to the Council that, if proper methods of assessment are adopted, there is no insuperable difficulty in arriving at a fair and accurate determination of annual value by the "assumed" method. The building of a house is generally undertaken as a business proposition. The man who invests his money in house property expects to derive therefrom a commercial return in some shape or another, and in the great majority of cases he succeeds in doing so. Before he starts building, in making his preliminary calculations, he has to decide not only how much he can afford by way of capital cost, but also what the annual outgoing will be in the matter of repairs and for maintenance expenses. He must get back at the least interest on his capital, and it is fair to assume that in general he does so. The matter is regulated by standards which are more or less stable and ascertainable. Accordingly, both the income-tax authorities and the authorities assessing a house-tax in a municipality are able to arrive at results which are fairly accurate and on the whole equitable. As, however, as I said at the beginning, I gather that the Honourable the Mover does not intend to attack the system in general, I understand that what he has in mind is a particular class of case, namely, when "A" has let a house to "B" for a certain annual rent and "B" defaults in the payment of that rent. That, I think, is the class of case which he has in mind, and in such a case the Honourable Member asks for two things, namely, (a) that the rent which has not been received should not be chargeable to income-tax, and (b) that if "A" in order to recover the rent has to sue "B" his legal expenses in so doing may be allowed as a deduction before the amount actually chargeable to income-tax is determined. In other words, the Honourable Member wants two new categories of deductions to be recognized for the purpose of ascertaining in the cases mentioned the income actually chargeable to income-tax. Neither deduction is permitted under the law as it stands at present, and if it were to be decided that the concessions demanded should be granted, it would at the end be desirable to have recourse to legislation, though, as an interim arrangement, something could probably be done by way of notification under the executive authority of Government. The only deductions that may be permitted at present from the gross annual value of house property are those specified in

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section 9 of the Income-tax Act, namely, one-sixth of the gross annual value on account of repairs, insurance premia, interest on mortgages or charges or ground rent, land revenue, collection charges, and, at the discretion of the Income-tax Officer, allowance for vacancies. The first question, however, that we have to consider is whether my Honourable friend has made out a sufficient case for the grant of the concession, and I will admit at once that if one considers the most simple type of case that, for example, of a poor widow whose sole wealth consists in the rents she derives from house property and whose tenants refuse to pay her rent, even a Financial Secretary's bowels are stirred with compassion at the thought that she might be charged income-tax on an income which she does not receive. But it is misleading to concentrate one's view on this simple type of case; one has to consider also the risk of the concession being abused not merely by fraudulent but also by merely negligent people. Our existing system is based upon the not unreasonable assumption that

man is guided by economic instincts and is more or less efficient, that when he owns house property he expects to derive an economic rent from it, and that he will be honest and punctual in collecting it. Where these conditions are fulfilled, it is obvious that our existing system inflicts no hardship. Sooner or later the rent comes in. On the other hand, if we have a system which exempts from income-tax or postpones its levy in cases where rent is not received at all or not received punctually, then I think it will be clear that we put a premium upon unpunctuality, a premium upon evasion, a premium upon collusion. There is one other point, Sir, which I think should weigh with the House. In every case in which such exemption is claimed, it will be necessary for the income-tax authority to make careful enquiries; he will have to make enquiries not merely from the assessee, but also from the assessee's defaulting tenant. If he does not make these enquiries, he will very rightly expose himself to the charge of not doing his duty to the public; if he does make these enquiries, he will once more call down upon himself complaints of vexatiousness and harassment which are constantly being levelled at the Income-tax Department. It is probable also that, if such enquiries have to be made, we may have to increase our establishment and strengthen our machinery, thus leading to additional expenditure. Honourable Members will remember that a few minutes ago I pointed out this as one of the reasons why the British Government declined to adopt in the United Kingdom the system for which my Honourable friend presses to-day. Finally, I must point out that in no Municipal Act that I have been able to study since I took up my Honourable friend's Resolution have I been able to find a provision exempting from the payment of house tax landlords who are unable to recover the rent from their tenants. I feel, therefore, Sir, very grave doubts myself as to the wisdom of adopting the first part of my Honourable friend's Resolution. As regards the latter, I can see that there is considerable justification for his proposal, and I am prepared now to say that, subject to the results of a detailed examination which I feel it necessary to have carried out by my Department, the legal expenses incurred in the recovery of rent might well be placed on the same footing as collection charges. That is to say, I think we might agree to allow the deduction of the net legal expenses incurred in the recovery of rent subject to their not swelling the total deduction above the maximum of 6 per cent. prescribed in the rules under the Act. As regards the first of the suggestions of my Honourable friend, I am prepared to go so far: I will undertake to have the proposal circulated to the Commissioners of Income-tax for their opinion, and I will inform the Honourable Member in due course of the result. If the Commissioners of Income-tax are able to satisfy themselves and to satisfy Government that clear cases of genuine hardship can be provided for without opening the door to serious difficulties elsewhere, without increasing materially the burden of work laid upon the Income-tax Department, and without giving the public further occasion for complaint of inquisitorial methods, then Government will be prepared to consider the possibility of giving effect to my Honourable friend's wish in the specific class of cases to which my present observations are confined. I hope that this will suffice for my Honourable friend at the present moment.

To sum up then, Sir, it will be clear that Government cannot accept the Resolution, because in the terms in which it is cast it seeks to abolish altogether a system which in a large measure at any rate is absolutely necessary to retain and which as a whole even the Honourable the Mover does not intend to destroy. I must, therefore, Sir, oppose

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the Resolution, but, at the same time, I re-affirm the undertakings which I have already outlined, namely, (1) that the Finance Department will immediately go into the question of issuing instructions which will ensure that the net legal expenses incurred in the recovery of rent may be placed on the same footing as collection charges, and (2) that Commissioners of Income-tax will be consulted as to the practicability of providing that income-tax shall not be charged in genuine cases in which, owing to the default of a tenant, the rent payable by him is not received by the landlord.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, the reply given by the Honourable the Finance Secretary, I am sorry to say, is not at all convincing. The Honourable Mr. Burdon says that as far as the second part of my Resolution is concerned Government will try to meet the legitimate grievances of the people, which I have represented. Perhaps my Honourable friend does not know, when he says that he will consider favourably the second part of my Resolution in case collection charges do not exceed the present limit of 6 per cent., what the court fees, and lawyer's and process charges amount to in the Punjab at any rate. I might inform my Honourable friend that of late the Punjab Council has raised the court fees for such recoveries by 50 per cent., and I might inform him that at present it does no cost less than 15 to 20 per cent. to recover the rent ; and to say that the Government will see its way to allow that charge in case it does not exceed 6 per cent. is, I think, equivalent to a refusal.

THE HONOURABLE MR. E. BURDON : Are not, Sir, costs of the suit recoverable ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sometimes the costs are allowed and sometimes they are not allowed by courts. In case costs are allowed, then the Income-tax Officer can so assess or make the deduction accordingly. But in case they are not allowed, they ought to be allowed in full. My Honourable friend, Sir, has very often referred to the English law of income-tax. But he has been quite silent on the question of how the income is assessed in England. There three years' previous average income is taken into consideration and not that of a single year. In that average a lot of the grievances of the public are met. I have given here a specific case of Khan Sahib Shaikh Mohammad Naqf who could not realise Rs. 75,000 from the tenant and, failing to realise that sum by all means, he had to write it off. My friend does not say how he will cover a case like that. Rupees 75,000 have been totally lost. The amount has been written off and the Commissioner of Income-tax says, because the houses are let on an annual value, no remission can be given. Does my Honourable friend consider that that is just, that that is equitable ? Certainly not. It is not equitable, it is not just that, when a person entirely fails, notwithstanding his efforts, to realise the arrears of his rent, the non-recovery of the rent should be fully allowed. He says that it will encourage carelessness, one thing and another. That is not practicable, Sir. Take the case of a man, Sir, who lives on an income from house property or whose principal income is derived from house property. He will not be a fool to try to let his income from rental not be realised.

THE HONOURABLE MR. G. A. NATESAN : Why not eject the tenant who will not pay for more than one or two months ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I might inform the Honourable Mr. Natesan that unfortunately in the present state of the law unlike Australia generally it takes years and years before courts come to any conclusion. In the Lahore High Court, in case we put in an appeal, it does not come up for first hearing for five years or more. Justice delayed is justice lost, and I must say that in these days no speedy justice is given. It is easy to talk of ejection, but I know of a case where it took three years to eject a person, and even then there was a lot of trouble. Of course, I am not a lawyer but, as I have to deal with such questions in my own business, I find that a good many things look very well superficially but when we go deep into them we find that they are of no value. My friend the Honourable the Finance Secretary says, how then are they to determine the letting value ? I have already explained to him, Sir, that only by amending a sub-clause of the present section 13 of the Act can that difficulty be overcome. My friend has not refuted the remedy which I suggested to him, and in reply to which I expected to be told how my suggestion was impracticable. I simply say, Sir, that the Income-tax Officers, where no returns are put in or where no satisfactory proof is given, even now are authorised to assess arbitrarily. In section 13 the income from house property (section 9) is not included. I simply say that in case section 13 is made to include house property as well, there will be no difficulty in the assessment. I know there are many people who either do not put in returns or do not keep accounts. I say, assess them arbitrarily. The present law, if it is amended as I suggest, will be fully able to cope with the difficulty which my Honourable friend anticipates.

It is very unjust, Sir, to compare India with England in matters like this. England is a very advanced and a developed country. The annual letting value is fixed by technical experts there. The rents there have come to a certain level beyond which fluctuations take place, I understand, seldom. In India things are different and the mode of assessment and the way of appeals are quite different. Justice is delayed and lost. To compare England with India in this respect is not, I think, justifiable.

My friend says that in cases where the annual letting value is not enforced, in cases where returns are filed and where returns are not found satisfactory to the income-tax authorities, it will lead to a heavy increase in the cost of administration. That sentence, Sir, I cannot very well understand. In my own opinion, the extra expenditure in this direction will not at all be large. I do not think there will be any material increase because even now the return is carefully gone into by the assessing authority, and when it is found that the return is correct, is duly audited and satisfactory, why should there be more cost in examining such returns ? These returns are already examined. Every point is thoroughly gone into, and I do not think it will add to the administrative machinery or expense in the least. Even if it does, I think justice ought to be done. To grudge a small expenditure to evade justice is, I think, wrong.

Then, Sir, as far as the argument of the Honourable the Finance Secretary is concerned, that we take one and we reject the other, even now each case is decided on its merits. Those people who do not file returns or who file incorrect statements are not equally treated as they do not deserve equal treatment. A person or a firm who files a statement which is found correct and satisfactory by the Income-tax Officer ought to receive different treatment from one who does not keep any accounts or who does not put in a return which does prove correct, and satisfactory to the Income-tax

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**Officer.** So, Sir, I think that equity and justice demand that those people who put in true and right accounts ought to be differentially treated from those who do not do so.

I think, Sir, that our economic instinct, on which the Honourable Mr. Burdon laid stress, is already being pursued by those who sink their capital in buildings and in house property. Everybody tries to get as good a return from his investment as he possibly can, and in regard to cases where the houses are let to relations or to friends on a nominal rent, I have dealt with such cases in my opening speech. There too, Sir, I say, even my Resolution, Sir, says, that it only refers to leased property. Whenever any property is given to a relation or is used by the owner himself, of course he does put in his return the proper value on which that property is let and can be let.

Thus there is no trouble when all such points are explained satisfactorily to the Income-tax Officer. What will be the fate of the assessee in cases where all the possible proofs as regards the correctness of the return are given to the Income-tax Officer and accepted by him? In such cases, Sir, I do think that equity and justice demand that assessment should be made on the actual income received at least in the case of those persons who put in proper returns and whose returns are accepted as correct by the income-tax authorities.

With these words, Sir, I commend my Resolution to the favourable consideration of the House.

**THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN** (Punjab : Nominated Non-Official) : Can we speak, Sir, after the Mover has replied ?

**THE HONOURABLE THE PRESIDENT** : The Honourable Member cannot speak after the Mover.

**THE HONOURABLE MR. E. BURDON** : Sir, my Honourable friend has characterised my reply as unsatisfactory and almost immediately after that, he quoted a case, which I might refer to as the Mohammad Naqi case, implying that such a case would not be covered by the relief which I suggested might be given subject to further enquiries being made. Well, Sir, I am afraid my Honourable friend must have misunderstood me, because, from the description which he has given me of the case, I would say that, provided the Commissioners of Income-tax, whom it would be most imprudent not to consult before introducing a change of this kind, are satisfied that it would be practicable, without great addition of work and without leading to new difficulties elsewhere, to distinguish the good cases from the bad, to distinguish the cases in which real hardship is involved from those in which there may be some evasion or collusion, then such cases as my Honourable friend has mentioned would undoubtedly be covered. But I say again that it would really be most imprudent for me to give a final undertaking on the floor of the House now without consulting Commissioners of Income-tax; and the House will realise that in the short interval which has elapsed since notice of my Honourable friend's Resolution was given, it has not been possible to consult the Commissioners.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS** : What about the percentage ?

**THE HONOURABLE MR. E. BURDON:** I will come to that. My Honourable friend then suggested that we can get over the whole difficulty by amending the proviso to section 13 (1) of the Income-tax Act. Perhaps he will correct me if I am wrong.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Yes. By amending section 13 and including section 9 in its scope as well.

**THE HONOURABLE MR. E. BURDON:** I am afraid the solution is probably not quite so simple as that, for the reason that if we merely made an amendment of the kind which the Honourable Member has indicated, that would rule out assessment to income-tax of the annual value of houses in which from motives of family affection or perhaps less worthy motives the house was leased on a peppercorn rent, and I do not think it desirable that such cases should be allowed to escape the net of the tax gatherer.

As regards the other point which my Honourable friend mentioned, namely, the question of legal expenses being allowed even if the total deduction exceeds the maximum of 6 per cent., I was very interested to hear the point which he has taken in regard to the recent enhancement of court fees in the Punjab. That is precisely the sort of point which it will be necessary for me to have further examined in my Department under the examination which I said must be made. As I said in interjection, I take it that costs are allowable and frequently are allowed, and in my own preliminary observations I was careful to use the words "net legal expenses" because I had in mind that costs might be recovered. And I presume that costs are recovered at different scales in different provinces in India. Obviously the matter is one of somewhat intricate detail, and my friend's point really justifies the reservation which I made when I said that I would require the matter to be further examined in my Department. These, Sir, I think are all the observations that I need make in reply to my Honourable friend's rejoinder, and in view of the promise which I had already given and of the further explanation of that promise which I have now given, I hope my Honourable friend will feel satisfied.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Sir, in view of the promise which the Honourable the Finance Secretary has given, I should like my Resolution to remain pending for the time being.

**THE HONOURABLE THE PRESIDENT:** I am afraid, as the debate is closed, there are only two courses open. One is for the Council to give its decision in the matter by casting votes, and the other is for the Council to give the Honourable Member leave to withdraw his Resolution.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** I will then ask for leave to withdraw the Resolution in view of the assurance given.

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Wednesday, the 6th March, 1929.