

# THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

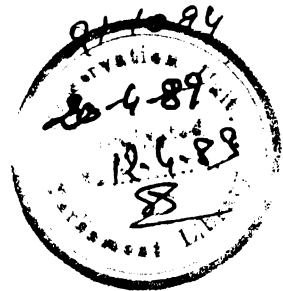
---

Volume VIII, 1938

*(5th December to 12th December, 1958)*

---

## EIGHTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1938



PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA.  
PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.

1939

9-10

# Legislative Assembly.

## *President :*

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I.

## *Deputy President :*

MR. AKHIL CHANDRA DATTA, M.L.A.

## *Panel of Chairmen :*

MR. S. SATYAMURTI, M.L.A.

DR. SIR ZIAUDDIN AHMAD, C.I.E., M.L.A.

SIR H. P. MODY, K.B.E., M.L.A.

MR. A. AIKMAN, C.I.E., M.L.A.

## *Secretary :*

MIAN MUHAMMAD RAFI, BAR-AT-LAW.

## *Assistants of the Secretary :*

MR. M. N. KAUL, BAR-AT-LAW.

RAI BAHADUR, D. DUTT.

## *Marshal :*

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

## *Committee on Petitions :*

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

MR. A. AIKMAN, C.I.E., M.L.A.

MR. M. S. ANEY, M.L.A.

SYED GHULAM BHIK NAIRANG, M.L.A.

MR. N. M. JOSHI, M.L.A.

# CONTENTS.

VOLUME VIII.—5th December to 12th December, 1938.

	PAGES.		PAGES.
<b>MONDAY, 5TH DECEMBER, 1938—</b>		<b>FRIDAY, 9TH DECEMBER, 1938—</b>	
Starred Questions and Answers . . . . .	3781—3823	Members Sworn . . . . .	4165
Unstarred Questions and Answers . . . . .	3823—26	Starred Questions and Answers . . . . .	4165—4205
The Indian Income-tax (Amendment) Bill—Discussion on the consideration of clauses not concluded	3827—71	The Indian Income-tax (Amendment) Bill—Discussion on the consideration of clauses not concluded	4205—51
<b>TUESDAY, 6TH DECEMBER, 1938—</b>		Statement of Business . . . . .	4252—53
Starred Questions and Answers . . . . .	3873—3921	<b>SATURDAY, 10TH DECEMBER, 1938—</b>	
The Indian Income-tax (Amendment) Bill—Discussion on the consideration of clauses not concluded	3921—70	Statements laid on the Table . . . . .	4255—56
<b>WEDNESDAY, 7TH DECEMBER, 1938—</b>		The Commercial Documents Evidence Bill—Appointment of Mr. J. N. Talukdar and Mr. P. A. Menon to the Select Committee . . . . .	4256
Starred Questions and Answers . . . . .	3971—4037	The Indian Oaths (Amendment) Bill—Appointment of Mr. J. N. Talukdar, Mr. P. A. Menon and Dr. F. X. DeSouza to the Select Committee . . . . .	4256
Unstarred Questions and Answers . . . . .	4038—42	The Muslim Dissolution of Marriage Bill—Appointment of Mr. J. N. Talukdar to the Select Committee and extension of the time for the presentation of the Report . . . . .	4256—57
The Indian Tariff (Amendment) Bill—Introduced . . . . .	4042	The Indian Income-tax (Amendment) Bill—Discussion on the motion to pass not concluded . . . . .	4257—4329
The Indian Income-tax (Amendment) Bill—Discussion on the consideration of clauses not concluded	4042—4090	<b>MONDAY, 12TH DECEMBER, 1938—</b>	
<b>THURSDAY, 8TH DECEMBER, 1938—</b>		Starred Questions and Answers . . . . .	4331—46
Starred Questions and Answers . . . . .	4091—4122		
Unstarred Questions and Answers . . . . .	4123—24		
The Indian Income-tax (Amendment) Bill—Discussion on the consideration of clauses not concluded	4124—63		

	PAGES.		PAGES.
MONDAY, 12TH DECEMBER, 1938— <i>contd.</i>		MONDAY, 12TH DECEMBER, 1938— <i>concl'd.</i>	
Unstarred Questions and Answers . . . . .	4347—56	The Indian Income-tax (Amendment) Bill—Passed as amended . . . . .	4358—95
Motion for Adjournment <i>re</i> alleged rough handling of certain Hindu ladies at the Shiva Mandir site in Queen's Gardens, Delhi—Ruled out of order .	4357—58	The Indian Tariff (Amend- ment Bill)—Passed . . . .	4395— 4414
		The Hindu Women's Right to Divorce Bill—Circulated .	4414



## CORRIGENDA.

In the Legislative Assembly Debates, Delhi (Special) Session, 1938—

(1) Vol. VII, No. 1, dated the 10th November, 1938, page 2866, in the subject-heading to starred question No. 1201, *for* "for Posts" *read* "of Posts";

(2) Vol. VII, No. 3, dated the 15th November, 1938, page 3025, lines 26 and 27, *for* "whetther" *read* "whether";

(3) Vol. VII, No. 8, dated the 23rd November, 1938, page 3334, line 15, *for* "Grogg" *read* "Grigg";

(4) Vol. VII, No. 13, dated the 1st December, 1938, page 3639, line 3, *for* "Ogilbie" *read* "Ogilvie";

(5) Vol. VII, No. 14, dated the 2nd December, 1938, page 3736,

in the subject-heading to starred question No. 1738, *for* "Extention" *read* "Extension";

(6) Vol. VIII, No. 1, dated the 5th December, 1938, page 3851, line 13, *for* "it India" *read* "in India";

(7) Vol. VIII, No. 2, dated the 6th December, 1938, page 3912, in the subject-heading to starred question No. 1844, *for* "Machines-Guns" *read* "Machine-Guns";

(8) Vol. VIII, No. 3, dated the 7th December, 1938, page 4013, *read* the subject-heading to starred question No. 1908, as follows:

"Communal Composition of Employees in certain Workshops on State Railways."

## CORRIGENDUM.

In the Legislative Assembly Debates, Delhi (Special) Session, 1938, Vol. VIII, No. 5, dated the 9th December, 1938, page 4197, in the second statement at the bottom of the page, *for* the figures "11½" against the Preventive Officers *read* "11⅓".

# LEGISLATIVE ASSEMBLY.

Monday, 5th December, 1938.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### ENCOURAGEMENT TO INDIAN SHIPPING.

1753. \***Mr. T. S. Avinashilingam Othettiar:** Will the Honourable the Commerce Member state:

- (a) the total shipping used in the coastal trade of India;
- (b) the extent of Indian, British, Japanese and other shipping in the coastal trade of India; and
- (c) whether any attempts have been made by Government in recent years to encourage Indian shipping?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The (gross) tonnage of shipping employed in the Indian coastal trade is 4,76,800. Of this, Indian tonnage is 99,800 and British tonnage 3,76,500. As far as the Government of India are aware, no foreign shipping is at present engaged in the coastal trade.

These figures are of the tonnage at the disposal of the various steamship companies and should not be taken as the tonnage engaged in the coastal trade at any given time. There is also a very large trade carried on by Indian-owned *sailing vessels*, but statistics as to their actual tonnage are not available.

(c) The reply is in the affirmative. Attention in this connection is invited to the answer given to the supplementary question asked by Mr. S. Satyamurti on the 5th February, 1936, with reference to his starred question No. 75.

**Mr. T. S. Avinashilingam Othettiar:** May I know whether Government can mention any specific action which they have taken in pursuance of clause (c)?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, Sir, there was a three quarters of a page typed reply in answer to question No. 75 where all that was mentioned.

**Mr. T. S. Avinashilingam Othettiar:** May I know whether they have made any attempts to reserve any coastal shipping to Indian ships?

**The Honourable Sir Muhammad Zafrullah Khan:** Not so far as I am aware.

## TRADE NEGOTIATIONS WITH CEYLON AND EGYPT, ETC.

1754. \***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Commerce Member state:

- (a) with what countries the Government of India are carrying trade negotiations now; and
- (b) whether they are negotiating with Ceylon and Egypt just now?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The United Kingdom.

(b) No. The recent increase in the Egyptian cotton duties has, however, been the subject matter of correspondence.

**Mr. T. S. Avinashilingam Chettiar:** In view of the fact that the recent enhancement of taxes in Egypt has affected adversely Indian cotton interests and the position threatens to grow worse, will Government expedite the matter of the negotiation with Egypt?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, Sir. I am fully conscious of it.

**Mr. S. Satyamurti:** In view of the Anglo-American trade treaty, are Government contemplating the starting of negotiations with the United States of America for a trade treaty between India and that country?

**The Honourable Sir Muhammad Zafrullah Khan:** On the last occasion, answering a similar question, I said that the Government of India were looking at the question of entering into a treaty of commerce and navigation with the United States of America.

**Mr. S. Satyamurti:** So far as Italy is concerned, in view of the statement made in Italy, after the recent conclusion of the Anglo-Italian agreement, that they are starting negotiations with various countries including India, may I know whether the Government of India have heard about it, or will they of their own initiative take steps to conclude a trade treaty with Italy?

**The Honourable Sir Muhammad Zafrullah Khan:** I should not like to say without notice but I do not think we have heard anything in that connection.

**Mr. S. Satyamurti:** Are Government themselves thinking of starting negotiations for an Indo-Italian trade agreement?

**The Honourable Sir Muhammad Zafrullah Khan:** That forms part of the larger question which the Honourable Member has so often put with regard to trade agreements or efforts to arrive at trade agreements with other countries besides Great Britain, to which I have so often given a reply.

**Mr. S. Satyamurti:** The reply is that they would wait till the conclusion one way or the other of the Anglo-Indian trade talks?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes.

**Mr. T. S. Avinashilingam Chettiar:** Are Government contemplating the starting of any negotiations with other countries immediately after the talks with Britain are over?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member is aware of the position with regard to Ceylon?

**Mr. T. S. Avinashilingam Chettiar:** Only Ceylon?

(No answer.)

**OPENING OF A COLLEGE FOR HIGHER EDUCATION IN VETERINARY RESEARCH.**

**1755. \*Mr. T. S. Avinashilingam Chettiar:** Will the Secretary for Education, Health and Lands state:

- (a) whether Government have received the report of the Imperial Council of Agricultural Research regarding the opening of a college for higher education in veterinary research;
- (b) whether the Provincial Governments have been consulted in the matter; and
- (c) whether Government have finished consideration of the report: if so, what conclusions they have come to?

**Sir Girja Shankar Bajpai:** (a) Yes, assuming that the Honourable Member refers to the report of the Animal Husbandry Wing of the Imperial Council of Agricultural Research.

(b) Yes.

(c) The reply to the first part is in the negative, the second part does not therefore arise.

**Mr. S. Satyamurti:** In view of the fact that there is urgent need for the provision of facilities for higher education in veterinary science, especially in view of the requirements of the Defence Department, may I know when Government hope to finish consideration of this report and arrive at conclusions thereon?

**Sir Girja Shankar Bajpai:** The Government of India have come to broad conclusions already. When I said that no definite conclusion on the report has been reached, what I intended to convey was that for financial reasons it has been necessary to postpone a start being made.

**Mr. S. Satyamurti:** Then, Government have come to the tentative conclusion that they must provide these facilities for higher education and they will make provision for it as early as possible?

**Sir Girja Shankar Bajpai:** That is the position.

**AMENDMENT OF THE INDIAN MEDICAL COUNCIL ACT.**

**1756. \*Mr. T. S. Avinashilingam Chettiar:** Will the Secretary for Education, Health and Lands state:

- (a) whether Government have received representations from the Indian Medical Council to amend the Indian Medical Council Act with a view to vesting in the Council reciprocal powers with regard to British medical qualifications;

- (b) whether Government have considered the representation; and  
 (c) if so, what conclusions they have come to?

**Sir Girja Shankar Bajpai:** (a), (b) and (c). I would refer the Honourable Member to the reply already given to Mr. Abdul Qaiyum's starred question No. 1880 on the 22nd November, 1938.

**Mr. T. S. Avinashilingam Chettiar:** So far as I know, there was no reply given in answer to that question.

**Sir Girja Shankar Bajpai:** Yes. What I told the House was that the Government of India had not yet received any recommendation in the sense suggested by the Honourable Member from the Indian Medical Council.

**Mr. T. S. Avinashilingam Chettiar:** May I know how long it takes for the resolution of the Medical Council to reach the Government of India. The Medical Council as well as Government are both here.

**Sir Girja Shankar Bajpai:** My Honourable friend seems to forget that the proceedings of the Medical Council have to be circulated to the members of the Council first, and ordinarily a period of 50 days elapse between a meeting and the final confirmation of the proceedings.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether Government have seen the matter in the Press?

**Sir Girja Shankar Bajpai:** That is perfectly true but we cannot anticipate the official communication of the recommendation of the Council.

**Mr. Manu Subedar:** Have Government received any representations from Indian medical practitioners that German and mostly Jewish doctors are inundating this country even in the interior?

**Sir Girja Shankar Bajpai:** I submit that does not arise out of this question.

†1757\*.

#### CONTROL OF THE PRODUCTION OF COTTON.

1758. \***Mr. M. Ananthasayanam Ayyangar:** (a) Will the Secretary for Education, Health and Lands be pleased to state if the demand for export of raw cotton from India has been going down and the prices have fallen?

(b) Are Government aware that uncontrolled production of cotton and the research into substitutes by foreign countries are the main causes?

(c) If so, are Government taking any steps to control the production of cotton on any scheme or plan? If not, why not?

(d) Have Government considered the desirability of restricting the production of cotton on the lines of the Tea Control Act, and, if so, with what results?

(e) Are Government aware that Germany is making research into the possibility of manufacturing cotton thread from hemp and the foreign markets for many of the Indian raw products are shrinking owing to the

†Answer to this question was postponed to the meeting, if any, on the 16th December, 1938.

attempts on the part of the foreign countries to grow them or manufacture substitutes, and become economically self sufficient?

(f) If the answer to part (e) above be in the affirmative, what steps are Government taking to make India economically self sufficient?

**Sir Girdja Shankar Bajpai:** (a) Yes. A statement is laid on the table.

(b) World production in excess of world demand is the principal factor.

(c) and (d). I have, on previous occasions, informed the House that crop regulation is essentially a matter for the provinces. Certain recommendations in this respect have already been made to Provincial Governments and it is understood that the Indian Central Cotton Committee has appointed a sub-committee to consider what more is desirable or feasible.

(e) It is reported that there are plans for the manufacture of cotton thread from hemp in Germany.

(f) I have already informed the House on a previous occasion what is being done in India for the production of long staple varieties of cotton.

#### Statement.

The export demand for Indian cotton decreased from 4,267,000 bales of 400 lbs. each during the cotton year ending 31st August, 1937, to 2,100,000 bales in the corresponding period of 1938. The exports in 1935-36 and 1934-35 amounted to 3,709,000 bales and 3,115,000 bales respectively.

Prices have fallen as will be seen from the table below which gives the hedge contract monthly average prices at Bombay for 'Broach':

(Per candy of 704 lbs.)

(Forward rates—Nearest Delivery periods.)

Months.	1935-36.	1936-37.	1937-38.
	Rs.	Rs.	Rs.
September	201	217	182
October	215	220	163
November	223	218	160
December	220	222	167
January	208	228	173
February	195	225	176
March	196	240	169
April	203	240	161
May	202	232	155
June	217	230	147
July	233	208	154
August	225	188	147
Average	212	222	163

#### PROTECTION OF THE COTTON INDUSTRY.

1759. \***Mr. M. Ananthasayanam Ayyangar:** (a) Will the Secretary for Education, Health and Lands be pleased to state if it is a fact that the internal demand for raw cotton is also steadily going down owing to the import of and competition from rayon?

(b) Are Government taking any steps to restrict, if not prohibit, the import of rayon, with a view to protect the cotton growing industry? If so, what are those steps, and if not, why not?

**Sir Girdja Shankar Bajpai:** (a) No. The consumption of Indian raw cotton by Indian mills is still increasing, and the effect on these figures of imports of rayon can, therefore, only be a matter of inference.

(b) Government will consider the suggestion.

**Mr. T. S. Avinashilingam Chettair:** May I know the quantity of rayon imported into this country?

**Sir Girja Shankar Bajpai:** I cannot say without notice.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether it is being increasingly imported?

**Sir Girja Shankar Bajpai:** I cannot make a definite comparison without the figures before me.

#### INCREASE IN THE IMPORT OF LONG STAPLE COTTON.

**1760. \*Mr. M. Ananthasayanam Ayyangar:** (a) Will the Secretary for Education, Health and Lands be pleased to state if it is a fact that the import of long staple cotton from abroad is steadily increasing?

(b) Have any, and, if so, what steps been taken to increase the growth of long staple cotton in India, and with what result?

(c) Have any, and, if so, what steps been taken to induce the cloth mills in India to avoid importing of cotton and to consume Indian cotton in larger quantities, and, if so, with what result? If not, why not?

(d) Are Government prepared to consider the desirability of imposing a heavier duty on imported cotton, with a view to increase the internal sale of cotton?

**Sir Girja Shankar Bajpai:** (a) I would refer the Honourable Member to the answer given to part (d) of Mr. S. Satyamurti's question No. 1621 on the 30th of last month.

(b) Yes; the matter is engaging the attention of the Provincial Governments and the Indian Central Cotton Committee. A statement showing the results achieved is laid on the table.

(c) So long as there is demand for finer cloths and the cotton required for the purpose is not available in the country, mills with adequate facilities will import long staple cotton for spinning finer counts. But, as I have already informed the House on a previous occasion Indian mills are increasing their consumption of Indian cotton.

(d) The imports are mostly of raw cotton over 1 1/16" in staple length which does not compete with Indian cotton.

---

#### Statement.

Experiments conducted by the Provincial Departments of Agriculture have shown that certain areas in Sind are suitable for growing quality cottons of staple length 1 1/4" to 1 1/2". Two acclimatised varieties, viz., Sea Island 2-4 and Boas III-16, of staple length 1 1/4", which have been grown on Government Farms since 1933 have yielded promising results. The area under these strains under the direct supervision of the Agricultural Department was 1,000 acres in 1936-37, 500 acres in 1937-38 and is reported to be 200 acres during the current season. The reduction in the area is due to (1) seasonal variations in yield which is good in certain years and bad in others, and (2) inadequate premium obtained for these cottons. The possibility of overcoming these two factors is being examined by the Sind Agricultural Department and the Indian Central Cotton Committee. The latter, at its meeting held on the 18th November, 1938, examined this question and decided that the Director of Agriculture, Sind, should put up a carefully worked out scheme for the development of long staple cottons for consideration of the Committee at its meeting in March, 1939.

**Mr. S. Satyamurti:** Have any steps been taken, or are any steps being considered, to produce in India more of this type of imported cotton?

**Sir Girja Shankar Bajpai:** As I informed my Honourable friend a few days ago, Sind is the Province where we are experimenting on the production of long-staple cotton of one-sixteenth of an inch.

**Mr. S. Satyamurti:** Has the cotton been put on the market?

**Sir Girja Shankar Bajpai:** I do not know whether the fact that you can produce it on a commercially large scale has yet been established. It is still in an experimental stage.

**Mr. S. Satyamurti:** How long has the experiment lasted?

**Sir Girja Shankar Bajpai:** I believe they have been carrying on experiments for at least three years.

**Mr. S. Satyamurti:** When do Government hope to be in a position to produce this cotton, and put it on the market even during the experimental stage and on at least an experimental scale, in order to see how far the mills respond to this supply of cotton?

**Sir Girja Shankar Bajpai:** My Honourable friend will appreciate the fact that scientific processes do not obey a time-limit. We are doing our best to accelerate the production of long-staple cotton. That is all I can say.

#### PURCHASE OF COTTON BY THE UNITED KINGDOM AND JAPAN.

1761. **\*Mr. M. Ananthasayanam Ayyangar:** (a) Will the Honourable Member for Commerce be pleased to state if Government are taking any steps to induce the cotton mills in the United Kingdom to take larger quantities of Indian cotton; and, if so, what are those steps?

(b) Has Japan been taking the quantities of cotton prescribed in the Indo-Japanese Trade Agreement during the last one year?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member's attention is invited to the answer given to part (b) of Sardar Mangal Singh's question No. 192 in this House on the 15th August, 1938.

(b) No minimum quantity of cotton is prescribed in the Protocol to the Indo-Japanese Trade Convention, but during the ten months, January to October of this year, Japan has taken over a million bales of Indian raw cotton.

**Mr. S. Satyamurti:** What is the proportion of that to the Japanese cloth imported into this country?

**The Honourable Sir Muhammad Zafrullah Khan:** That is to say, whether they have filled their corresponding quota of piece-goods or not? Well, I have not got figures here but I rather understood sometime ago that they had not.

**Mr. S. Satyamurti:** May I know what steps Government are taking in order to see that they take in cotton proportionately to their imports?



**The Honourable Sir Muhammad Zafrullah Khan:** I have said that they have not filled their quota of piece-goods.

**Mr. S. Satyamurti:** Have they taken more cotton than they are bound to take?

**The Honourable Sir Muhammad Zafrullah Khan:** It is not a question of "bound": against a million bales of cotton they have a quota of 288 million yards of piece-goods, and they have not filled their quota.

**Mr. S. Satyamurti:** With regard to the answer to part (a) of the question, may I know if this is not a matter of active negotiation now,—that is, the matter of the consumption of the cotton by mills in the United Kingdom in connection with the pending Indo-British trade negotiations?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, Sir, that is what I said in answer to a question on a previous occasion.

#### RATE WAR BETWEEN SHIPPING COMPANIES IN THE KONKAN COASTAL TRADE.

1762. **\*Mr. M. Ananthasayanam Ayyangar:** (a) Will the Honourable Member for Commerce be pleased to state if the attention of Government has been drawn to the report of the proceedings of the meeting of the Bombay Steam Navigation Company, Limited, as reported in the *Hindu* on the 8th November, 1938, on page 19?

(b) Have Government taken any, and, if so, what steps to prevent the rate-war that is going on in the Konkan coastal trade?

(c) Do Government propose to take immediate steps to bring about a general agreement among all the shipping companies operating on the coast, with a view to effecting a lasting agreement as suggested at that meeting?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) Government invited the companies concerned to submit the points under dispute among them to arbitration and offered their good offices in the matter of appointing an arbitrator or arbitrators and in drawing up the terms of reference in case the companies were unable to agree among themselves as to these points. Negotiations are still in progress.

(c) The matter is primarily one for settlement by mutual negotiation between the shipping companies concerned, but Government would be willing to offer their good offices if so required.

**Mr. M. Ananthasayanam Ayyangar:** Are Government aware that in the same article or in the proceedings reported it is mentioned that this is not only between two warring companies but among all the companies operating on that coast?

**The Honourable Sir Muhammad Zafrullah Khan:** I am so aware.

**Mr. M. Ananthasayanam Ayyangar:** May I know what steps are being taken by Government to introduce or bring about an agreement amongst all the companies interested in the matter?

**The Honourable Sir Muhammad Zafrullah Khan:** As I have said, it is primarily a matter between these companies and if Government's good offices are requisitioned, and it is feasible to intervene, Government will be prepared to use their good offices. I do not see how Government can take any initiative in the matter.

**Mr. M. Ananthasayanam Ayyangar:** Are we to take it that none of these companies have approached Government?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, except those I have mentioned.

**Mr. Manu Subedar:** May I know which of the two companies refused Government's offer to have an arbitrator appointed and to have the terms fixed?

**The Honourable Sir Muhammad Zafrullah Khan:** I have not said that either of the two companies has refused.

**Mr. Manu Subedar:** Then I take it that the negotiations are going on?

**The Honourable Sir Muhammad Zafrullah Khan:** I have said that negotiations are still in progress, but it is really a very difficult matter; it is very difficult to bring these two companies even to state the question which they want settled; they are not agreed among themselves as to what they really want settled.

**Mr. Abdul Qaiyum:** May I know why, apart from all other considerations, Government will not legislate on the point?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member had any experience of the matter he would know that it is not possible to settle it by legislation.

**Mr. M. Ananthasayanam Ayyangar:** Will Government invite the other shipping companies to come in also so that an amicable settlement may be arrived at?

**The Honourable Sir Muhammad Zafrullah Khan:** We are now getting on to purely hypothetical points.

#### FIXATION OF TIME LIMIT FOR TERMINATING THE OTTAWA TRADE AGREEMENT.

1763. **\*Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Commerce Member state:

- (a) whether Government have considered the advisability of fixing a time limit, within which, if the Indo-British Trade negotiations are not concluded, they will terminate the Ottawa Agreement;
- (b) if so, whether any such time limit has been fixed, and the information imparted to the British Government; and
- (c) what is the time limit fixed?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes, Sir.

(b) and (c). The Ottawa Agreement will not be continued beyond the end of the next Budget Session.

**Mr. T. S. Avinashilingam Chettiar:** That means on the 31st March?

**The Honourable Sir Muhammad Zafrullah Khan:** It will not be continued beyond the Budget Session.

**Mr. T. S. Avinashilingam Chettiar:** May I know when they are giving notice to His Majesty's Government that if they do not come to a final agreement and before any final agreement, it won't be continued any further?

**The Honourable Sir Muhammad Zafrullah Khan:** It is not a question of notice or no notice; I can assure the Honourable Member that these preferences will not be continued beyond the next Budget Session.

**Mr. S. Satyamurti:** In view of the fact that the agreement contemplates six months' notice by one side to the other, and it has been continued—if I am wrong, I shall be glad to be corrected—may I know if my Honourable friend has explored this matter and taken all necessary steps to terminate the agreement on the date at which he wants to terminate it, and not to allow the other side to raise the question of notice?

**The Honourable Sir Muhammad Zafrullah Khan:** Generally, yes, but may I point out that six months' notice was given sometime ago. But I assure my Honourable friend that all necessary steps will be taken so that at the end of that period the question of a further period of notice will not arise.

**Mr. T. S. Avinashilingam Chettiar:** May I know if before the end of the next Budget Session a new agreement will be arrived at or legislation will be introduced to cancel the Ottawa agreement?

**The Honourable Sir Muhammad Zafrullah Khan:** All sorts of propositions emerge in reply to which I can say yes or no. Surely I have not kept anything back. I have made a straight forward statement.

**Mr. S. Satyamurti:** There are certain of these preferences embodied in the existing Tariff Act. May I know if Government will consider the taking of steps in due time to see that all statutory preferences are repealed before the end of the period that my Honourable friend defined just now?

**The Honourable Sir Muhammad Zafrullah Khan:** Whatever position is then reached it will be given effect to by necessary legislation.

**Mr. S. Satyamurti:** In time?

**The Honourable Sir Muhammad Zafrullah Khan:** I hope so.

**MURDER OF MR. N. G. MAJUMDAR OF THE ARCHÆOLOGICAL DEPARTMENT.**

**1764. \*Mr. T. S. Avinashilingam Oshettiar:** Will the Secretary for Education, Health and Lands state :

- (a) what are the circumstances in which Mr. Majumdar of the Archæological Department was murdered in Sind;
- (b) whether the miscreants have been apprehended;
- (c) what is the protection that is usually given to such officials when on duty; and
- (d) whether any compensation will be paid to the family of the deceased, and if so, how much?

**Sir Girja Shankar Bajpai:** (a), (c) and (d). I would invite the Honourable Member's attention to the reply given by me to parts (a)—(d) of Mr. Brojendra Narayan Chaudhury's starred question No. 1645 on the 30th November, 1938.

(b) Not so far, as the Government of India are aware.

**RECOMMENDATIONS OF THE PITKEATHLY COMMITTEE ON THE SUPPLY OF ELECTRICITY IN DELHI PROVINCE.**

**1765. \*Mr. K. S. Gupta:** (a) Will the Education Secretary state the recommendations of the Pitkeathly Committee on the supply of electricity in Delhi Province?

(b) Is it a fact that the old Delhi Municipal Committee non-co-operated with the Authority—the outcome of the recommendations of the Pitkeathly Committee?

(c) What is the action taken, or proposed to be taken, on the recommendations of the above Committee?

**Sir Girja Shankar Bajpai:** (a) The Honourable Member is presumably referring to the Delhi Electric Supply Enquiry Committee, 1936, of which Sir James Pitkeathly was the Chairman. The recommendations of this Committee are contained in their Report, copies of which are available in the Library of the House.

(b) The Delhi Municipal Committee withdrew their representative from the discussions leading to the constitution of the Authority and have not signed the Memorandum and Articles of Association of the Authority.

(c) Government have accepted generally the recommendations of the Pitkeathly Committee. They hope to take necessary action on them in due course.

**RESTRICTION IMPOSED ON INDIAN COMMERCIAL TRAVELLERS IN SOUTH AFRICA.**

**1766. \*Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state if he is aware that of late Indian commercial travellers in South Africa are not granted licences to carry on their respective trades by canvassing?

(b) Is there any communication with regard to this from the Agent General to the Government of India in South Africa? If so, what is it?

(a) What action is taken, or proposed to be taken, with regard to the removal of the restriction newly imposed on the commercial travellers from India to South Africa?

**Sir Girja Shankar Bajpai:** (a) and (b). Government have heard recently from their Agent General that of late temporary visitors from India to the Union of South Africa for the purpose of trade have been refused the requisite licences for carrying on their business.

(c) The Agent General is being instructed to make necessary representations to the Union Government.

**Mr. S. Satyamurti:** Does this communication give any indication to my Honourable friend that even commercial travellers, apart from people who actually sell goods, i.e., those who go for exploring commercial possibilities, are prevented from carrying on their work in South Africa?

**Sir Girja Shankar Bajpai:** The report relates to people who seek admission into South Africa temporarily for the purpose mentioned by him.

**Mr. S. Satyamurti:** Has my friend heard from the Agent General under what law this is being done?

**Sir Girja Shankar Bajpai:** Under the usual emigration laws. They have not taken any power recently. They are doing it under section 8 of their old Emigration Act.

**Mr. S. Satyamurti:** Is it only against Indians or against all commercial travellers to South Africa?

**Sir Girja Shankar Bajpai:** Strictly speaking, this applies to all Asiatics seeking admission into the Union, but I gather that they make an exception in favour of Japanese and that is a point which we have taken up.

**Mr. S. Satyamurti:** Have they taken it up with His Majesty's Government or only with the Government of South Africa for the present?

**Sir Girja Shankar Bajpai:** In these matters we are negotiating direct with the Government of South Africa because the Dominions Office in London cannot influence the decision of the Union Government.

**Mr. S. Satyamurti:** When were the Union Government last addressed by the Government of India in this matter?

**Sir Girja Shankar Bajpai:** The matter was brought to our notice only at the end of October and we have addressed the Agent General.

**Mr. K. Santhanam:** May I ask if the Government of India contemplate any reciprocal restrictions if these restrictions are not removed?

**Sir Girja Shankar Bajpai:** I do not think that arises at the moment because under the law it is possible for the Union Government to adjust the matter to our satisfaction.

**Mr. K. Santhanam:** May I know if the Government of India will bring in legislation to make it possible for them to impose these restrictions?

**Sir Girja Shankar Bajpai:** That is asking for action, and I cannot give an answer to that.

# **CANCELLATION OF THE LICENCES OF INDIAN COMMERCIAL TRAVELLERS IN SOUTH AFRICA.**

**1767. \*Mr. Manu Subedar:** (a) Will the Secretary for Education, Health and Lands please state what information Government have got with regard to the cancellation of the licences of Indian commercial travellers in South Africa?

(b) Is it true that European representatives of Indian firms get licences without any difficulty, while this facility, which Indians had enjoyed for many years now, has suddenly been withdrawn?

(c) Have Government examined whether this does not involve a breach of the terms of the Indo-South African Agreement made in the beginning of this year?

(d) What steps do Government propose to take in this matter?

**Sir Girja Shankar Bajpai:** (a), (b) and (d). The attention of the Honourable Member is invited to the reply given by me today to Mr. K. S. Gupta's starred question No. 1766.

(c) Government do not consider that a breach of the terms of the temporary commercial Agreement between India and the Union is involved.

**Mr. Manu Subedar:** Is it not a fact that it was provided in the trade agreement that no interference either by law or administrative action which would prevent the free sale of commodities for either party will be allowed and whether the Honourable Member has considered that the action taken by the South African Government is an interference of that kind?

**Sir Girja Shankar Bajpai:** Sir, I can assure my Honourable friend that before framing my answer I had the text of the agreement carefully examined. The trade agreement provides for the grant of mutual most favoured nation treatment in respect of customs duties and other duties and charges levied on imports and in all matters pertaining to the administration of them. It does not directly or indirectly relate to the question of the entry of individuals into the Union for commercial purposes.

**Mr. Manu Subedar:** The copy of the agreement that I possess has been published in the Indian newspapers and it is provided in the last clause that neither Government will take action either administrative or by law which will interfere with the sale of the goods of either country. If the Honourable Member will look it up, I am sure he will find that it does involve a breach of that particular arrangement. May I know whether Government are continuing to examine this position; and, whatever light is now thrown on the topic, they will take that into account in dealing with the case of the South African Government on the subject?

**Sir Girja Shankar Bajpai:** I have already informed my Honourable friend that I looked up the agreement before answering this question. It is a matter of interpretation and all that I can say is that we must agree to differ.

**Maulana Zafar Ali Khan:** With regard to part (d) of the question, in view of the notorious anti-Indian attitude of South Africa, do Government propose to take any retaliatory action in respect of those nationals of South Africa who come to India?

**Sir Girja Shankar Bajpai:** That question may arise if we find that our suggestions to the Government in the Union of South Africa do not receive favourable consideration.

**Mr. S. Satyamurti:** May I ask how many commercial travellers, to the knowledge of my Honourable friend, have been adversely affected by the recent order of the Government of South Africa?

**Sir Girja Shankar Bajpai:** I am sorry to say that in the representation which was originally made to the Agent General by the South Indian Chambers of Commerce no numbers were mentioned. They simply said that this practice has been adopted.

**Mr. Manu Subedar:** What is the position, then, with regard to the mutuality and the reciprocity on the basis of which that agreement was made if our travellers are prevented from the selling there and if their travellers are free to sell here? Was it the intention of Government, when they made that agreement, that the South African products should be sold in India freely and in large quantities and not *vice versa*?

**Sir Girja Shankar Bajpai:** I am afraid that my Honourable friend is not drawing a distinction between the terms of the agreement and the general equity or otherwise of what might be called subsidiary arrangements relating to the promotion of trade between the two countries. I am contending that the text of the agreement does not touch upon the question of reciprocity with regard to the entry of commercial agents. That the entry of commercial agents may be desirable for the promotion of trade is definitely conceded and it is because of that that we are asking the Agent General to take up the matter with the Union Government.

**Mr. Manu Subedar:** The words used in the agreement were 'administrative interference . . . .'

**Mr. President** (The Honourable Sir Abdur Rahim): The House cannot have a discussion on that.

#### ACTIVITIES OF THE INDUSTRIAL RESEARCH BUREAU.

**1768. \*Mr. Mohan Lal Saksena:** (a) Will the Honourable Member for Commerce be pleased to refer to starred questions No. 615 of 3rd March, 1938, and No. 444 of the 24th August, 1938, and the supplementary questions thereon, as well as the Government's reply thereon, and be pleased to state in detail the administrative as well as the technical duties of the Director and Assistant Director of Industrial Research Bureau, along with a list of the research work done by these two important officials of the Bureau, and whether they were published by them in their capacity as Director or Assistant Director?

(b) What are the duties of the Superintendent, Government Test House, the Research Officer and the Assistant Research Officer, in connection with industrial research as distinct from those of the Director and

the Assistant Director of Industrial Research Bureau? Has the Director, or the Assistant Director, anything to do with the laboratory of the Industrial Research Bureau at Calcutta? If so, will Government please state the fullest details?

(c) Is the technical experience of the Indian Stores Department for the use of which the Directorate of the Research Bureau is stationed at Delhi accumulated at the laboratories where the actual work is done or at the Headquarters of the Department?

(d) Is the Industrial Research Bureau intended for helping the Indian industries, or other technical departments of the Government, the proximity of which at Delhi was given as a reason for the Director's stay at that place?

(e) Why did not the Directorate move for those months to the place where actual research work was being carried out?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). It is not possible to state in great detail the duties of the officers mentioned by the Honourable Member. These are to be inferred from the constitution and functions of the Industrial Research Bureau as outlined in Bulletin No. 52, and from Chapters II and IV of the annual reports of the Bureau, copies of which are in the Library. The results of the work of the Assistant Director and the Director of the Bureau are not generally published. The Superintendent, Government Test House, is in administrative and technical charge of the Government Test House as a whole. The Research Officer is in charge of the work of the Research Branch under the supervision of the Superintendent, Government Test House, and the Director, Industrial Research Bureau. The Assistant Research Officer assists the Research Officer in his duties. The actual research work is undertaken under the orders and instructions of the Director, Industrial Research Bureau, who, with the Assistant Director, is in constant touch with the Research staff of the Government Test House.

(c) At both the places.

(d) and (e). The Industrial Research Bureau is intended to help Indian industries as well as other technical departments of Government connected with Indian industries and this object is conveniently and economically attained by locating the headquarters of the Bureau at Delhi.

#### ACTIVITIES OF THE INDUSTRIAL RESEARCH BUREAU.

**1769. \*Mr. Mohan Lal Saksena:** (a) Will the Honourable the Commerce Member be pleased to lay on the table a list of scientists, other than Government servants, who have been co-opted in the Advisory Council of the Industrial Research Bureau, up till now, indicating clearly for how many sessions each one of them has deliberated with the Council?

(b) Why did the Industrial Research Bureau not take part in the important discussion on "Application of Chemistry to Indian Industries" held under the auspices of the Indian Science Congress at its Silver Jubilee session at Calcutta in January 1938, although some important officials of the Bureau were present there as members of the Congress?

(c) Will Government please lay on the table a list of bulletins published so far by the Industrial Research Bureau, along with the percentage of those produced by the staff of the Industrial Research Bureau?



(d) Will Government please lay on the table a list of the papers, other than bulletins, which have been published in scientific journals, setting forth clearly:

- (i) the titles of the papers,
- (ii) the journals where they have been published,
- (iii) whether those papers are published in full or merely as abstracts,
- (iv) whether the journals in which those papers were published, were specialist journals dealing with the particular branches of science, or merely general publications giving a *resume* of some socio-scientific gathering as the Indian Science Congress or British Association for the advancement of science, and
- (v) if these papers have at all been published *in extenso*?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) A list is laid on the table.

(b) The Industrial Research Bureau as such does not take part in any discussions and it is left to the discretion of the officers of the Bureau attending meetings of scientific bodies to participate in them. Certain members of the staff of the Bureau presented papers in their subjects at the session of the Indian Science Congress referred to by the Honourable Member.

(c) A list is laid on the table. Six of the 13 Bulletins were produced by the staff connected with the Industrial Research Bureau.

(d) Abstracts of the papers referred to in reply to (b) were given in the proceedings of the 25th Indian Science Congress, Calcutta, 1938, in Part III. Papers were presumably also published *in extenso*. An article on the Indian Glass Industry prepared by the Assistant Director of the Bureau was published in the issues of *Current Science* for the months of September and October, 1937.

---

*List of scientists other than Government servants who attended sessions of the Industrial Research Council.*

Sir Martin Forster, Ph.D., D.Sc., F.I.C., F.R.S., 1st and 2nd Sessions.

Dr. Gilbert J. Fowler, D.Sc., F.I.C., 3rd and 4th Sessions.

Rao Bahadur B. Venkatesachar, M.A., F.Inst.P., 4th Session.

Dr. V. S. Dubey, M.Sc., Ph.D., D.I.C., 2nd and 4th Sessions.

---

*List of Publications of the Industrial Research Bureau.*

- |                     |  |
|---------------------|--|
| I. R. B. 2.1.—No. 1 | Bibliography of Industrial Publications published in India from 1921. (Rs. 4-6-0 or 7s. 3d.).  |
| I. R. B. 2.2.—No. 2 | A Survey of the Indian Glass Industry by E. Dixon, A.M.I. Mech.E. (As. 14 or 1s. 6d.).   |
| I. R. B. 2.3.—No. 3 | The Effects of Annealing Procedure on the Tensile Properties of Arsenical Copper Bar, by E. F. G. Gilmore, B.Sc., M.I. Mech. E. (As. 8 or 10d.). |
| I. R. B. 2.4.—No. 4 | The Manufacture of Photographic Plates in India by N. Kasinathan, M.A., M.Sc. (As. 12 or 1s. 3d.).   |
| I. R. B. 2.5.—No. 5 | Improved Reflex-Copying by N. Kasinathan, M.A., M.Sc. (As. 4 or 5d.).  |

- I. R. B. 2.6.—No. 6      The Preparation of Alumina and Sulphur Dioxide from Bauxite-Gypsum Mixtures by Dr. V. S. Dubey, M.Sc., Ph.D. (London), D.I.C., N.B. Rane, M.Sc., and M. Kanakaratham M.Sc. (As. 3 or 4d.).
- I. R. B. 2.7.—No. 7.      The Utilization of Nepheline Syenite Rock as a Partial substitute for Soda Ash in the Glass Industry of India, by Dr. V. S. Dubey, M.Sc., Ph.D. (London), D.I.C., and P. N. Agarwala, M.Sc.\* (As. 6 or 8d.).
- I. R. B. 2.8.—No. 8.      Development of heavy Chemical Industries in India by N. N. Sen Gupta, M.Sc., A.I.C. (Rs. 1-6-0 or 2s. 3d.).
- I. R. B. 2.9.—No. 9      Purification of Clay, by S. R. Das, M.Sc., and M. A. Saboor, M.Sc. (As. 6 or 8d.).
- I. R. B. 2.10.—No. 10      Indian Vegetable Oils by N. Brodie, M.Sc., F.C.S., A.I.C. (Rs. 1-14-0 or 3s. 3d.).
- I. R. B. 2.11.—No. 11      The Manufacture of Sulphitation Sugar from Coloured Canes (Purple Mauritius) by S. Venkata Ramanayya, B.A., M.Sc. (As. 10 or 1s.).
- I. R. B. 2.12.—No. 12      The Manufacture of Soap in India by A. K. Menon, B.A., F.C.S. (Re. 1 or 1s. 6d.).
- I. R. B. 2.13.—No. 13      A Study of Indian Mustard and Rape Seeds and Their Oils, by D. Y. Athawale, M.Sc., J. A. Hare Duke, and P. N. Mathur, Dip. Tech. (As. 14 or 1s. 3d.).

**Annual Report for the year—**

1. 1935-36. (As. 4 or 5d.).
2. 1936-37 (As. 14 or 1s. 6d.).
3. 1937-38. (Re. 1 or 1s. 6d.).

N. B.—Copies of all above Publications are obtainable from the Manager of Publications, Civil Lines, Delhi, and also from all local depots for the sale of Government Publications.

**ACTIVITIES OF THE INDUSTRIAL RESEARCH BUREAU.**

1770. \***Mr. Mohan Lal Saxena:** (a) Will the Honourable the Commerce Member please state the names of the industries (giving the addresses of the various factories) which have been benefitted by these publications of the Industrial Research Bureau, along with the name of the paper or the bulletin benefitting the particular industry?

(b) If any research work is done by the Bureau, is its merit or work judged by the Bureau itself, or by any independent scientist or scientists? If it had been done by the latter, will Government please furnish their names and the subjects referred to them up till now?

(c) Why is it that Government have not thought of setting up small committees of independent scientists and technicians to supervise over and advise on the technical working of the Bureau as distinct from the Advisory Council?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) It is not possible to give any information as the industries as a rule do not disclose their processes nor the source of information on which they are based.

(b) I invite the Honourable Member's attention to the answer given to part (c) of question No. 444, dated the 24th August, 1938.

(c) Government have no reason to be dissatisfied with the supervision exercised and advice given by the Advisory Council in regard to the technical working of the Bureau.

**Mr. T. S. Avinashilingam Othettiar:** With reference to clause (a), if I cannot know the names, may I know the number?

**The Honourable Sir Muhammad Zafrullah Khan:** It is so very difficult to compile a list of industries which may have been benefited from this. It would require very minute inquiries which they would probably refuse to answer.

**Mr. T. S. Avinashilingam Ohettiar:** I only want the number so that we might be in a position to know how many have profited by that?

**The Honourable Sir Muhammad Zafrullah Khan:** I have given the Honourable Member the reason for my not being able to give the number.

**Mr. Mohan Lal Saksena:** Are there any industries which are benefited?

**The Honourable Sir Muhammad Zafrullah Khan:** There must be several.

**Mr. Mohan Lal Saksena:** Apart from the names and the number, may I know if any industries have been profited and what those industries are?

**The Honourable Sir Muhammad Zafrullah Khan:** That is exactly the question that I have answered.

**Mr. Manu Subedar:** Has this Bureau circularised business associations of different industries offering their services on any technical point which such associations and industrial societies might send up for investigation?

**The Honourable Sir Muhammad Zafrullah Khan:** There is no necessity to issue any such circular. Everybody knows it or ought to.

**Mr. Manu Subedar:** May I inform my Honourable friend that there is a considerable discontent about this Bureau and what might otherwise be a useful department is probably not being sufficiently used by the public? Will he consider the advisability of sending out such a circular as I have indicated?

**The Honourable Sir Muhammad Zafrullah Khan:** Surely, the question that the Honourable Member has put and the reply that I have given are sufficient for purposes of publicity.

**Prof. N. G. Ranga:** What are the criteria that the Government of India keep in mind when they come to the conclusion that the investigations of this particular Research Bureau are beneficial to the interests of the various industries.

**The Honourable Sir Muhammad Zafrullah Khan:** It is very difficult to answer a question like that.

**Prof. N. G. Ranga:** Then how do they satisfy themselves that the existence of this Bureau is useful for the industries and also for the country?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will look up the various papers to which I have referred and the information that I have laid on the table, he will be able to satisfy himself.

**REORGANISATION OF THE INDUSTRIAL RESEARCH BUREAU.**

**1771. \*Mr. Mohan Lal Saksena:** (a) Will the Honourable the Commerce Member please state why the offer of the Federation of the Indian Chambers of Commerce made at Delhi in 1937, to have a cess levied on particular industries for Industrial Research done with their active co-operation was not utilized by the Government of India?

(b) In view of the adoption of the principles of economic planning by the Provincial Industries Ministers Conference and of the application of science to national reconstruction and of the development of the key industries, do Government propose to place the question of re-organisation of the Industrial Research Bureau before the Industries Conference which is expected to meet at Bombay in December, next under the Chairmanship of the Honourable the Commerce Member himself?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The proposal to levy cesses on particular industries was not considered practicable.

(b) No, Sir.

**REPORT OF THE NEW DELHI MUNICIPALITY.**

**1772. \*Shrimati K. Radha Bai Subbarayan** (on behalf of Mr. Sri Prakasa): Will the Secretary for Education, Health and Lands state:

- (a) if any report of the Municipality of New Delhi has been issued in which a description has been given of the progress, prosperity and prospects of New Delhi;
- (b) the annual income and expenditure of the New Delhi Municipality from all sources;
- (c) the amount obtained from Government in the matter of house tax, water rate, rents, etc.;
- (d) the amount of grant the Municipality receives from Government; and
- (e) the ways in which Government expect New Delhi to expand; and if Government are thinking of giving more money to the Municipality for purposes of expansion?

**Sir Girja Shankar Bajpai:** (a) If the Honourable Member means a consolidated report of the development of New Delhi, the answer is in the negative.

(b) and (d). I would refer the Honourable Member to Appendix VIII-A of the Report for 1937-38 which gives the latest available information.

(c) I have asked for information and will furnish it to the House when I receive it.

(e) Government recently considered the question and have appointed a Committee consisting of eight members, with the Chief Commissioner, Delhi, as Chairman, to review the development of New Delhi and its environs and advise, in the light of the probable needs, on the plan to be followed and the steps to be taken in controlling future development. The Committee has commenced its work and is expected to submit its report by April next. No proposal for any increase in the grant of the Municipal Committee is at present under consideration.

**Mr. S. Satyamurti:** Has this Committee considered the one means of making New Delhi expand, and that is, making the Government of India stay for the whole period of twelve months, instead of making it a dead city for six months and a live city for the balance of the year?

**Sir Girja Shankar Bajpai:** I submit that question ought to be addressed to the Honourable the Home Member.

**Prof. N. G. Ranga:** Will Government consider the advisability of publishing that consolidated report once every year?

**Sir Girja Shankar Bajpai:** The annual administration report of the municipality is available in the Library of the House.

**Mr. S. Satyamurti:** As regards the expansion of Delhi, my Honourable friend is directly concerned with one subject at least. What are the latest results of anti-malaria operations carried on here? May I know whether the Honourable Member can satisfy the House and the public through the House that Delhi is now free from malaria?

**Sir Girja Shankar Bajpai:** It is rather a large question. I should not like to attempt a statement in reply to a supplementary question. There are references to this in the last administration report of the Delhi Municipality.

**Mr. S. Satyamurti:** Are these operations still continuing?

**Sir Girja Shankar Bajpai:** I believe some operations are still in progress, such as the construction of permanent anti-malaria works.

**Prof. N. G. Ranga:** What is the percentage of total income derived by the New Delhi Municipality from the rates paid on Government buildings by Government?

**Sir Girja Shankar Bajpai:** That is the point with regard to which I have had to ask for information from the Local Government.

#### HOUSES CONSTRUCTED IN FAIZ GANJ ESTATE, DARYA GANJ, DELHI.

†1773. **\*Mr. Suryya Kumar Som:** (a) Will the Secretary for Education, Health and Lands state whether it is a fact:

- (i) that a large number of houses has now been constructed in Faiz Ganj Estate, Darya Gunj, Delhi;
- (ii) that instead of 15 feet, only 12 feet wide lanes have been made;
- (iii) that those lanes are still *kuchcha* (un-metalled) and there are no proper arrangements for drainage, or light, etc.;
- (iv) that dirty water flows in all directions, making the whole *basti* insanitary and a good breeding ground for mosquitoes, etc.; and
- (v) that the large number of inhabitants of the locality pay the Municipal Committee, Delhi, various kinds of taxes, directly and indirectly?

---

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

(b) If the reply to the preceding parts be in the affirmative, what steps have been taken, or are proposed to be taken, by the Municipal Committee, Delhi, to make the locality sanitary and to provide usual amenities, such as, street lighting, etc.? If no steps have been or are proposed to be taken, what is the reason?

**Sir Girja Shankar Bajpai:** (a) and (b). I have asked for information and will furnish it to the House when I receive it.

**CONSULTATION WITH THE DELHI IMPROVEMENT TRUST BY THE DELHI MUNICIPAL COMMITTEE.**

†1774. \***Mr. Suryya Kumar Som:** (a) Will the Secretary for Education, Health and Lands please state whether an Improvement Trust has been set up in Delhi with a view to removing the present slums and taking steps to prevent the creation of new ones?

(b) If so, is the Trust officially or unofficially consulted by the Municipal Committee, Delhi, before the latter sanction the layouts of new *bastis*, with a view to removing the defects existing in old *bastis*?

(c) If the reply to part (b) be in the negative, are Government prepared to consider the desirability of making such an arrangement with the Municipal Committee, in order that the aims and objects of the Trust, on which a large amount of the tax-payer is spent, are not frustrated? If not, why not?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) I have asked for information and will furnish it to the House when I receive it.

(c) Does not arise at present.

**PROTECTED MUSLIM MONUMENTS IN SIND.**

1775. \***Mian Ghulam Kadir Muhammad Shahban:** Will the Secretary for Education, Health and Lands be pleased to state:

(a) how many protected monuments of the Muhammadan period there are in Sind; and

(b) what is the cost of their annual upkeep?

**Sir Girja Shankar Bajpai:** (a) 47.

(b) On an average Rs. 3,000.

**RESTORATION OF THE TOMB OF SHAH BAHARO NEAR LARKANA IN SIND.**

1776. \***Mian Ghulam Kadir Muhammad Shahban:** Will the Secretary for Education, Health and Lands be pleased to state:

(a) if Government are aware that there is a renowned monument of the Kalhora Dynasty, known as the Tomb of Shah Baharo, near Larkana in Sind;

(b) if so, whether it is a protected monument;

(c) if not, whether Government propose to make it a protected monument;

---

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

- (d) if Government have entered into any negotiations with the custodians of the shrine regarding its protection and management;
- (e) if they are aware that the tomb is in a bad state of repair;
- (f) if so, whether they propose to do anything towards its restoration; and
- (g) what will be the cost of repair?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) No.

(c) The question is under consideration.

(d) Yes.

(e) Yes.

(f) If the monument is protected, the question of conservation will naturally be taken up.

(g) The cost of initial repairs was estimated at Rs. 400 in 1930 and that of annual maintenance at Rs. 25. It is expected, however, that the cost of repairs now necessary will exceed the 1930 estimate.

**Mr. Lalchand Navalrai:** What have Government done since 1930 with regard to this monument?

**Sir Girja Shankar Bajpai:** In 1930, Government had to give up the idea, because the *Muthavallis* were not agreeable to such an arrangement.

**Mr. Lalchand Navalrai:** May I enquire whether the Government of India will now ask the Officers of the Archæological Department to enquire from the guardians and come to some conclusion about this as the building is now in a dilapidated condition?

**Sir Girja Shankar Bajpai:** The Honourable Member will be glad to hear that the Archæological Department has anticipated his suggestion and taken up the matter with the *Muthavallis*.

#### PROTECTION OF THE COTTON INDUSTRY.

**1777. \*Prof. N. G. Ranga:** Will the Honourable Member for Commerce be pleased to state:

- (a) if it is not a fact that the cotton slump has become intensified during the last two months;
- (b) what are the main causes for it;
- (c) what steps are taken by Governments concerned to help Indian cotton growers in this crisis;
- (d) whether Government have not so far taken any steps either to prohibit the imports of foreign cotton, or to encourage the export of Indian cotton, and why;

- (e) whether it is not a fact that the Working Committee of the Indian National Congress has recommended an embargo to be put on imports of foreign cotton;
- (f) whether Government propose to consider the advisability of adopting that recommendation; and
- (g) whether Government are prepared to consider the advisability of convening a Conference of representatives of the Provincial Governments concerned with a view to taking the necessary steps to protect Indian cotton growers?

**Sir Girja Shankar Bajpai:** (a) No.

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

(d) The Honourable Member's attention is invited to the reply given to Sardar Mangal Singh's starred question No. 189 on the 15th August, 1938, and supplementaries.

(e) and (f). The Honourable Member's attention is invited to the reply given to his starred question No. 187 on the 9th February, 1938.

(g) The Indian Central Cotton Committee, on which the cotton growing provinces and other interests are represented, has appointed a special sub-committee to consider what steps are feasible and the report will be forwarded to the Government of India in due course.

**Prof. N. G. Ranga:** With reference to the answer to part (d), may I know whether the answer of Government means that they have not so far taken any steps in the direction suggested there?

**Sir Girja Shankar Bajpai:** I have answered at least half a dozen times during the present Session that Government came to the conclusion that prohibition of imports will not have the desired result.

**Prof. N. G. Ranga:** Have the Government of India taken advantage of the presence recently of various Provincial Ministers at the Centre and tried to ascertain from them what concerted steps could be taken by them as well as by the Government of India to afford necessary protection to these cotton growers?

**Sir Girja Shankar Bajpai:** I want notice. I did not attend the meetings of the Ministers.

**Prof. N. G. Ranga:** Are we to understand that when the Ministers for Agriculture were at the Centre, the Government of India and the Honourable Member concerned did not take the trouble to meet those people and ascertain from them what steps can possibly be taken by the Government of India as well as the Provincial Governments with a view to help these cotton growers?

**Sir Girja Shankar Bajpai:** The Honourable Member may not understand that. I am simply submitting that I was not present at the meetings of the conference which the Ministers attended.



**RAISING OF STANDARD OF LIVING, ETC., OF WORKING CLASSES.**

**1778. \*Prof. N. G. Ranga:** Will the Honourable Member for Labour be pleased to state:

- (a) if he has considered the observations made and remedial measures suggested in the brochure on "Workers' standard of living" issued recently by the International Labour Office in so far as they concern India; and
- (b) if so, on which lines Government propose to act in order to (i) raise the standard of living of our working classes, and (ii) improve their dietary?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) I have seen the brochure in question, which does not suggest any remedial measures.

(b) Does not arise.

**Prof. N. G. Ranga:** Have the Government of India done any propaganda in the vernaculars to popularise the results of the researches that are being carried on at the Pasteur Institute in regard to the dietary of the people?

**The Honourable Sir Muhammad Zafrullah Khan:** I submit that question does not arise.

**Prof. N. G. Ranga:** It arises out of part (b)?

**The Honourable Sir Muhammad Zafrullah Khan:** But part (b) itself did not arise.

**Prof. N. G. Ranga:** Is it not a fact that this report has made certain recommendations in regard to the recent standard of living of our working classes?

**The Honourable Sir Muhammad Zafrullah Khan:** It is only a preliminary report which surveys the field to a certain extent and has made no recommendations.

**Prof. N. G. Ranga:** Evidently the Honourable Member has not read the report?

**The Honourable Sir Muhammad Zafrullah Khan:** I have read the report.

**NATIONAL PLANNING COMMITTEE.**

**1779. \*Prof. N. G. Ranga:** Will the Honourable Member for Commerce be pleased to state:

- (a) if he has observed that a National Planning Committee consisting of a number of experts in industrial science and planning has been set up by the Working Committee of the Indian National Congress with the active co-operation of a number of Provincial Governments;

- (b) if he has considered the proceedings of its conference and its recommendations; and
- (c) whether Government propose to co-operate with this committee, like the Provincial Governments, by giving necessary financial assistance to the committee?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member's attention is invited to the answer given on the 30th November, 1938, to Mr. M. Ananthasayanam Ayyangar's starred question No. 1619 and to supplementaries arising therefrom.

**Prof. N. G. Ranga:** Were not the Government of India invited to take part in this conference?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member had better make sure before putting his question.

#### ANGLO-AMERICAN TRADE AGREEMENT.

**1780. \*Mr. Manu Subedar:** (a) Will the Honourable the Commerce Member please state in which respect the Anglo-American trade treaty modifies the position of India with regard to preferences received and receivable in the United Kingdom so far on Indian exports?

- (b) From which date will this modification be effective?
- (c) Has India received any *quid pro quo* in respect of this loss?
- (d) Has this matter been the subject matter of any communications between His Majesty's Government and the Government of India and, if so, what is the present position?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The preferences enjoyed by India by virtue of the Ottawa Trade Agreement have been affected by the United Kingdom-United States Trade Agreement to the following extent:

- (1) The preference on wheat of 2 sh. per quarter in the United Kingdom has been abolished.
- (2) The preference on rice in the United Kingdom has been reduced from 1d. to 2/3d. per lb.
- (3) On the following articles the margin of preference accorded by Ceylon to India and to other Empire countries has been reduced from 10 per cent. to 5 per cent.:
  - (i) Fruit, dried or otherwise preserved without sugar (except canned fruit, currants, dates and raisins).
  - (ii) Tanks and drums of iron and steel, black, painted or galvanized.

(b) The modifications will take effect from the 1st January, 1939.

(c) and (d). The question of the adjustments to be made as a result of the above modifications is receiving consideration in connection with the Indo-British trade negotiations.

**Mr. Manu Subedar:** May I inquire what would be the position of the outstanding transactions in these articles mentioned which may have been

effected long ago and whether Government will make representations to His Majesty's Government to exempt all these outstanding transactions and to allow them to go free on the basis of the old rates?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid at the present stage the question is purely hypothetical. I cannot give advice with regard to what would happen to certain things which have not yet arisen.

**Mr. Manu Subedar:** May I know whether Government will make enquiries from the trades affected by this position as to whether there will be any considerable outstanding transactions and whether the question will therefore arise?

**The Honourable Sir Muhammad Zafrullah Khan:** No such enquiry is necessary. I am quite sure that the interests affected will not be slow in making representations to Government.

**Mr. Manu Subedar:** May I know in which direction the Government of India have modified the original proposals of the Indo-British trade negotiations on account of these modifications brought about in the Anglo-American trade agreement?

**The Honourable Sir Muhammad Zafrullah Khan:** I am not in a position today to disclose that information.

**Mr. T. S. Avinashilingam Chettiar:** Am I to understand that while the negotiations are going on by this Anglo-American trade agreement, the Ottawa preferences given to India have been affected?

**The Honourable Sir Muhammad Zafrullah Khan:** That is the plain meaning.

**Mr. S. Satyamurti:** Were the Government of India parties to this reduction? Were they consulted? Did they agree to this reduction?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, Sir.

**Mr. S. Satyamurti:** What are the considerations under which the Government of India agreed to this?

**The Honourable Sir Muhammad Zafrullah Khan:** That is exactly the question which the Honourable Member, Mr. Manu Subedar, asked and I said that at this stage I could not disclose the corresponding modifications in the proposed new trade agreement.

**Mr. S. Satyamurti:** May I take it, however, that the interests of India, to the extent to which my Honourable friend wants to protect them, have been protected in the Government of India agreeing to these reductions of preference to Indian articles?

**The Honourable Sir Muhammad Zafrullah Khan:** I am convinced that they have been.

**Mr. T. S. Avinashilingam Chettiar:** I do not want to know what will happen after the negotiations will come into effect. But I want to know whether now that preferences have been withdrawn in pursuance of the Anglo-American trade agreement whether Government have withdrawn any preferences given to England so that there may be a *quid pro quo*?

**The Honourable Sir Muhammad Zafrullah Khan:** During the negotiations with the United Kingdom with regard to a new trade agreement these questions arose and they have been taken fully into consideration in drawing up the new trade agreement; the question that India will have to surrender the preference on wheat and to accept a reduced preference on rice, and the question as to how far India will be affected *vis-a-vis* Ceylon have been taken into consideration.

#### APPOINTMENT OF AN OPTICIAN IN THE IRWIN HOSPITAL, NEW DELHI.

†1781. **\*Mr. Muhammad Azhar Ali:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether it is a fact that the Irwin Hospital, Delhi, created the appointment of an official optician for that institution, and that they divert all their optical work there to the exclusion of others and, if so, how was the selection made?

(b) Were the Hospital authorities thoroughly satisfied that the selection so made was primarily in the public interest and that every possible eligible local firm was either requisitioned, or consulted beforehand? If not, why not?

(c) Were regular tenders called for and, if so, how many and who, severally, were the optical firms that had applied for consideration of the exclusive contract and what, substantially, were the specific reasons that weighed favourably for the present selection made?

**Sir Girja Shankar Bajpai:** Enquiries have been made and the information will be furnished to the House when it is received.

#### TOBACCO CULTIVATION IN MADRAS PRESIDENCY.

1782. **\*Mr. M. Thirumala Rao:** (a) Will the Secretary for Education, Health and Lands be pleased to state if Government are aware that Madras Province occupies a premier position in tobacco cultivation extending over four lakhs of acres?

(b) What is the annual amount of money spent on the tobacco research station at Guntur?

(c) Have Government any idea of further expanding the operations of the station?

(d) Are Government aware that Guntur district alone produces nearly forty million pounds of Virginian type of tobacco?

(e) Are they prepared to consider the desirability of developing a fully equipped research station at Guntur?

**Sir Girja Shankar Bajpai:** (a) Among the Provinces of India Madras has the second largest area under tobacco; the area under cultivation in 1936-37 was 253,000 acres.

---

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

(b) The average annual recurring expenditure on tobacco research at Guntur is Rs. 15,648. The capital grant is Rs. 26,500.

(c) No such proposal is under consideration at present.

(d) The estimated production of farm-cured Virginian leaf tobacco in the Guntur district for 1937-38 is 64.1 million lbs. out of a total estimated production (of Virginian tobacco only) of 68.7 million lbs. for the whole province.

(e) Government have no reason to believe that the sub-station at Guntur is not fully equipped for the purposes for which it is intended.

**Mr. K. Ahmed:** Sir, I could not follow the answer with reference to clause (b) about the tobacco research officer at Guntur, with reference to clause (d) as to whether it is Egyptian type of tobacco or Virginian brand tobacco only, and with regard to (e) whether the development at Guntur relates to cigars or anything else, as well?

**Sir Girja Shankar Bajpai:** With regard to (b), the question relates to the amount spent, and not to officers. Part (d) relates to Virginian tobacco; Egyptian tobacco is not mentioned. With respect to part (e), I am afraid, I must disappoint the Honourable Member, because the tobacco produced in Guntur is used primarily for the manufacture of cigarettes and not cigars.

**Prof. N. G. Ranga:** Are Government aware that the production of this Virginian tobacco is increasing by leaps and bounds and has been spread to other districts also and have they satisfied themselves that there is no danger of over-production in this kind of tobacco?

**Sir Girja Shankar Bajpai:** That is a question of which I shall require notice.

**Mr. M. Thirumala Rao:** Are Government aware that only 20 acres of land are given for this purpose and the officer is asked to experiment in about 500 kinds of tobacco? Are Government satisfied that the material placed at his disposal is sufficient for the purpose intended?

**Sir Girja Shankar Bajpai:** That is my information.

#### EFFECT ON THE EXPORT OF INDIAN TOBACCO, ETC., DUE TO THE CONCLUSION OF THE ANGLO-AMERICAN TRADE AGREEMENT.

1783. **\*Mr. M. Thirumala Rao:** (a) Will the Honourable the Commerce Member please state whether Government of India have any knowledge of the commodities in regard to which Anglo-American trade pact is concluded?

(b) Are Government aware that Tobacco is one of the commodities to be exported to England by America under this pact?

(c) Are Government aware that Guntur district in the Madras Presidency, which grows nearly one and a half crores of rupees worth of tobacco every year will be hard hit by the Anglo-American pact?

(d) Do Government propose to make enquiries and lay on the table of the House the result, as to what commodities produced in India would suffer in their export trade and the action taken by the Government of India to remedy the handicap?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Government have now received a copy of the recent Trade Agreement between the United Kingdom and the United States of America.

(b) and (c). The Agreement does not affect the margin of preference now accorded to Indian tobacco in the United Kingdom.

(d) Except to the limited extent indicated in the reply which I have just given to Mr. Manu Subedar's question No. 1780, India loses none of her existing advantages in any market as a result of the United Kingdom-United States of America Trade Agreement.

**Mr. Manu Subedar:** With regard to the last part of the question may I inquire whether the position of Indian cotton and the capacity of the United Kingdom to take large quantities of Indian cotton is in any way affected by the conclusions of the United Kingdom-United States agreement?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid I am unable to follow the question. I have said that the preferences enjoyed by India are not affected.

**Mr. Manu Subedar:** The question arises because I take it that the U. K. is no longer free to give definite preferences to Indian cotton over American cotton. And apart from that I want to know whether the United Kingdom will be precluded from stipulating the taking of large quantities of Indian cotton on account of the terms which the United Kingdom has made with America.

**The Honourable Sir Muhammad Zafrullah Khan:** There is no question of preference. Cotton enjoys free entry already from all countries and therefore no country can possibly be affected as no preference has been given to the United States. As to what will actually happen, my Honourable friend had better wait until he sees the terms of the new agreement.

**Prof. N. G. Ranga:** What steps have Government taken or propose to take with regard to the grading and standardisation of tobacco in order to enable our tobacco growers to compete better with the American tobacco growers in the U. K. market?

**The Honourable Sir Muhammad Zafrullah Khan:** The question ought to be addressed to the E., H. and L. Department, but the tobacco growers in that part of India are competing very favourably just now with the United States of America.

**Prof. N. G. Ranga:** Are Government aware of the fact that there is no really scientific effort so far made either by Government or by private agency to grow tobacco properly there and obtain as good prices as the inherent quality of their tobacco would deserve?

**The Honourable Sir Muhammad Zafrullah Khan:** That is somewhat hypothetical but in any case that is not a question that should be addressed to me.

#### ALL-INDIA ECONOMIC PLANNING COMMITTEE.

**1784. \*Mr. M. Thirumala Rao:** (a) Has the attention of the Honourable the Commerce Member been drawn to the fact that an All-India Economic Planning Committee has been formed by the All-India National Congress?

(b) Do Government agree with the proposed plan of the committee to develop Indian industries, both industrial and cottage, on an all-India organised scale?

(c) If so, what is the help which Government are prepared to render in this behalf?

(d) Have Government any considered industrial and economic policy designed exclusively in the interests of India?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Government have seen press reports to this effect.

(b) Government are not prepared to give an expression of opinion on any plan of which they have seen such reports.

(c) No application for assistance has been made to Government.

(d) Yes.

**Prof. N. G. Ranga:** Have Government any plan at all for developing our industries on a cottage and factory scale in our country?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid that question would require a pamphlet and not a reply that I can give during the question hour.

**Mr. M. Thirumala Rao:** With regard to the reply to part (d), have Government examined how far their policy accords with the plans that are now being hatched by the Indian National Congress?

**The Honourable Sir Muhammad Zafrullah Khan:** As the plan is still being hatched how can I compare the policy of Government with something which is not yet in existence?

**Mr. M. Thirumala Rao:** The Honourable Member's reply to part (a) was that he has seen in the press that economic planning has been organised. Therefore, I thought he knows something about it.

**Mr. S. Satyamurti:** With regard to part (d), may I know what is the considered economic policy of the Government of India designed *exclusively* in the interests of India? If the Honourable Member refers me to a pamphlet I shall be glad to read it.

**The Honourable Sir Muhammad Zafrullah Khan:** The question has on many occasions been debated on the floor of this House from many aspects and therefore I said that it was not capable of being answered during question hour. It will require a long explanation.

**Mr. S. Satyamurti:** Will my Honourable friend give me some references which I can read, from which I can draw the inference that Government have an industrial and economic policy designed exclusively in the interests of India?

**The Honourable Sir Muhammad Zafrullah Khan:** There is the discriminating protection policy of the Government of India

**Mr. S. Satyamurti:** Anything else?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member wanted one reference, and I gave it. Now he wants more.

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

#### GOVERNMENT'S ASSISTANCE TO THE ECONOMIC PLANNING COMMITTEE.

**1785. \*Mr. M. Thirumala Rao:** (a) Will the Honourable the Commerce Member please state whether, in view of Government's answer during the last Simla Session that a large part of material required for motor manufacture industry is available in India, Government propose to give all the necessary assistance, technical and otherwise, to the attempts sought to be made by the Planning Committee of the Indian National Congress in this behalf?

(b) Have Government seen the report about the efforts made by the Industries Minister of Madras, to manufacture cheap radio sets? If so, have they ascertained the possibilities of such manufacture from the Madras Government?

(c) Do Government propose giving any encouragement to the manufacturers?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The Honourable Member is referred to the replies just given to question No. 1779 by Prof. N. G. Ranga.

(b) Government have seen a report in the Press. The answer to the second part of the question is in the negative.

(c) Until it is known what form of encouragement is required I am unable to answer this question. I would, however, remind the Honourable Member that a heavy import duty is levied on imported radio goods.

**Mr. S. Satyamurti:** May I know from the Honourable Member whether Government in his Department are examining the possibilities of taking steps on an experimental scale, or in any other manner, for the manufacture of cheap radio sets in this country?

**The Honourable Sir Muhammad Zafrullah Khan:** There is no proposal for Government to start the manufacture of cheap radio sets.

**Mr. S. Satyamurti:** But are they going to help the private manufacturers to manufacture these cheap radio sets, and if so, what are the forms of help they are giving?

**The Honourable Sir Muhammad Zafrullah Khan:** So far as I am aware, no application for such help or assistance has been received.



**CONSTITUTION OF A SEPARATE PROVINCE FOR THE TELUGU-SPEAKING DISTRICTS OF MADRAS PRESIDENCY.**

**1786. \*Mr. M. Thirumala Rao:** (a) Will the Honourable the Leader of the House please state whether Government have seen the reports of the proceedings of the Andhra Mahasabha held in Madras on the 8th and 9th October, 1938, in which Sir Alladi Krishnaswami Iyer, Advocate-General, Madras, Sir M. Venkata Subba Row, *ex-acting* Chief Justice of the Madras High Court, and Sir S. Radha Krishnan, Spalding Professor of Philosophy at Oxford, were the openers and Presidents of the Mahasabha?

(b) Have Government seen the resolution of the Mahasabha, demanding the constitution of a separate Province, for the Telugu speaking districts of Madras Presidency?

(c) In view of the answer given to my question in Simla Session by the then Leader of the House that there is widespread support in the Andhra Districts for a separate Province and in view of such support having been demonstrated at the recent conference, will Government be pleased to state whether they propose to support the demand?

**The Honourable Sir Nripendra Sircar** (a) and (b). Yes.

(c) I regret I am unable to reply to this part of the Honourable Member's question.

**Mr. M. Thirumala Rao:** Have the Government of India received any communication from the Government of Madras recommending the constitution of the Telugu-speaking districts of the Madras Presidency into a separate Andhra Province?

**The Honourable Sir Nripendra Sircar:** I think that is the next question.

**Mr. President** (The Honourable Sir Abdur Rahim): The answer to the next question will be laid on the table as the Honourable Member has exhausted his quota of five questions.

**FORMATION OF THE ANDHRA PROVINCE.**

**†1787. \*Mr. M. Thirumala Rao:** (a) Will the Honourable the Leader of the House please state whether the Government of Madras have addressed the Government of India on the question of the formation of the Andhra Province?

(b) If so, will Government be pleased to state what recommendation they (Government of India) have made on the proposal in forwarding it to the Secretary of State?

**The Honourable Sir Nripendra Sircar** (a) Yes.

(b) I regret I am unable to reply to this part of the Honourable Member's question.

---

†Answer to this question laid on the table, the questioner having exhausted his quota.

## RATES OF FARE FOR HAJ PILGRIMS.

1788. \*Sardar Mangal Singh: Will the Secretary for Education, Health and Lands please state:

- (a) when the rates of fare for Haj pilgrims were fixed by Government; and
- (b) whether Government intend to abolish the same in future; and if so, why?

Sir Girdja Shankar Bajpai: (a) and (b). Steamer fares for Haj pilgrims are fixed by the Shipping Companies concerned and not by Government.

## IRREGULAR SEX CONDITIONS PREVAILING IN TEA GARDENS OF ASSAM.

1789. \*Mr. Brojendra Narayan Chaudhury: Will the Honourable Member for Labour please state:

- (a) whether his attention has been particularly drawn to the Report on Assam Tea Garden Labour by Controller of Labour for the year ending on 30th September, 1937, in which it is stated that 124 families have admitted that, though living as man and wife, they are not married couples, and that they described themselves as such to the local agent in the recruiting district in view of the fact that most tea garden owners do not want any but married couples;
- (b) the steps Government propose to take to mitigate these irregular sex conditions; and
- (c) whether the Government of India are under any obligations to the League of Nations to put a stop to such practices?

The Honourable Sir Muhammad Zafrullah Khan: (a) I have seen the Report in question.

(b) The legislature has prohibited only the recruitment of married women living with their husbands, if they have not received their husbands' consent to proceeding to Assam; and the Government of India have framed rules 30 and 55, empowering forwarding agents to detain emigrants in order to investigate the circumstances of their recruitment, and requiring them to report doubtful cases to the Controller and to the nearest magistrate. The Government of India have no power to prohibit the recruitment of unmarried females and wives proceeding with their husbands' consent, or to insist that the employing interests should or should not confine recruitment to married couples.

(c) No.

Prof. N. G. Ranga: Do Government propose to take necessary legislative steps to prevent this evil?

The Honourable Sir Muhammad Zafrullah Khan: How can Government prevent a woman describing herself as the wife of a particular man if she chooses to do so?

**Mr. Brojendra Narayan Chaudhury:** Are an intending emigrating couple required to produce a certificate from the village headman that they are married?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid I have not been able to hear the Honourable Member's question.

RESIDENTIAL QUARTERS ALLOTTED TO MEMBERS OF THE LEGISLATURE IN  
NEW DELHI.

**1790. \*Mr. Brojendra Narayan Chaudhury:** Will the Honourable Member for Labour please state:

- (a) the type of residential quarters generally allotted to Members of the Legislatures in Delhi;
- (b) the class of Government officials to whom this type is ordinarily allotted;
- (c) the average approximate cost of this type of quarters;
- (d) how the rents payable by Government officials are calculated;
- (e) whether they are ever let to others who are not officials, or legislators; if so, what is the basis of charging rents;
- (f) the total number of quarters of this type; of these, how many are unoccupied now;
- (g) whether any additions to the number of quarters of this type are under consideration or are proposed to be constructed; if so, how many;
- (h) whether, the brass fittings for doors and windows of these quarters are of Indian or foreign make;
- (i) whether Government are aware that similar brass fittings of equal quality, if not better, are obtainable of Indian make at competitive prices;
- (j) whether any special attempts have been made by advertising or by reduction of rents to let vacant quarters to outsiders; and
- (k) whether the steel materials and cement used in these buildings are Indian or foreign?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) I would invite the Honourable Member's attention to the circular dated 4th August last issued by the Secretary of the Legislative Assembly which gives the information required by the Honourable Member.

(b) I presume that the Honourable Member is referring to M. L. A.'s quarters. If so, they are allotted when not required by M. L. As. to Government officials drawing more than Rs. 600 per month, who might want them.

(c) Rs. 17,500.

(d) In accordance with Rule 45-A of the Fundamental Rules, a copy of which is available in the Library.

(e) Yes, sometimes. Rent is then charged in accordance with Fundamental Rule 45-B.

(f) There are 95 orthodox quarters of which eleven were unoccupied on the 26th November, 1938.

(g) No.

(h) They are mostly of foreign make in the quarters which were built in the earlier years, but foreign made fittings have been used only when fittings of Indian manufacture of equal strength and suitability were not available.

(i) It is doubtful if this was so when the earlier quarters were built; even now I am advised that they are not equal in all respects to those of first class foreign make.

(j) No.

(k) The cement was of Indian manufacture and Indian steel has been used in all the quarters built since 1926-27.

**Mr. Lalchand Navalrai:** With reference to clause (b), may I know if certain classes of rooms are specially reserved for Government officials in the Western Court?

**The Honourable Sir Muhammad Zafrullah Khan:** This question does not relate to the Western Court.

**Mr. Lalchand Navalrai:** This question refers to M. L. A.'s quarters; M. L. As. and others live in the Western Court. I want to ask if these other rooms are allotted to them permanently or can they be used by M. L. As. also?

**The Honourable Sir Muhammad Zafrullah Khan:** If the Honourable Member will put down a question I can give him a definite reply.

**Mr. Manu Subedar:** With regard to part (i) of the question, may I know whether the information which the Honourable Member has given, that brass fittings manufactured in India are still not of the same quality as the best imported material, is the information given by the Indian Stores Department, because I would like to know where that information came from? If that is so, I contradict him and say that brass fittings are available in this country, made in this country, better than anything that can possibly be imported.

**The Honourable Sir Muhammad Zafrullah Khan:** That is a matter of opinion between the Honourable Member and the officers of the Department who have to deal with these fittings.

**Mr. Manu Subedar:** I want to know whether the Honourable Member's information was derived from the Indian Stores Department.

**The Honourable Sir Muhammad Zafrullah Khan:** It is derived from the officers who have to use these kinds of fittings.

**Mr. Manu Subedar:** I think the officers are wrong.

### MONEY SPENT ON NEW DELHI.

†1791. \***Seth Govind Das**: Will the Honourable Member for Labour please state:

- (a) the total amount of money the Capital of New Delhi has cost the Indian Treasury from the beginning till this date;
- (b) whether he proposes spending more money in the extension of the improvement of the condition of the Capital;
- (c) the total amount spent in buying and building the Viceregal estate up to now; and
- (d) whether the work planned for in the beginning is complete; if not, what further sum is to be spent and on what improvements?

**The Honourable Sir Muhammad Zafrullah Khan**: (a) I am unable to give the Honourable Member up-to-date figures, but the booked expenditure up to 31st March, 1938, was Rs. 15,59,64,369.

(b) Yes.

(c) The expenditure incurred up to the 31st March last was Rs. 1,82,20,551.

(d) Yes. The second part of the question does not arise.

### ESTABLISHMENT OF A MEDICAL COLLEGE IN DELHI.

1792. \***Mr. R. N. Basu**: (a) Will the Secretary for Education, Health and Lands be pleased to state the number of students who passed their intermediate science examination from the Delhi University during the last three years in medical group?

(b) How many of them were provided facilities to continue their studies at a medical college and on what conditions?

(c) Do Government propose to establish a medical college in Delhi to accommodate the rest of them?

(d) Do Government propose to establish a Chair of Biology in Delhi University? If not, how do Government propose to help the rest of them to prosecute their studies up to the Master degree, or to take up the medical career?

**Sir Girja Shankar Bajpai**: With your permission, Sir, I shall answer questions Nos. 1792 to 1795 together. I have had to make certain enquiries. Replies will be furnished to the House in due course.

**Mr. Badri Dutt Pande**: May I know when the inquiry will be finished?

**Sir Girja Shankar Bajpai**: I hope it will not take very long. I shall certainly endeavour to get an answer before the end of the Session but it depends upon when the Session ends.

---

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

## BACHELOR OF SCIENCE STANDARD OF THE DELHI UNIVERSITY.

†1793. \***Mr. R. N. Basu:** (a) Is the Secretary for Education, Health and Lands aware of the fact that the Delhi University provides training in Science up to B.Sc. (Physics and Chemistry) standard only?

(b) Is he aware of the fact that Delhi Science graduates experience great difficulty in securing admission into the neighbouring universities of the Punjab and the United Provinces for higher studies?

(c) Is the B.Sc. standard of Delhi University in any way lower than the standard of the neighbouring universities of the Punjab and the United Provinces in:

- (i) English,
- (ii) Chemistry,
- (iii) Physics, and
- (iv) Mathematics?

If so, why?

## STARTING OF MASTER OF SCIENCE CLASSES IN THE DELHI UNIVERSITY.

†1794. \***Mr. R. N. Basu:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether Government propose to start M.Sc. classes in Delhi University? If so, when?

(b) If not, how do they propose to help a science graduate from Delhi University to prosecute his further studies?

(c) Is there any scholarship for B.Sc. graduates of Delhi University for continuance of their studies at other universities (in India or outside India)? If not, why not?

## ELIGIBILITY OF THE DELHI UNIVERSITY GRADUATES FOR PROVINCIAL SERVICES.

†1795. \***Mr. R. N. Basu** (a) Is the Secretary for Education, Health and Lands aware that a large number of the students of Delhi University come from outside, Delhi, specially from the United Provinces and the Punjab?

(b) Are the Delhi University graduates eligible for Provincial services in the Punjab and the United Provinces?

(c) If not, what is the scope for them in the Delhi Province? If none, why not?

## PARTICIPATION OF INDIA IN THE WORLD'S FAIR IN NEW YORK.

1796. \***Mr. H. A. Sathar H. Essak Salt:** (a) Will the Honourable the Commerce Member please state whether the leading article of the *Times of India*, daily entitled "India and World Trade" dated the 1st November, 1939, has been brought to the notice of Government?

(b) Will the Honourable Member please state if the Government of India are participating in the forthcoming World's Fair in New York to be held in 1939? If not, why not?

---

†For answer to this question, see answer to question No. 1792.

(c) Do Government propose to help in any way Indian organisations that may desire to take part in the Fair? If not, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) No. The Government of India's decision not to participate was based mainly on financial grounds.

(c) If any Indian organisations desiring to take part in the Fair approach the Indian Government Trade Commissioner, New York, he will be prepared to render them such assistance as is possible in arranging for a display of their goods.

**Prof. N. G. Ranga:** How much is this participation of the Government of India in this world fair expected to cost?

**The Honourable Sir Muhammad Zafrullah Khan:** As Government are not participating it is not expected to cost anything, but the minimum cost for participation on a very modest scale would have been three lakhs.

#### BORING OPERATIONS FOR PETROLEUM CARRIED OUT IN CERTAIN PARTS OF ASSAM.

†1797. \***Mr. Kuladhar Chaliha:** Will the Honourable Member for Labour please state:

(a) whether the Burma Oil Company, Limited, have been carrying out boring operations in (i) the Jorhat sub-division near Kathalguri Tea Estate, and (ii) the North Lakhimpur sub-division near Panigaon in the province of Assam for petroleum; and

(b) if so, how far they have been successful in finding oil there?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). The Government of India have no information as the question relates to a matter which is now a provincial responsibility.

#### FRANCHISE FOR INDIANS IN CEYLON.

1798. \***Mr. Ram Narayan Singh:** Will the Secretary for Education, Health and Lands be pleased to state the latest development with regard to the Indian agitation in Ceylon for their rights to the political franchise in the Island?

**Sir Girja Shankar Bajpai:** The political franchise enjoyed by Indians in Ceylon is defined in articles 7—9 of the Ceylon (State Council Election) Order in Council, 1931. No alteration in that definition has been made nor are Government aware that any change is contemplated. His Majesty's Government, however, have under consideration the reform of the Ceylon constitution and the Government of India have asked for an opportunity to comment on any proposals which may affect the position of Indians.

---

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

**Mr. S. Satyamurti:** May I know whether the Government of India have any information that, as a part of these constitutional changes, there is any proposal made to them by the Ceylon delegation or the Ceylon Government for restricting the franchise of Indians for the State Council?

**Sir Girja Shankar Bajpai:** The only information that the Government of India have with regard to franchise is that relating to a report of a select committee of the Ceylon State Council. With regard to that such inquiries as the Government of India have made tend to show that the recommendations made there for amending article 7 do not find favour.

**Mr. S. Satyamurti:** Are the Government of India keeping in touch with His Majesty's Government, and are they representing to them the opinion of the people of this country and of Indians in Ceylon against any such restriction as the Select Committee may want?

**Sir Girja Shankar Bajpai:** My Honourable friend can rest assured that the position is going to be watched most vigilantly with regard to that.

#### FAMINE IN THE HARIANA AREA OF THE PUNJAB.

1799. **\*Mr. Ram Narayan Singh:** Is the Secretary for Education, Health and Lands aware that owing to famine in the Haryana area of the Punjab, there is a dreadful scarcity of fodder for cattle and if so, is he prepared to consider the desirability of securing to the people thereof a temporary permission to export their cattle to the Provinces of the country by the Indian Railways free of railway freight?

**Sir Girja Shankar Bajpai:** Government are aware that there is scarcity in the Haryana area of the Punjab. No application to export cattle to other Provinces in the country free of railway freight has so far been received from the Punjab Government. It is for that Government to decide whether any such application is desirable.

**Prof. N. G. Ranga:** Are Government receiving any fortnightly reports from the Punjab Government in regard to the state of famine there and the relief measures taken by Government there?

**Sir Girja Shankar Bajpai:** No, because, under the new Constitution, the matter is entirely one for the Government of the Punjab.

**Prof. N. G. Ranga:** Are we to understand that the Government of India dissociate themselves from any responsibility whatever in regard to the famine prevailing there until and unless the Provincial Government ask for some help or other?

**Sir Girja Shankar Bajpai:** That, I submit, is an insinuation and an argument.



**BRINGING OF THE RESULTS OF AGRICULTURAL INVESTIGATIONS AND  
EXPERIMENTS TO THE NOTICE OF THE MASSES.**

**1800. \*Mr. Ram Narayan Singh:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether one of the purposes of the Imperial Council of Agricultural Research is to bring the results of their successful investigations and experiments to every home in the country and if so, what are the methods of doing so?

(b) Is it one of the findings of their investigations that rice is inherently much more nutritious than what it was hitherto commonly believed to be and in certain cases, it is as rich in nutrition as wheat itself and if so, does he propose to bring this result and along with it also many other useful results to the notice of the masses of the country by means of leaflets and otherwise in the local vernaculars of each locality?

**Sir Girdja Shankar Bajpai:** (a) The objects of the Council are stated in paragraph 2 of the Government of India Resolution No.

**12 Noon.** 826-Agriculture, dated the 23rd May, 1929, a copy of which is available in the Library of the House. The Council disseminates information by appropriate methods of publicity to the extent that its resources permit.

(b) A scientist working with the aid of a grant from the Council has reported that some of the coarse varieties of rice, if cooked without polishing and without extra cleaning, are nearly as rich in nutritive value as wheat. These conclusions have not yet been sufficiently established to justify their dissemination for popular use in the manner suggested.

**Prof. N. G. Ranga:** Sir, in view of the fact that Sir John Russell has stated in his recent report as well as in his recent interview that the most fruitful direction in which the Imperial Council of Agricultural Research can work is by bringing the results of agricultural research to the notice of peasants, have Government considered the advisability of co-operating not only with Provincial Governments, but also with such organisations as the Village Industries Association in order to achieve the particular object in view?

**Sir Girdja Shankar Bajpai:** I can assure my Honourable friend that the Government of India have carefully considered Sir John Russell's recommendation, and if he will look up an answer which I gave in the House, I think last Session, he will find full explanation of what the Government of India have done.

**Prof. N. G. Ranga:** With reference to part (b) of the question, are the Government aware of the fact that the Village Industries Association started by Mahatma Gandhi has been carrying on a propaganda in favour of the consumption of hand pounded rice because its nutritive value had been considered to be higher than that of the milled rice, and if so, have Government considered the advisability of co-operating with the Village Industries Association?

**Sir Girdja Shankar Bajpai:** Well, Sir, my information is that the relative nutritive values of wheat and rice have not yet been scientifically established.

**(b) WRITTEN ANSWERS.****GUIDE BOOK FOR TOURISTS OF ARCHÆOLOGICAL REMAINS AND ANCIENT MONUMENTS.**

**1801. \*Mr. Brojendra Narayan Ohaudhury:** Will the Secretary for Education, Health and Lands please state:

- (a) Whether there is any single publication of the Government of India which may serve the purpose of a guide-book for tourists for all the archæological remains and ancient monuments of India, including the States; and
- (b) if not, whether Government are prepared to consider this suggestion with a view to the convenience of tourists and also with a view to making some money out of the tourists by the sale of the publication?

**Sir Girja Shankar Bajpai:** (a) No.

(b) The existing hand books for travellers give sufficient details of the archæological monuments of India for the class of tourists who are likely to buy such literature. A Government publication of the nature suggested by the Honourable Member is not likely to prove remunerative.

**EXTRADITION OF PERSONS BETWEEN INDIAN STATES AND BRITISH INDIA.**

**1802. \*Mr. Manu Subedar:** (a) Will the Honourable the Leader of the House please state what is the present position regarding extradition between an Indian State and British India of persons involved in (i) criminal cases, and (ii) civil cases?

(b) Is the arrangement completely reciprocal, *i.e.*, are all Indian States equally bound to act in the same manner in which a British Indian Court is acting when a request for extradition is made?

**The Honourable Sir Nripendra Sircar:** (a) (i). Extradition in criminal cases between an Indian State and British India is regulated by treaty, agreement and usage.

(ii) There is no extradition in civil cases.

(b) Yes. The arrangements in force are, in effect, reciprocal.

**SILK HANDKERCHIEF INDUSTRY IN INDIA.**

**1803. \*Mr. Satya Narayan Sinha:** Will the Honourable the Commerce Member please state:

- (a) whether there exists an inequality of tariff rates between silk handkerchiefs and the silk fabric used in manufacture of silk handkerchiefs;
- (b) whether there is a loss of revenue to Government from that inequality varying from twelve annas to two rupees per dozen handkerchiefs;
- (c) whether Government are aware that inequality has practically destroyed the silk handkerchief industry in this country;
- (d) whether Government have ordered any inquiry into that inequality by the Tariff Board; if so, with what result; and

- (e) whether Government are prepared to bring suitable amendment to item 49 of the Customs Tariff Rates in order to remove the anomaly created by that inequality; if not, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) to (e). Representations to this effect, received from certain manufacturers of silk handkerchiefs, were referred to the Tariff Board which is at present enquiring into the question of continuing protection to the silk industry, and a report on the subject has just been received from the Board. Government will consider what action is necessary in this connection as soon as they complete the examination of the Report.

#### SET BACK IN THE PROCESS OF ECONOMIC RECOVERY.

**1804. \*Prof. N. G. Ranga:** Will the Honourable the Commerce Member be pleased to state:

- (a) if it is not a fact that there is a serious slump in cotton, fall in prices of groundnut and jute, and increase in the imports of wheat and broken rice, and rice and paddy;
- (b) if there has not been a considerable set back to the slow process of economic recovery that was taking place till last March;
- (c) if Government have studied the position and considered its causes and consequences; and
- (d) what Government propose to do to minimise its rigours in India?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) The prices of cotton and groundnut and jute have fallen and with the exception of rice imports of commodities mentioned by the Honourable Member have increased.

(b) No, but I would refer the Honourable Member to the Monthly Survey of Business Conditions, copies of which are in the Library.

(c) and (d). These are matters which are under the constant review of Government, who are prepared to take such action as is from time to time possible and necessary.

#### GRANTS FOR FAMINE RELIEF IN MADRAS, PUNJAB AND BIKANER.

**1804A. \*Prof. N. G. Ranga:** Will the Secretary for Education, Health and Lands be pleased to state..

- (a) if the Governments of Madras, Punjab and Bikaner have applied for any grants from the Famine Trust to enable them to provide famine relief in Rayalaseema (ceded districts), Hissar and Bikaner, i.e. in their famine-affected areas, respectively; and
- (b) if so, what assistance has been given from this Trust?

**Sir Girja Shankar Bajpai:** (a) No application has been received from the Bikaner State. The Government of Madras applied for a grant for the relief of distress caused by famine in the Bellary and Anantapur districts,

and an application from the Government of the Punjab was received for relief in the Hissar and neighbouring districts.

(b) Rs. 80,000 to Madras and Rs. 40,000 to the Punjab.

#### SEAM OF COAL FOUND IN LAKHIMPUR FRONTIER TRACTS AND NAGA HILLS IN ASSAM.

**1804B. \*Mr. Kuladhar Chaliha:** Will the Honourable Member for Labour please state whether any new seam of coal has been found in the Lakhimpur Frontier Tracts of Assam and in the Naga Hills of that Province?

**The Honourable Sir Muhammad Zafrullah Khan:** Information has been called for and a reply will be placed on the table of the House in due course.

#### GRANTS-IN-AID, TO THE CHARITABLE EYE HOSPITALS IN DELHI.

**1804C. \*Mr. Lalchand Navalrai:** (a) Will the Secretary for Education, Health and Lands be pleased to state if Government give any aid to the charitable eye hospitals in Delhi, such as, the one at Daryaganj?

(b) If so, what is the total amount paid so far, and do Government thereby assume any control over the management of such hospitals? If so, to what extent, and if not, why not?

(c) Are those grants given on an understanding that these hospitals have to be run by the management for free and unconditional treatment and they will not be allowed to derive any income from the patient on a commercial basis?

(d) Is it a fact that complaints have reached the Chief Commissioner of Delhi, and some newspapers have also voiced dissatisfaction at treatment having been refused to eye-patients for not agreeing to buy glasses from a particular firm of opticians, Messrs. Lawrence and Mayo, at prices fixed by the management? If so, how far is that allegation true?

(e) Is it left to the choice of the management to restrict patients to obtain their eye-glasses from a particular optician and make profit out of it? If so, have Government approved such a system? If not, do Government propose, in the interests of the patients generally, to direct or advise such aided hospitals not to do so? If not, why not?

**Sir Girja Shankar Bajpai:** I have asked for some information and will furnish a reply when it is received.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### ELECTRICAL ESTABLISHMENT OF THE CENTRAL PUBLIC WORKS DEPARTMENT.

**135. Bhai Parma Nand:** (a) With reference to the information furnished in answer to starred question No. 431, asked by Raizada Hans Raj on the 22nd February, 1938, will the Honourable the Labour Member be pleased to state:

(i) the dates on which each member of the electrical establishment of the Central Public Works Department was brought on the regular establishment from that of Work-charge Establishment; and

- (ii) whether this Work-charge Establishment was provided with Government quarters prior to being brought on the regular establishment and also whether the members were granted conveyance allowance?

(b) With reference to the information furnished in answer to unstarred question No 60, asked by Raizada Hans Raj, on the 7th March, 1938, will the Honourable Member be pleased to state :

- (i) whether all the members of the Work-charge Establishment (excluding inferior servants) employed in the Central Public Works Department, in connection with maintenance of electrical installation in Government buildings, are provided with Government quarters? If not, the names of those members who are provided with such accommodation and types of quarters may be given;
- (ii) whether it is not a fact that this establishment is employed on duty in New Delhi and is required to reside near their work;
- (iii) whether it is not a fact that the members of this Work-charge Establishment are not granted any conveyance or house-rent allowance;
- (iv) whether Government are aware that the rent of private houses in Paharganj and other localities near-by is very high; and
- (v) what was the strength of this Work-charge Establishment in 1911, and what is it at present?

(c) With reference to the answer to starred question No. 217 given in the last Session of this Assembly, will the Honourable Member be pleased to lay on the table a statement showing the work or works to which this Establishment was charged during the last five years?

(d) With reference to the answer to starred question No. 218, in the last Session of this Assembly, will the Honourable Member be pleased to lay on the table the schedule of minimum and maximum rates or classes of this type of Establishment and standard minimum and maximum rates for new entrants, sanctioned in 1935, by the Chief Engineer, and also define the different classes of establishment referred to therein?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) (i) and (d). Statements giving the required information are laid on the table.

First part of (b) (i). No.

(a) (ii), second part of (b) (i), (b) (v) and (c). The information asked for is not readily available and its compilation would not justify the time and labour involved.

(b) (ii). No. The establishment is employed on duty in New Delhi and elsewhere within the jurisdiction of the Department. All are not required to reside near their work. Whether any particular man is required to reside near his work or not depends on the nature of his duties.

(b) (iii). Yes.

(b) (iv). Government have no information in the matter.

*Statement showing the dates on which each member of the Electrical Establishment of the Central Public Works Department was brought on to the regular establishment from the Work-charge establishment.*

Name.	Date on which transferred.
1. S. Sunder Singh	1-2-1923
2. Mr. Mohd. Hyat	1-2-1923
3. B. Kesar Chand	1-7-1922
4. B. Pooran Chand	1-2-1923
5. B. Bus Ditta Mal	1-2-1923
6. B. Sant Ram	19-10-1933
7. Mr. R. G. Naraindev	1-4-1922
8. Mr. E. Willie	1-2-1923
9. Mr. Habibul Rahman	1-2-1923

*Statement showing the scales of pay for work-charge Establishment in the Central Public Works Department sanctioned in 1930 for those who entered service before 16th July, 1931.*

Class of Establishment.	Scales of pay.		Remarks.
	Minimum.	Maximum.	
	Rs.	Rs.	
1. Work Subordinates and Crane Inspectors	60	250	
2. Work Mistries	30	100	
3. Store Clerks	51	95	
4. Store Keepers	60	250	
5. Mates	20	30	
6. Jamadars	30	45	
7. Masons	30	100	
8. Electrical Mistries	30	100	
9. Fitters	30	100	
10. Blacksmiths	30	100	
11. Carpenters	30	100	
12. Wiremen or Electricians	30	100	
13. Beldars	15	20	
14. Bhisties	15	20	
15. Khalasis	15	20	
16. Chowkidars	15	20	
17. Sweepers	12	15	
18. Sewermen	17	17	
19. Malis	15	16	
20. Sewer Inspectors	30	100	
21. Road Inspectors	30	100	
22. Motor Drivers of all descriptions	50	65	
23. Firemen	17	25	
24. Oilmen and Greasers	17	25	
25. Cleaners	17	25	

*Statement showing the scales of pay for work-charged establishment in the Central Public Works Department, sanctioned in 1935 for those who entered service after 16th July, 1931.*

Scale of pay.

Class of Establishment.	Minimum.	Maximum.	Remarks.
	Rs.	Rs.	
Work Subordinates and Crane Inspectors . . . . .	50	150	
Work Mistries . . . . .	30	60	
Store Clerks . . . . .	30	50	
Storekeepers . . . . .	50	150	
Mates . . . . .	18	20	
Jamadars . . . . .	18	20	
Masons . . . . .	30	45	
Electrical Mistries . . . . .	30	55	
Fitters . . . . .	30	55	
Blacksmiths . . . . .	30	55	
Carpenters . . . . .	30	55	
Wiremen or Electricians . . . . .	30	55	
Beldars . . . . .	14	18	
Bhisties . . . . .	15	18	
Khalasis . . . . .	14	18	
Chowkidars . . . . .	14	18	
Sweepers . . . . .	14	16	
Sewermen . . . . .	16	18	
Malis . . . . .	14	15	
Sewer Inspectors . . . . .	30	60	
Road Inspectors . . . . .	30	60	
Motor Drivers of all descriptions . . . . .	30	55	
Firemen . . . . .	15	18	
Oilmen and Greasers . . . . .	15	16	
Cleaners . . . . .	15	16	
Plumber Mistries . . . . .	36	60	
Upholsterers . . . . .	30	55	
Bearerers . . . . .	15	20	
Coolies . . . . .	14	15	

#### ACTIVITIES OF THE CONCILIATION OFFICER AT CALCUTTA.

**136. Mr. Satya Narayan Sinha:** Will the Honourable Member for Labour please state the activities of the Conciliation Officer at Calcutta for the period of his assumption of duties to date, together with the total expenditure incurred during that period?

**The Honourable Sir Muhammad Zafrullah Khan:** The Conciliation Officer has, since his appointment in November, 1937, established contact with the administrations of the railways with which he is concerned, with recognised trade unions catering for employees of these railways and with Area Committees, Workshop Staff Committees, Welfare Committees and other bodies concerned in the relations between the administrations and their employees. These are some of his activities; all of them it is not possible to describe within the limits of an answer to a question. The expenditure up to November, 1938, was Rs. 30,095.

## THE INDIAN INCOME-TAX (AMENDMENT) BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Bill further to amend the Indian Income-tax Act, 1922, as reported by the Select Committee. When the House adjourned the other day, the following amendment was under discussion.

"That in clause 17 (a) of the Bill, to clause (c) of the proposed sub-section (1), the following further proviso be added :

'Provided further that this clause shall not apply to any income arising to any person by virtue of a settlement or disposition which is not revocable for a period exceeding six years or during the lifetime of the person and from which income the settlor or disponent derives no direct or indirect benefit.'

**Mr. S. P. Chambers** (Government of India : Nominated Official): Sir, on Friday, just before I finished speaking, an Honourable Member made a small interruption. He said why should not one person be allowed to give to another person anything he chooses to give, and why should not allowances be given on such sums? That, I think, exactly suits the purpose which I have in hand. A person can, if he wishes to use his income for the purpose of paying money to a charity or for the maintenance of a relative, can do it in two ways,—either he can use his income as his own income for that purpose, in which case he continues to pay income-tax on his full income,—or he can do it in another way,—he can actually transfer a part of his income *ab initio* to that other person so that it is no longer his income. If he does it in the second manner, then he saves income-tax, so that even in these genuine cases if he does this charity or this maintenance of a relative by way of actually transferring his income to somebody else instead of using his income for that purpose, he is only making the Government of the country subsidise his charity or maintenance of his relatives. In one way it would amount to the claiming of an allowance for dependent relatives and for charities which is not provided for elsewhere in the Act, and if this amendment went through in its present form, we shall be in the position of giving rich persons a subsidy for maintaining relatives, but poorer assesses would get no such subsidy. Perhaps it would be desirable to deal with the two cases separately. First, let me deal with the charitable or religious payments. On this, in the United Kingdom, in Scotland in particular, there is a certain Church called the Presbyterian Church, and certain Scottish people found that it was to their advantage to ask the Church members not to make these monthly and annual donations, but to pay them exactly the same sum as they otherwise would, but to do it in a form called a covenant, which actually transferred the income as an annual covenant to the Church. In that way, these persons were enabled to collect for every £100 which would otherwise be payable as ordinary donations or gifts, another £33 from the State; in other words, they were enabled to enforce a contribution from the State of another £33 in augmentation of their normal collection. In effect, this is what we would be doing for those who wish to make dispositions in favour of their relatives or charities.

Then, the next point I want to make quite clear is that this section only affects the very wealthy persons. The Honourable the Leader of the Opposition made it clear that only relatively wealthy persons in India



[Mr. S. P. Chambers.]

paid any income-tax at all, that out of some 200 and odd millions in India, only four or five lakhs at the outside paid income-tax. Out of that higher layer of four or five lakhs of wealthy persons, we are only concerned with the very top layer of that layer, that is to say, the richest of the rich persons. Now, these persons are asking us to subsidise their specific charities and their maintenance of relatives, even though this House has refused to give any personal allowances to the small assessee. That I think is a somewhat inconsistent attitude. If we are not going to give any personal allowance to the smaller assesses, should the provinces in effect be deprived of the money which would otherwise go for the benefit of the larger number of poor persons, for the purpose of subsidising the very richest of the assesses in the State? That, I think, is the main argument why we need no exception to this rule. Nobody wants to allow the tax dodger to escape, but I suggest that even in the case of the non-tax dodger to make any exception would mean subsidising the charities of wealthy persons, and, therefore, we need no exceptions whatever. Reference has been made to the United Kingdom practice, and I do not want to go over that ground again, but on the actual wording of this amendment, I would just like to point out that in the United Kingdom they had a similar exception in 1922, and they found it to be completely ineffective, because it was so easy to escape the loophole which the exception gave them. Since then it has been found necessary in the United Kingdom not to provide for any further exceptions—you already have the exception,—but to safeguard it with a number of exceptions to the exception. Those safeguards are contained in the 1938 legislation, and if we press in this House an amendment which in effect does what the United Kingdom found 16 years ago to be completely unworkable, I suggest we should be putting ourselves in a rather ridiculous position. Any amendment whatever,—I suggest that none whatever is required,—should take into account the experience in exactly the same circumstances in the United Kingdom. For these reasons, I oppose the amendment.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): I rise to support this amendment, although I must confess that I do not do so with anything like enthusiasm. Really I am for the amendment moved the other day by Sir Cowasji Jehangir for the deletion of the whole clause, and if I support this amendment I do so, as being the lesser of the two evils. The proposed amendment in the Bill is based on the recommendation of the Enquiry Committee. Their report is to be found at page 66. My submission is that no case is made out there at all for this new provision. All that was said in the report was this:

“There is, however, the further possibility of an assessee transferring by deed the income. . . . Similarly there is the possibility of an assessee transferring by deed actual assets. . . .”

That is the whole basis of this new provision. It is not stated there that cases were brought to their notice in which an attempt had actually been made, in a substantial number of cases, for evasion of the tax by *mala fide* settlements. This amendment seeks to achieve a two-fold object. In the first place, it seeks to give effect to the intention of the Government to prevent evasion by *mala fide* settlements, and, at the

same time, it seeks to give protection to *bona fide* settlements. The recommendation of the Expert Committee was,

"Although these suggestions would no doubt, if adopted, be modified and expanded in the process of drafting, (*that is what they anticipated*), we consider that broad simple clauses are best suited to the conditions of British India, and that the refinements embodied in the United Kingdom legislation on the subject should be avoided here."

So, the recommendation was that all the advantages of the English law should be availed of, but the safeguards, provided by the same law, should be avoided. In other words, they wanted the English law to be mutilated and mangled; that is the sum and substance of the whole recommendation. An elaborate defence was put forward the other day by my Honourable friend, Mr. Chambers. There are two points that he made, with which I want to join issue. I do not know his motive, but, obviously to get the support of the Muhammadan Members of this House, he said, this provision of the Bill does not affect wakfs. I do not think that that is a correct proposition of law, because, so far at all events as one school of Muhammadan law is concerned, namely, the Hanafi law, we find it stated in Mulla's edition of Muhammadan Law that according to Hanafi law, "the settlor may reserve the usufruct of the endowed property for himself for his life." That is the provision. If that be so, and if the amendment now proposed by us is rejected, the wakfs under this particular school of Muhammadan law, namely, the Hanafi law, would be affected. Then, my Honourable friend also stated that there can be no objection in case of genuine trusts. His case is that in all cases of genuine trusts not only does the income pass but also the corpus passes. That was, if I understood him aright, his proposition. On that point I should think he has committed a mistake . . . .

**Mr. S. P. Chambers:** I did not say that in all cases of genuine trusts the corpus must pass. I said, normally, in the case of genuine trusts, the corpus itself passes; that was all. It did not mean in all cases. Otherwise the first part of this clause of the Bill would be unnecessary.

**Mr. Akhil Chandra Datta:** I stand corrected, but so far as that goes, my objection remains, because it is not a fact that normally in genuine trusts the corpus also passes. So far as our law of trusts is concerned, that is to be found in the Indian Trusts Act. May I draw the Honourable Member's attention to section 55, which says:

"The beneficiary has, subject to the provisions of the instrument of trust, a right to the rents and profits of the trust-property."?

Under the Act, the beneficiary has no estate or interest in the subject matter of the trust. He has only a right to proceed against the estate.

**Mr. S. P. Chambers:** May I rise to a further explanation, Sir? I think the Honourable Member has perhaps misunderstood what I said in this connection but in another part of the same sentence. I said that the corpus passes, not to the beneficiaries—I understand that, but I said that it normally passes out of the ownership of the disponent into the possession of the trustees. That is the point. The words are, "remaining the property of the settlor or disponent"; the corpus passes actually to the trustees, I think, and does not remain the property of the settlor.

[Mr. S. P. Chambers.]

It might become the property of the trustees, although it is clearly recognised that it does not become the property of the ultimate beneficiaries. I hope I have made the point clear.

**Mr. Akhil Ohandra Datta:** But the right of ownership cannot and does not pass to the trustee—it remains with the settlor. The law of trusts, as it obtains in India, is a very complicated thing, and it is rather dangerous to make any legislation with regard to these trusts without a very careful examination. The institution of trusts both among the Hindus and the Muhammadans is a very, very old institution. It is based on the peculiar customs and sentiments of the people of this country and it is recognised by law. It must also be remembered that these trusts have come into existence in this country, not for the purpose of evading the income-tax,—they came into existence long before there was any talk of income-tax law in this country. Therefore, is there any justification for starting with a bias or a presumption that the evasion of tax is the motive for creating trusts? Why should you presume that trusts are not to be trusted, that all trusts are untrustworthy, without any discrimination? You do not make any discrimination between genuine trusts and bogus trusts, between revocable and irrevocable trusts. After all we want the *status quo* to be maintained. You want a novel principle to be introduced and, therefore, the onus is upon you to make out a case. What is the case you have made out as regards the extent of the evasion? Have you given us any figures? So far as the Inquiry Committee Report goes, they have given us no light on this point at all. They do not even go to the length of saying that these cases are numerous. They have only said that there is a possibility, not even a probability of trusts being created to evade tax. I, therefore, say, that there is no justification for this novel provision in the Act. The inspiration has been taken from the English law. Why don't you follow the English law on that point? You say that the refinements of English law are not suitable to India. You, therefore, want a mutilated English law. This affects a very large number of people in this country. Is there any Chamber of Commerce, Hindu, Muhammadan, or European which has supported this provision? All the Chambers in Calcutta, Madras, Bombay and Karachi and Cawnpore are against it. What is the good of inviting opinion only to defy it and to throw it in the waste paper basket. I do not think any case has been made out for this new provision of law. However, as the amendment for the deletion of the original clause has not been pressed, this is certainly a very reasonable amendment. On the one hand it does tend to prevent evasion in the case of *mala fide* settlements. At the same time it is not too sweeping or drastic. It gives protection to some extent to *bond fide* settlors. Sir, I support this amendment.

**Mr. N. C. Ohunder** (Calcutta: Non-Muhammadan Urban): Sir, I have listened very attentively to Mr. Chambers while he was speaking on this amendment; and I must say I found him going from one argument of despair to another. He first started by saying that this clause, as it stands, not the amendment, would not affect wakfs, but I have yet to know of a wakf where the settlor does not appoint himself the first *mutawalli*. The Honourable Member may not have any personal experience of these wakfs as they are made out, but if he refers to the reported

cases, he will find in every one of the wakf deeds, the settlor was himself the first *mutawalli* and he would have been hit by sub-clause (c), because there at any rate the assets at least during the life time of the settlor never passes out of his hand. There was that first attempt to put a wrong construction on the clause drafted by him or on his behalf. You will remember that I put to him the question of a marriage settlement, and his only answer was: "Why should the State subsidise a marriage?" There is no question of subsidising a marriage. Even under the clause, as it now stands, in all future trust deeds the conveyancer will take every care to see that this is not made explicit, what is already implied. Ordinarily, in this country, marriage settlements in the simplest form generally run something like the following—to the daughter for life or the daughter and her husband for their joint lives. Then there is an absolute gift to the issue, male or female. Some may restrict it to the male. But if the issue fails, then there is a gift over to somebody in which case that would not come within this clause or there is a direction that if the daughter dies without leaving issue, then the property is to come back to the settlor. In all documents which have hitherto been drafted and completed, this clause does appear, not because this clause was necessary, but because this clause would give a direction to the trustees and the trustees are not always lawyers. That is why you will find in the ordinary drafts of trusts that this thing is made explicit, that is to say, the trust which will result to the settlor is explicitly described in the document itself. Mr. Chambers cannot touch the operation of the law by which it results to the settlor, because the wording of the proviso is that "if it contains any provision for the re-transfer." The transferor will take care to see that it does not contain any provision for re-transfer. He says: "Or in any way gives the settlor a right." The draftsman will take care that it does not give the settlor any power. That is to say, the document will not make explicit that which is already implied there by the law. On the other hand, all the documents which have been made out in the past will be hit, and for what? People make marriage settlements at the time of their daughter's marriage, not with a view to evading income tax, but with a view to providing for the daughter and the daughter's children. The whole thing betrays a lamentable ignorance on the part of those responsible for the drafting of this section of the existing conditions with regard to trusts and trust deeds and settlements in this country.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural):

I will speak only briefly about some misapprehension which has been caused in the minds of some Honourable Members about the wakf law and how this clause will affect it.

A waqf under the Hanafi law, as the Honourable the Deputy President has put it, certainly gives ample powers to the settlor to retain for his life-time a portion of the income for his own use; and all waqfs made, and especially waqfs made under the Waqf Validating Act, generally, give power to the settlor to deal with the income as he likes during his life-time. But that is only as far as the income is concerned, and that is not as far as the property is concerned. The question in this clause is that the man may transfer the income but retain the property for himself, while under the waqf it is quite the other way; the man transfers the ownership of the property absolutely to God and only retains the power to retain the

[Sir Muhammad Yamin Khan.]

income for himself, Now, the question comes up in connection with the first proviso which says two things; first of all, that if it contains any provision for the re-transfer, and another power is the resuming power. In both cases re-transfer means that first of all they must have been transferred and then they may be re-transferred to him. Under the waqf, re-transfer can never take place; once it is transferred, that is transferred for ever and even the income cannot be transferred to him. Once the transfer has taken place, there arises no question of re-transfer, and then resuming power means that the power must have been given away first and then power may be resumed. The wording is very clear to my mind. There can be no resumption of powers under a waqf deed, which is always a self-contained thing and it can never be changed either in spirit or in substance and only when we find that the transfer has taken place of the corpus, and not of the income, that a waqf stands and nothing can touch any waqf property in the sense as has been apprehended by the Honourable Member.

**Mr. Akhil Chandra Datta:** May I draw the Honourable Member's attention to paragraph 153 on page 157 of Mulla's Muhammadan Law, which says:

"A testamentary waqf, that is a waqf made by will, may be revoked by the waqf (dedicator) at any time before his death."

**Sir Muhammad Yamin Khan:** But that does not come under the Waqf Validating Act. It is a will and the will never operates until the man dies. A will is always revocable. Anything which is to operate after the death of the man is revocable, and the will is not binding, it does not become operative until the person who makes the will dies, and then it becomes the real will. Until a man dies, he can always revoke his will, and, therefore, it is not a waqf really. A waqf will become a waqf after the man is dead and gone, and then it cannot be revoked because the man who created the waqf by will is no longer there to revoke it. If any income-tax officer comes down upon a waqf property and says that according to this section he may bring round the waqf income to be roped in, then, I am, sure, Government will take due care that subject to the other provisions which may be made in the other places, they will issue executive orders clearing this point of law so that no income-tax officer may be misled to interpret the law wrongly in the manner as is apprehended by certain Honourable Members.

**Mr. Akhil Chandra Datta:** Are you not leaving a loop-hole for that mistake? You are already apprehending that sort of interpretation by the income-tax officers.

**Sir Muhammad Yamin Khan:** As far as I can see, it is quite clear because there is no re-transfer and there can be no resumption of power under any waqf. So once a waqf created, it is created, I am sure there will be an amendment to take away waqfs altogether and there must be a specific provision of law which will say explicitly that the waqf property may not be touched by one section here or there or may be brought round under any device which may find loop-holes. I made it absolutely clear during the general discussion of the subject that we would not be satisfied unless and until that clause is embodied here in the manner as we would like it.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I thought this was only an Income-tax Bill, a measure of tax on incomes which legitimately belong to the assessee, but, unfortunately, by this clause, even though the income for any year or years does not legitimately belong to him, that man is all the same taxed. I can understand that a taxing measure should block all loop-holes as in the case of a man who indulges in *benami* transactions; in such a case, by all means let provision be made to arrive at the real nature of the transaction; in such a case even though nominally he has transferred the property, he is still the real beneficiary, the real owner and enjoys the income during any particular year and he may in such a case be assessed. But as regards an income that is transferred over a series of years and it is not thereafter open to the person who settles the income in favour of another to use any portion for his own benefit, I do not understand how it becomes the income of the person who transfers that income. Our amendment makes it clear that so long as by any device the income continues to the original transferor and he enjoys any direct benefit from any portion of that income, he is liable to tax on the income; my amendment says, that so long as he derives any benefit, direct or indirect, from the income, even though he settles it in favour of another, by all means tax it, but the moment he parts with the income, so that he has no control over his disposition, you ought not to tax it merely because the corpus is not transferred. This clause makes the income taxable, merely because the corpus has not changed hands.

My Honourable friend, Mr. Chambers, was evidently under a misapprehension when he thought that in law the transfer of title is the same as the transfer of possession. Possession may be transferred of certain assets merely for the purpose of management in a case where the income has been transferred, but the property or title has not been transferred to the other person. There can also be a trust where the property is conveyed out and out. A man may like to create a maintenance settlement in favour of his brother's widow. He may secure certain security bonds in a bank and create a trust and invest it in trustees to realise the interest and pay it to the widow or the person who is entitled to the maintenance. In such a case, the property does not pass to the trustees. The difference is this. The trustee may, for the time being, take possession of the deeds or the security bonds, but they do not become the owners even in a technical manner as trustees are if the corpus is transferred. They have no right to dispose of the corpus or transfer it from one person to another. They have a right only to the income. Therefore, this clause, so far as it seeks to tax even *bona fide* transfers of income, it is against the spirit of the Act itself, because, in this Act, we intend to tax those incomes which legitimately belong to a person even if he has no control over the assets. The argument that was brought forward both by the Honourable the Finance Member and his colleague and assistant that, if it is a matter of expenditure, no subsidy ought to be allowed for expenditure. In other words, if it is the income of X, then, merely because he gives it away to Y, that income ought not to be taken away from the income of the assessee for purposes of taxation. I agree with this position. It ought not to be open to any person to give away a certain property which he is bound to incorporate by way of expenditure and thus evade taxation which he is liable to pay so long as it is his income. That is understandable. But in a case where he gives away the income out

[Mr. M. Ananthasayanam Ayyangar.]

and out to some person and not for the benefit of himself, I do not see how that can be called an expenditure. It cannot be called an expenditure at all, and for this reason. It is open to a person who has got a lot of income on which he is liable to pay income-tax or super-tax to convey away a certain portion of his income in favour of his domestic servant for 10 or 15 years or even for life. This provision may be necessary to avoid such evasion of income-tax whereby he wants to convey a certain portion of his income, and he ought not to be allowed to escape income-tax. That is his legitimate expenditure. Take another case. Here, the man gives away his property for the purpose of a charity. Under section 4, trusts in favour of public charities are exempted. So, what is allowed under section 4 is sought to be taken away indirectly by this provision of sub-section (c) of section 16. I shall explain this position.

Section 4, clause (1), applies to properties which are transferred out and out, but the corpus is transferred for the purpose of a public charity. If the income alone is transferred, then section 16 (c) would not exempt that income. I may be a rich man, and I may be prepared to convey certain properties in my possession for the purpose of a trust, keeping the corpus still with me, and the income alone being conveyed away for a charitable purpose. My son may not be in a position to part with that income. Why such a case of charity should be prevented? What will happen ordinarily is that though I have parted with that property during my life time and, later on, I might have fallen on indigent circumstances, still I will be forced to pay income-tax on an income which I am not entitled to use. This will be a great hardship. For this reason we have given an amendment that so long as we derive any benefit from that income directly or indirectly, by all means let us be taxed. But if we have parted away with this for life or for a long period of years, let us not be taxed for that income. It is true that the transfer of income must be for a long number of years. If it is only for a short period, for a year or two, it will be open to the assessee to escape income-tax by creating a trust or disposing of the income for a year or two. Then, he may be sure to get back the income for his own purposes or benefit at the end of two years. Even for these two years, he might be liable to income-tax or he should dispose of the income. It is necessary to avoid such kinds of evasion of tax by creating settlements for short periods. It is to avoid that that we have fixed the period of six years or a longer period. If by a trust an income is given away to some other person for more than a period of six years and if, during that period, the settlor has absolutely no right, directly or indirectly, to take hold of the income, then let it not be taxed under section 16.

There are many cases of zamindars in which the seniormost man is entitled to the estate and the junior members are entitled to a mere maintenance. The zamindar may squander away his property and he may settle certain items of income in his life time for the junior members. There is absolutely no justification for his being taxed after he has parted with that income. Under the ordinary law, they will be entitled to a share of the property itself; but, under the law of inheritance, they are not entitled to a share, but they are entitled to their maintenance.

The same is the case of a member of the Hindu joint family. These are all cases which are of daily occurrence, and the English law and practice



ought not to be used in this country. I would, therefore, submit that in some cases exceptions ought to be created in the Act. I know that one or two devices are normally adopted for evading income-tax, and those devices are not allowed after the amendment of the Income-tax Act of 1937. The normal device is to make a settlement in favour of the wife and children which is already provided against in section 16, sub-section (3). On the other hand, a settlement is made in favour of strangers. I am not in favour of the rules of the English Act being applied. I, therefore, heartily support this amendment.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, I would like to say a few words about this clause. I do not think that it can be disputed that as long as the trust for the period or the two periods mentioned in the amendment is irrevocable, it cannot be said that the property is at the disposal of the settlor during those periods. If the property is not at the disposal of the settlor or the donor, then I quite agree that it will be unfair during this period to make the settlor pay the assessment. But the amendment, as it stands, in my opinion, is not very clear, because it leaves a loophole, and the loophole is this that, if I make a trust revocable for six years, then what happens to it when the power of revoke arises or matures, because it assumed its character in its inception to the extent that it is irrevocable for six years?

**Mr. M. Ananthasayanam Ayyangar**: So long as it is not revoked.

**Mr. M. A. Jinnah**: That is where the difficulty comes in, and, therefore, I discussed the matter with the Leader of the Opposition, and it is only a question of making it quite clear that, so long as the power to revoke does not mature or does not arise, the settlor will not be liable. But, as soon as that power to revoke arises or matures, then the settlor will be liable for assessment. If it is made clear to that extent, then I see no reason why the Government should insist upon assessing the settlor when virtually he is not the owner and the property is not at his disposal during the period during which the trust is irrevocable.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan Rural): Mr. President, before I come to the point raised by my Honourable friend, Mr. Jinnah, there is one matter which I wish to make clear, because, speaking with great deference, a considerable amount of misapprehension appears to have arisen on the true reading of clause 17(c), which says:

"All income arising to any person by virtue of a settlement or disposition whether revocable or not, and whether effected before or after the commencement of the Indian Income-tax (Amendment) Act, 1938, from assets remaining the property of the settlor or disponent shall be deemed to be income of the settlor or disponent, and all income arising to any person by virtue of a revocable transfer of assets shall be deemed to be income of the transferor."

Speaking on that, I am bound to point out that whatever may be the ideas of my Honourable friend, as a matter of law, if through the intervention of the trustee, a trust is sought to be created, which is the only method by which it is usually done in this country—"A" transfers property to "B" though the whole of the beneficiary interest may not be exhausted, the transfer to "B", the trustee is a complete transfer. Therefore, let there be no mistake about this, that but for the proviso which I shall presently read, my Honourable friends are really trying to get almost nothing by the



[Mr. Bhulabhai J. Desai.]

language they have used. If they say they are assessing the remaining property of the settlor, then it is quite clear that in every trust, none of the property remains the property of the settlor. But I quite agree that by the wide artificial definition of revocable trust, they have attempted to set the matter right:

"Provided that for the purposes of this clause a settlement, disposition or transfer shall be deemed to be revocable if it contains any provision for the retransfer directly or indirectly of the income or assets to the settlor, disponent or transferor, or in any way gives the settlor, disponent or transferor a right to reassume power directly or indirectly over the income or assets."

The evident intention appears to be that notwithstanding the fact that a trust is not revocable at all, it is made revocable by this definition if it contains a provision for a retransfer directly or indirectly to the settlor. That will hit a provision like this, and I quite agree a transfer of assets by "A" to "B", without any power of revocation, but only disposition of income for the life of "C". Then, it is true that it can be said that, at the end of the life of "C", there is an indirect power for a retransfer of the corpus to the settlor again. Therefore, it is only by means of this artificial definition, and not by reason of the provision which is the main provision in (c) that the kind of trust our friends on the other side wish to hit, that is to say, making the income of the beneficiary the income of the settlor and subject to taxation.

I do not wish to occupy the time of the House by re-examining the rest of the matters to which I referred earlier. But coming to the amendment which is now before the House, what we would respectfully submit is this: that the only legitimate ground on which any State or any Legislature can tax the income of "A" as the income of "B" can only be not that the trust is bad, because it is not bad, but the ground is that a trust is likely to lend itself to the evasion of the tax, and the burden of proof entirely lies on those who want to make out that the cases in which they wish to tax the income of "A" as the income of "B" is such a case. It cannot be that what my Honourable friend, Mr. Chambers, had naively to admit that because some evasions might be desired to be caught, therefore every honest one which is not an evasion should also be caught. Forsooth, because he says there is no other way of catching the evader, let me, therefore, also get the non-evader. That is a species of reasoning which I hope and trust will not commend itself to the House. It is, therefore, with a view to seeing that it is only that class of cases which are likely to lend themselves to evasion that those settlements should be settlements in which the income of the beneficiary should still be added to the income of the settlor, but in all other cases where they are not likely to reasonably lend themselves to the purpose of evasion that it would be wrong for the State to tax the income of "A" as the income of "B", and this I wish to make clear by the amendment which we have moved:

"Provided further that this clause shall not apply to any income arising to any person by virtue of a settlement or disposition which is not revocable for a period exceeding six years or during the life time of the person and from which income the settlor or disponent derives no direct or indirect benefit."

The last point I wish to emphasize is this. I come to the first part, and this is a point which my Honourable friend, Mr. Jinnah, stressed. According to us, the test is, whether during the period that the irrevocability for a period of six years or more lasts, the settlor has no direct or indirect

benefit from the income of that settlement: having made that clear, there can be no excuse whatever to attempt to tax that income as an income of the settlor. Then, I come to the first part on which my Honourable friend wanted the matter to be made clear. First, I will state with deference that the language which is used covers it. The language used is this, and I desire the careful attention of the House even though the matter may be somewhat difficult and technical:

"A settlement or disposition which is not revocable for a period exceeding six years "

That is to say, it necessarily involves the case which my Honourable friend desires accepted. Let us take the case of a settlement which is irrevocable for seven years. Then, necessarily, it follows from it that, at the end of seven years, the power to revoke arises to him. He need not actually revoke it, I quite agree. But the power to revoke arises to him. As soon as that event occurs, it was the intention of the Mover of this amendment that that should be done. In other words, so long as it is a period of six years and more, but not less, every trust will be hit by this. Any trust for a period less than six years that is revocable within that period, in that case, the income of the beneficiary would be added to the income of the settlor. But as soon as you go beyond the period of six years, then you get the terms of the settlement which is the subject of discussion. If it is 7, 8 or 12 years, the intention is that it is not revocable for a period of six years, and that will entirely cover the case. Supposing it is provided that at the end of 12 years it shall be revocable, it is true then that, during that period of 12 years, the income shall be taxed; but, at the end of 12 years, it ceases to fall within the exception. But I am anxious at the same time that no obscurity of language should cover more cases than we intend, and I am, therefore, quite willing to make that meaning clear by adding at the end of that clause, "but that the settlor shall be liable to be assessed on the said income as and when the power to revoke arises to him", because that is the intention by way of construction of the very more or less compendious expression used by us; and I ask leave to add these words. As the explanation goes, that is the intention of the clause which stands by itself,—the words being, "but that the settlor shall be liable to be assessed on the said income as and when the power to revoke arises to him." Though the matter is clear, I wish to emphasise the fact that the clause, as I put it, does not require actual revocation. It is only the contingency.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would like to know if there is any objection. If objection is taken, the Chair cannot allow it.

**The Honourable Sir James Grigg** (Finance Member): Sir, I want to be certain, before I declare the attitude of Government on the matter, that I have got the question right. This amendment proceeds on the basis that if a settlement is revocable on the occurrence of one out of two contingencies, one being the lapse of a certain fixed period of time in excess of six years and the other the death of a certain person, it should not be regarded as caught by the clause. And it is now sought, of course subject to the limitation about benefit in the concluding words, to limit this amendment still further by making it clear that when either of these contingencies

[Sir James Grigg.]

has arisen the trust income or settlement income immediately becomes for tax purposes the income of the settlor, notwithstanding the fact that the power of revocation has not in fact been exercised.

**Some Honourable Members:** That is right.

**The Honourable Sir James Grigg:** My attitude towards that is as follows. I am bound to say that I am a little disappointed that the House is not prepared to go further in the direction that we have sought to go. I am very much afraid that this clause will let out cases which ought not to be let out and it will provide loopholes for other things. Quite obviously it would be foolish of me to attempt, for the mere sake of opposing, to oppose what is obviously now the wish of the vast majority of the House. And, therefore, subject to allowing myself a *locus penitentiae* if on examination of this there are very obvious loopholes in it, I reserve to myself the right to try and deal with the matter. In any case subject of course to its coming back to this House and subject to giving myself that *locus penitentiae* and opposing the amendment, Government will not oppose the amendment.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, one point is not clear to me. If I have property worth one lakh out of which I create a trust of Rs. 50,000 for a period of ten years, I am then the owner of only Rs. 50,000 on which I pay the tax. After ten years or due to something else this Rs. 50,000 comes back to me. Will this be treated as income and taxed accordingly or will it be treated as a transfer of that amount?

**The Honourable Sir James Grigg:** The point is whether, if the capital reverts to the settlor it will be treated as income. I think I can give a pretty good assurance about that.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): The question raised by Sir Ziauddin is somewhat important. If the corpus is in the hands of the settlor himself it will not be taxed as capital but only its income will be taxed. What my Honourable friend, Sir Ziauddin says, is this that when the power of revocation accrues or the settlement becomes mature for the purpose of revocation, and that right is exercised by the settlor, the trust property goes back from the beneficiary to the settlor. Suppose it is a property in cash and it goes back. Would the corpus that goes back to the settlor, after the period of limitation, be taken as income that has accrued to that man in that particular year or will it be treated as so much capital added, interest on which or the income coming out of which will be liable for the purpose of income-tax? That is the point which he has raised. And the Honourable the Leader of the Opposition has conceded this fact that when this right arises or accrues it shall be open to be included in the income of the settlor for the purpose of income-tax. He evidently meant that the capital will not be taken as income but the income arising out of that only will be taken as income. But the point raised creates a doubt and, I believe, it is necessary for the Finance Member to make it quite clear that he does not mean to tax the whole thing or treat the whole thing as income at any time. I think it requires some explanation.

**The Honourable Sir James Grigg:** I suggest that it requires no explanation. The Bill makes no attempt to tax capital as income and in this clause there is no intention of doing it. I have already given an assurance and I now give it twice. I am quite prepared to give it three times if the Honourable Member wants.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair takes it that there is no objection to the addition of the words sought to be inserted by the Leader of the Opposition. The Chair will, therefore, put these words in the amendment itself. The question is:

"That in clause 17 (a) of the Bill, to clause (c) of the proposed sub-section (1), the following further proviso be added:

*'Provided further that this clause shall not apply to any income arising to any person by virtue of a settlement or disposition which is not revocable for a period exceeding six years or during the lifetime of the person and from which income the settlor or disponent derives no direct or indirect benefit, but that the settlor shall be liable to be assessed on the said income as and when the power to revoke arises to him.'*

The motion was adopted.

**Mr. K. Santhanam** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I move.

"That in clause 17 (a) of the Bill, in the proposed sub-section (2), before the word 'year' in the third line, the word 'previous' be inserted."

This is a purely constructional amendment, because, in the same sub-section, the words "financial year" appear. Whether it should be taken to be the income of the financial year or the previous year is a matter for construction, and so I want to make it clear, because, I think, the intention is to include it in the income of the previous year. Sir, I move.

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

"That in clause 17 (a) of the Bill, in the proposed sub-section (2), before the word 'year' in the third line, the word 'previous' be inserted."

**The Honourable Sir James Grigg:** Sir, I do not think the Honourable Member's amendment is necessary, and, speaking from the point of view of draftsmanship, it does produce a rather clumsy phrase, but the intention is quite clear. If the Honourable Member wishes to press it, I do not propose to take any great pains to oppose it.

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

"That in clause 17 (a) of the Bill, in the proposed sub-section (2), before the word 'year' in the third line, the word 'previous' be inserted."

The motion was adopted.

**Mr. M. Ananthasayanam Ayyangar:** Sir, I move:

"That after clause 17 (a) of the Bill, the following be inserted:

*'(aa) in sub-clause (iv) of clause (a) of sub-section (2), after the words 'by such individual' the words 'otherwise than for adequate consideration' shall be inserted.'*

[Mr. M. Ananthasayanam Ayyangar.]

The object of the amendment is this: in section 16 (3), in 1937, certain items of income from the assets transferred by a person in favour of his wife or minor children have been treated to be the income of the person himself; but there has been a difference made between a transfer in favour of the wife and a transfer in favour of minor children. The transfer in favour of the wife is covered by sub-clause (3), and, in favour of minor children, by sub-clause (4). In (3), if it is for adequate consideration, that is excepted. The same exception has not been carried out with respect to transfers in favour of a child for adequate consideration. I have tried to bring this clause (4) in line with clause (3) . . . . .

**Sir Cawasji Jehangir** (Bombay City: Non-Muhammadan Urban): Mr. President, may I just interrupt? I have got an amendment on the paper which has been circulated and runs as follows. I will read it out . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): There is another amendment being moved now.

**Sir Cawasji Jehangir**: But this ought to come before. It seeks to delete the clause which my Honourable friend seeks to amend. It . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Has it been circulated?

**Sir Cawasji Jehangir**: It was circulated this morning.

**Mr. President** (The Honourable Sir Abdur Rahim): If there be any objection, then the Chair cannot consider it.

**The Honourable Sir James Grigg**: I certainly do take objection.

**Sir Cawasji Jehangir**: May I point out that it was handed over on Saturday evening, and it was circulated today in the morning?

**Mr. President** (The Honourable Sir Abdur Rahim): As objection has been taken, the Chair cannot allow it to be moved now. Honourable Members know that is the practice, and the Chair cannot go against it.

**Mr. M. Ananthasayanam Iyengar**: Sir, I, therefore, move that this amendment be accepted.

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

"That after clause 17 (a) of the Bill, the following be inserted:

'(aa) in sub-clause (iv) of clause (a) of sub-section (3), after the words 'by such individual' the words 'otherwise than for adequate consideration' shall be inserted'."

**The Honourable Sir James Grigg**: Sir, Government have no objection to this amendment.

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

"That after clause 17 (a) of the Bill, the following be inserted:

'(aa) in sub-clause (iv) of clause (a) of sub-section (3), after the words 'by such individual' the words 'otherwise than for adequate consideration' shall be inserted'."

The motion was adopted.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

**Qazi Muhammad Ahmad Kazmi** (Meerut Division: Muhammadan Rural): Sir, I wish to move this amendment with a small variation. I am omitting certain words from this.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Are they mere verbal alterations?

**Qazi Muhammad Ahmad Kazmi**: I want to take away certain words; that is all. I move:

"That after sub-clause (b) of clause 17 of the Bill, the following be inserted:

'(c) After sub-section (3), the following sub-section shall be inserted, namely:

(4) Tax shall be calculated on the total income at the prescribed rates, and from the amount so calculated the following deductions shall be made and the balance shall be payable by the assessee:

(a) the amount of tax which has already been paid by or on behalf of the assessee in respect of any items included in the total income; (*I want to omit the remaining words*) and

(b) the amount of tax on any sums included in the total income which are exempt from income-tax under any provisions of this Act, calculated at a rate of tax representing the average of the rates applicable to the total income'."

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Is there any objection?

**The Honourable Sir James Grigg**: My position is that, in so far as the objection is concerned, I object to the whole amendment. My objection is not lessened or increased by anything the Honourable Member proposes to do now. My dilemma is this. So, if I object to amending his amendment, it may be supposed to convey that I like the original amendment better, but I do not.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Chair does not think that there is any apprehension of such an interpretation. The only question is whether there is any objection to the moving of the amendment with the omission of these words. That can not affect the Honourable the Finance Member's attitude regarding the merits of the original amendment.

**The Honourable Sir James Grigg**: I have every objection to the original amendment, but I don't wish to take any formal objection.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Then, the Honourable Member can move his amendment without those words.

**Qazi Muhammad Ahmad Kazmi:** Sir, the system of calculation of income-tax is given nowhere as a whole in this Act. It is to be presumed partly from the description in certain sections. A part of the calculation is given as a principle under section 17 (3), which says:

"Where there is included in the total income of any assessee any income (including income from a share in an unregistered firm) exempted from tax by or under the provisions of this Act, the tax payable by the assessee shall be an amount bearing to the total amount of the tax including super-tax which would have been payable on the total income had no part of it been exempted the same proportion as the unexempted portion of the total income bears to the total income."

This part relates only to incomes which are exempted from taxation. As to the incomes on which tax has already been paid it is not given in this place, nor is it given as an independent whole section elsewhere. Only in section 18 we find this.

Section 18(5) says this:

"Any deduction made in accordance with the provisions of this section and any sum by which a dividend has been increased under sub-section (2) of section 16 shall be treated as a payment of income-tax or super-tax on behalf of the person from whose income the deduction was made. . . ."

and so on.

It only says that if deduction of income-tax has been made at the source, then it shall be deemed to have been made by the owner of the security on whose behalf it is made. There was another place in which the system of calculation was given, and it was 15 (4), at page 24 of the comparative list. That was the same system as the one given in 17 (3), and the Government have agreed to the deletion of this clause. Now, the position is, we have got to infer from sections 17 and 18 the method by which income-tax has to be calculated on any particular income. Now, we find that Section 16 deals with the method of arriving at the total income. It says that certain items of money which are exempted from income-tax shall be included in arriving at the total income, thus, the method of arriving at the total income is indicated under section 16. It is the very place where we should also indicate as to how the tax shall be calculated on that income. For calculating the tax on the income, we have to see certain points, namely, parts which are absolutely exempted from taxation and parts on which tax has already been paid, and, after we take away both these parts from the amount of tax that is calculated, if there is any balance left, it shall be paid by the assessee, and if it happens to be a minus figure, then, of course, the assessee shall be entitled to a refund under section 48. So my submission is, that by inserting this clause in section 16, while we are providing for the calculation of total income, we will also provide for the method of calculation of income. The suggested clause consists of two parts, and it says that tax shall be calculated on the total income at the prescribed rates and from the amount so calculated the following deductions shall be made, and the balance shall be payable by the assessee. Just as I have pointed out the principle of the section is admitted by section 17 (3) and 18 (5). But it is nowhere stated in this Act at one place and has only to be taken out from those two different places. The present position is that after tax has been calculated on the total income and these deductions have been made from

the total tax, if the balance happens to be a positive amount the assessee shall have to pay it and if it happens to be a negative amount, that is, the assessee has already paid more than he was liable to pay on his total income, then he will be entitled to a refund under section 48. For the purpose of this simplification I have tried to bring out both the principles at one place in section 16. Sir, I move.

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

"That after sub-clause (b) of clause 17 of the Bill, the following be inserted:

(c) After sub-section (3), the following sub-section shall be inserted, namely:

- (4) Tax shall be calculated on the total income at the prescribed rates, and from the amount so calculated the following deductions shall be made and the balance shall be payable by the assessee:
  - (a) the amount of tax which has already been paid by or on behalf of the assessee in respect of any items included in the total income; and
  - (b) the amount of tax on any sums included in the total income which are exempt from income-tax under any provisions of this Act, calculated at a rate of tax representing the average of the rates applicable to the total income."

**Mr. S. P. Chambers:** Sir, I oppose this amendment. As I understand the Honourable Member, he merely wishes not to make any alteration in the incidence of taxation, nor to make any alteration in any other section beyond trying to bring together in one section the principles which he says may be inferred from several other sections. First of all, I think that the original Bill does not merely enable us to infer the principles, but states as clearly as possible what the law is intended to be. For that reason I do not think that this is a necessary amendment. Secondly, the wording of the amendment is, again, unfortunate, in that it contains certain words which are inappropriate. I will give one example. "Tax shall be calculated on the total income at the prescribed rates . . ." The word "prescribed" means prescribed by the Central Board of Revenue; it is put somewhere in the Bill, that wherever there is anything to be prescribed—rules or other things, "prescribed" means prescribed by the Central Board of Revenue. The Central Board of Revenue does not prescribe the rates of income-tax. The rates of income-tax are enacted by the Annual Finance Act. Therefore, the word "prescribed" would be wrong. Apart from that, however, there are other objections and they are due to the very attempt at trying to put in one place something which can only be stated separately if it is to be exact. Now, we say, "Tax shall be calculated on the total income at the prescribed rates . . ." In the case of a person non-resident we calculate the tax on the total world income which is defined separately, and the proportionate tax based on world income is computed after deducting certain amounts which, if the total income is the basis, are deducted at a later stage. The expression, total income, is not alone sufficient. It would have to have total income and also later on world income, then, we would have two sets of rules in the same clause showing how we calculate differently total income and total world income.

Perhaps, I might explain further why I think this amendment is unnecessary. In the Act before it was amended by the present Bill, the general scheme was to charge tax at a fixed rate upon the total income. Then as certain exemptions were granted, those exemptions were split up into two parts. Some of the exemptions were that I may call complete



[Mr. S. P. Chambers.]

exemptions, others there were which were partial exemptions. Thus, certain forms of income were completely exempted, and not taken into account for any purpose whatsoever. Certain other parts of the income were only partially exempted. In particular, you have life insurance premiums. Life insurance premiums are not deducted in arriving at the total income for the purpose of rate, but are deducted in arriving at the amount on which tax is actually charged. Therefore, for those two different classes we must deal separately in two different parts of the Act. The new scheme is different, because we are providing for the slab system, and the new arrangement in the Bill is that all income has to be included for total income purposes and bear tax and certain deductions are made in arriving at the amount on which the tax is to be charged but that to the extent that some items of income are now to be included in the total income whereas formerly they were not, we should give credit for the tax which was deducted or which was deemed to be deducted at source. The particular case I am referring to now is the case of dividends. Dividends were formerly under section 14 exempted from total income but they had to be included in the total income for the purposes of rate. We have now said that dividends are taxable and they are to be included in the total income but under sub-section (5) of section 18 we say that the tax which is deemed to be deducted from the dividend shall be given credit for in arriving at the tax to be paid. I think I have said sufficient to show that there are four or five different classes of case all of which have to be dealt with separately, and that this amendment which purports to bring them together in one place does not do what it intends to do; in any case, I think it is, in fact, defective and does not carry out the purpose of the Mover. One further point I wish to say is this. For super-tax we do not allow certain deductions which we allow for income-tax purposes. Here again, there are such items as life insurance premiums and tax-free securities. They are free of income-tax, but not free of super-tax. There also the wording of this amendment is defective. For all these reasons, I suggest that the amendment should be negatived. I oppose the amendment.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That after sub-clause (b) of clause 17 of the Bill, the following be inserted:

'(c) After sub-section (5), the following sub-section shall be inserted, namely:

(4) Tax shall be calculated on the total income at the prescribed rates, and from the amount so calculated the following deductions shall be made and the balance shall be payable by the assessee:

(a) the amount of tax which has already been paid by or on behalf of the assessee in respect of any items included in the total income; and

(b) the amount of tax on any sums included in the total income which are exempt from income-tax under any provisions of this Act, calculated at a rate of tax representing the average of the rates applicable to the total income."

The motion was negatived.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That clause 17, as amended, stand part of the Bill."

The motion was adopted.

Clause 17, as amended, was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is :  
 "That clause 18 stand part of the Bill."

**Mr. K. Santhanam**: I want to suggest to you that the consideration of clause 18 may be postponed till we have decided clauses 4 and 5.

**The Honourable Sir James Grigg**: I am quite agreeable.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Very well. Clause 18 will stand over. The question is:

"That clause 19 stand part of the Bill."

**Mr. J. F. Sheehy** (Government of India: Nominated Official): Sir, I beg to move:

"That in sub-clause (d) of clause 19 of the Bill, in the proposed sub-section (3A), for the words 'shall, unless he is himself liable to pay income-tax thereon as an agent, deduct income-tax therefrom at the maximum rate', the words 'shall at the time of payment, unless he is himself liable to pay income-tax thereon as an agent, deduct income-tax at the maximum rate' be substituted."

This is a purely verbal amendment. When sub-section 3A was drafted, sufficient attention was not paid to the wording of sub-section (2), and 2B and other sub-sections of the Act, where we use a slightly different form of wording to express the same idea. For example, in sub-section (2B), it says " . . . shall at the time of payment deduct income-tax at the maximum rate . . . .", and we find the same wording in sub-section (2). But in sub-section (3A), we say; " . . . shall deduct income-tax therefrom . . . .". This is a purely verbal amendment and has no substantial effect. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (d) of clause 19 of the Bill, in the proposed sub-section (3A), for the words 'shall, unless he is himself liable to pay income-tax thereon as an agent, deduct income-tax therefrom at the maximum rate', the words 'shall at the time of payment, unless he is himself liable to pay income-tax thereon as an agent, deduct income-tax at the maximum rate' be substituted."

The motion was adopted.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir I move:

"That in sub-clause (k) of clause 19 of the Bill, after the words and figures 'in sub-section (7),' the words 'for the words 'and pay' the words 'or after deducting fails to pay' shall be substituted; and' be inserted."

This only makes explicit the meaning which is implied. It is merely verbal. Sir, I move.

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

"That in sub-clause (k) of clause 19 of the Bill, after the words and figures 'in sub-section (7),' the words 'for the words 'and pay' the words 'or after deducting fails to pay' shall be substituted; and' be inserted."

**The Honourable Sir James Grigg**: Government raise no objection to this.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (k) of clause 19 of the Bill, after the words and figures 'in sub-section (7),' the words 'for the words 'and pay' the words 'or after deducting fails to pay' shall be substituted; and' be inserted."

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 19, as amended, stand part of the Bill."

The motion was adopted.

Clause 19, as amended, was added to the Bill.

Clause 20 was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 21 stand part of the Bill."

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir I move:

"That clause 21 of the Bill be omitted."

Clause 21 of the Bill requires that all banks and other institutions and individuals should give a list to the income-tax officer of all persons to whom they pay or have paid during the year, an interest of Rs. 200 or more. So long, the law required that if the amount was not less than 1,000 rupees such a list should be furnished to the income-tax officer. I think that was quite enough for the needs of the situation. Now, Government wants that all the amounts of Rs. 200 and above should be reported. There are many departments of a man's individual life which are regarded as sacred and financial dealings also fall under that category. I am told that there may be frauds. I frankly recognise that it is up to the administration to see that all avoidable frauds are detected and dealt with. When the taxable minimum is 2,000, it stands to reason that if a banker pays as sum of 1,000 he should inform the income-tax officer; but when the sum is only 200, it does seem hard that it should be made the duty of the banker or any individual to inform the income-tax officer of it. So, I think we might adhere to the old rule and not make matters so stringent. This is really in the nature of an inquisitorial proceeding and it lays a duty on private bankers and others which is unnecessarily hard. A person who deposits money naturally wants those accounts to be regarded as private. There is an amendment in the name of Mr. Chetty saying that a limit of 500 may be put. If that is the general sense of the House I shall gladly accept it but I would prefer the old limit of one thousand to remain. Sir, I move.

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

"That clause 21 of the Bill be omitted."

**The Honourable Sir James Grigg**: I am a little surprised at the attitude of Mr. Sri Prakasa when he assumes that every single interest payment is made to a man who has no other income whatever so that while the thousand rupees figure is below the exemption limit, there is no possible evasion of tax. That is not so at all. Suppose a rich man has Rs. 800 income from a large number of different banks and none of them have to:

return them, he can escape putting in his return of the whole lot. Some lowering of the limit of Rs. 1,000 seems to be absolutely essential if we are to avoid a great deal of evasion which goes on. Incidentally, if we get this information in bulk from the paying authorities it will avoid a good deal of badgering of the individual assessee, disbelieving their word and that sort of thing. It is in the interests of the individual. The case which is being made is the hardship to the banker concerned in having to make out these lists. It is quite easy to exaggerate that. It is merely a question of extracting work which is not of a very high order, for which large salaries are not paid to the clerks who are doing it. Under the United Kingdom system, the banker has not only to give the information to the income-tax officer but he himself actually deducts the tax and accounts for it to the Inland Revenue Authorities. I realise that there is a good deal of feeling about this. Again the banks are very fearful as they always are but I should like to reassure them as far as possible and deal with the timid brethren gently. If the House wants to meet their case to that extent, I think Government would be content with a figure of Rs. 400. I think Rs. 500 is getting rather dangerous, and a thousand rupees is certainly very dangerous. If the Honourable Member Mr. Chettiar likes to put in Rs. 400 instead of Rs. 500, I will accept it without further argument.

**Sir Cowasji Jehangir:** Sir, the Finance Member has put the case of the income-tax officer in his Department before the House. But, 3 P. M. he fails to realize the case of the assessee, and especially the case of the Bank that has to send in this statement to him to facilitate the work of his Department.

**The Honourable Sir James Grigg:** The case of the assessee is not involved here.

**Sir Cowasji Jehangir:** He makes light of the work that is to be done, and he wants the House to believe that low-paid clerks can do the work and therefore there is no hardship. He perhaps realizes that low-paid clerks have also to be paid to do the work. They do not do the work for nothing, and it is work done for his Department. He started with a thousand rupees by moving an amendment that all monies paid over a thousand should be included. Now he has come down.

**The Honourable Sir James Grigg:** Not at all. The present Act contains a thousand rupees; the expert Committee recommended one hundred rupees, the Bill as drafted made it Rs. 200; and as there is a good deal of fear on the part of the Banks—which I think is exaggerated, though I do not want to ignore it altogether—I am prepared now to take Rs. 400; I myself thought that is dangerous but I have got to realize that there is this fear abroad and I am prepared to meet it to that extent.

**Sir Cowasji Jehangir:** It is not a question of fear; it is a question of pounds, shillings and pence. The Act was amended to bring in a thousand rupees not in the Finance Member's time but before him the original Income-tax Act never contained that provision and the Banks have experience of what it costs to supply this information. I think my Honourable friend, Sir Homi Mody, gave an instance of the Bank with which he is concerned where 57,000 and 87,000 entries have to be made and sent in to the Department for one Bank.

**The Honourable Sir James Grigg:** I do not want to challenge the Honourable Member, but I would be extremely surprised to find that the number of entries is a fraction of the figure which he mentions.

**Sir Cowasji Jehangir:** He challenges facts which came from the lips of the Chairman of a Bank. (Interruption by the Honourable Sir James Grigg). Well, if the Honourable Member wants to convert this House into a Committee again, I am not quite sure whether you have any objection. Sir, the Finance Member has one great quality, and that is impatience. He is always jumping up. If anybody else jumps up, he immediately realizes that this is a Legislative Assembly. Well, Sir, the fact is that money is being spent by Banks and others. Will the Honourable Member compensate those people for the work that they do for his Department? Now, it has come to a question of bargaining here. Rs. 1,000 is the limit suggested by my friend, Mr. Sri Prakasa, and that is under the Act as at present. The Bill reduces the figure to Rs. 200; my Honourable friend, Mr. Sri Prakasa, wants no change to be made and desires that the figure should remain at a thousand. There is another amendment which says that the figure should be reduced to Rs. 500. The Finance Member put it up to auction and has made it Rs. 400. It is open to further bids. What is your bid in the European Group? (*An Honourable Member from the European Group:* "One thousand".) Here my friend wants a thousand, with which I am completely in accord. Now, Sir, I do not believe in this sort of auctioning business. What are the merits of the case? They are in favour of the amendment before the House. No change is necessary and there is no reason why the assessee should be made a detective department of the Income-tax Department.

**The Honourable Sir James Grigg:** It is not the assessee at all.

**Sir Cowasji Jehangir:** The Bank itself is an assessee. Anybody paying an income-tax himself is made to give this statement. An assessee is made a Department of the Income-tax Department to send in certain statements of his transactions with other assessees.

Now, Sir, I think, that the Act goes far enough and there is no reason whatsoever to change it and if change is necessary, let Government make a fair proposal that they should contribute towards the cost and there could then be no objection. I support the amendment.

**Dr. G. V. Deshmukh** (Bombay City: Non-Muhammadan Urban): On a point of information, does this apply only to Banks or does it apply to private bodies also?

**The Honourable Sir James Grigg:** It applies to everybody. The clause is general, it does not apply to Banks only, but the Honourable Member (Sir Cowasji Jehangir) quoted with some relish the figures given by Sir Homi Mody that there were 70,000 entries even under the present law. It is a matter of simply arithmetic, one thousand multiplied by seventy-thousand comes to seven crores; in other words, the particular Bank with which this gentleman is concerned pays in interest on its deposits and otherwise seven crores a year—which is absolute nonsense.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, I rise to support this amendment. Whatever we are saying from these Benches is called nonsense. Now, whatever the Honourable the Leader of the Opposition and the Honourable the Finance Member do outside the House, that is sense. I really feel then that in that case the Honourable the Finance Member may make a statement that these are the agreed amendments and the House should pass them, and then we can all go home tomorrow. Sir, I support this amendment. In my opinion, this figure of Rs. 200 will create a great hardship, not only to money-lenders and banks, to those who pay interest, but also to those who will receive the interest, and also for the Income-tax Department . . . .

**The Honourable Sir James Grigg:** Because they will be found out.

**Babu Baijnath Bajoria:** The thing is this. If any person gets Rs. 200 or Rs. 300 or even Rs. 400, the Finance Member is prepared to accept that, immediately a case may be started against him though his accumulated interest or receipt may not be Rs. 2,000, but still, immediately that information is given, that a certain person has received Rs. 400 or Rs. 500 from a certain person, then a case may be started and the poor assessee who is not taxable, who does not even come under the minimum limit of taxation, he will have to run after the Income-tax Department. And the Income-tax Department also will be put to much inconvenience and waste of public money.

**The Honourable Sir James Grigg:** We do not mind that.

**Babu Baijnath Bajoria:** I know that. The Finance Member does not care because we have to pay. He is only to spend. Whatever he gets from us, he spends merrily. So, I think that this will create great hardship both for the Income-tax Department and also for the assessee who will be harassed for nothing. My information is that even under the present rule of Rs. 1,000 Government have not been able to collect any substantial figure from this provision and I do not think they will get anything more if the limit is reduced. Further, there is one thing more. Each account of the assessee will be subject to a prolonged delay. It will have to be found out whom he paid Rs. 20 per month and whom he paid Rs. 25 per month in order to find out whether such payments have come to an aggregate of Rs. 400 per year or not. I think this is a vexatious clause and it should go.

**Mr. M. S. Aney:** Sir, I would like to know from the Honourable the Finance Member as to what was the actual effect of the working of the section as it is for the last few years. Has it really brought to the Government treasury an appreciable amount on account of these persons being compelled to give information of those persons to whom they had paid an interest to the extent of Rs. 1,000. It can be worked in two ways. This information may enable the Department to find out persons who would have been otherwise untaxed to be brought under the category of taxable persons or to find out persons who were under-taxed to be taxed at a higher rate on account of this amount being included in the total income. In any case, it should be possible for the Government to supply the House with a statement as to what excess revenue they were able to get on account of the operation

[Mr. M. S. Aney.]

of this particular section. That will be some basis for us to know whether any further reduction of the limit from Rs. 1,000 to Rs. 200 is useful from the point of view of the revenue itself, leaving aside the question of the harassment which it is bound to cause to the people at large. But on that point we are not given any satisfactory explanation so far as I have been able to understand.

As regards the point of harassment to the people, the Finance Member thinks that it is nothing that he can seriously think of. On the other hand, he thinks that the cost will not be very much because low paid clerks can be engaged and the work can be easily done. But what is the estimate of the cost, even according to him, that will have to be incurred in order to realise the money that he wants to gain by reducing the limit from Rs. 1,000 to Rs. 200? It is up to the House to know all these details before it is called upon to vote on it. As a second alternative, if this is not to be accepted, we shall have to vote for the unnotified amendment which the Finance Member himself has suggested, that is, to reduce the limit from Rs. 1,000 to Rs. 400. We shall vote for that as a last alternative. But before we are called upon to do that, I think the information which I have just asked for ought to be forthcoming. If there is no justification for this change, I see no reason why the law should be altered from Rs. 1,000 to Rs. 200.

**Mr. Sami Vencatachalam Chetty** (Madras: Indian Commerce): Sir, I just want to intervene in this debate for the purpose of dispelling the nonsense which the Honourable the Finance Member is suffering from. In the first place, he has misunderstood the argument used by Sir Homi Mody and, later on, by Sir Cowasji Jehangir. When he said that 70,000 persons were being paid an interest of Rs. 1,000 each, the bank was paying 7 crores of rupees in the shape of interest, it was utter nonsense. If a bank is called upon to furnish a statement of accounts of persons who have drawn from the bank an interest of about a thousand rupees a year, they have necessarily to go through all accounts. Does he mean to deny that there might be 70,000 accounts in a big bank? Otherwise, there is no meaning in characterising that statement as nonsense. The bank has got to go through every account to see whether a particular person has drawn his interest or not.

Then, Sir, there is another thing. For a person to have drawn a thousand rupees as interest from the bank, what must be his capital either on the current account or on the fixed deposit? The rate of interest on the current account is 1 per cent. and the rate of interest in the case of a fixed deposit in some big banks is about 3 per cent. What must be his principal in order that he may draw a thousand rupees in interest? In one case, it must be more than Rs. 30,000 and in the other case a series of transactions which would have resulted in the accumulation of interest of a thousand rupees a year. If the Income-tax Department is so inefficient as not to be able to assess those persons who are in a position to draw interest from these big banks of about a thousand rupees a year, I am afraid that that department must go. On the other hand, he can easily commission these banks and other people to collect taxes from them and pay them a commission instead of having a department which has got such a testimonial of inefficiency from the Finance Member himself. I do not find a rule like this in any of the Income-tax Acts

of other countries. Is there any rule in the United Kingdom calling upon these banks and other persons to furnish accounts of other persons? Certainly not. Why do you treat Indians as if they are criminal tribes and try to wring out information from all sorts of cross-references? What has happened to your Income-tax Inspectors, Income-tax Commissioners and the Central Board of Revenue? Why should these banks and other business firms be treated as enemies of the very customers with whom they have got to deal? Naturally, a customer would not like that his income should be divulged and that is one reason why we should avoid all big banks so that they may not be troubled with this work. This is how the self-respect of Indians is being attacked. There is absolutely no such rule in any of the Income-tax Acts anywhere else and I see no justification why that rule should be enforced in India.

**Mr. S. P. Chambers:** Sir, I am afraid the discussion on this point seems to have lost all sense of proportion. I want, first of all, to deal with what Mr. Aney asked for. He said: Are there any figures available to show of what value this information has been when the limit was Rs. 1,000? He said that the information ought to be available under two heads. Firstly, the amount of tax on the thousand rupees and more and, secondly, the increase in the rate due to these amounts. I can tell him at once that there is no information available, nor could there be in the nature of things such information for several reasons. First of all, the existence in an Act of a provision whereby the payer of a sum must furnish the information to the department as well as the recipient is an incentive to the recipient to return that sum. By way of analogy, may I refer Honourable Members, including Mr. Aney, to the case of employees? In the case of employees, the employer not only has to furnish particulars not once a year but once a month, but has to deduct the tax not at a fixed rate but at a rate which is determined in accordance with the individual's particular circumstances. The amount of work involved in the case of employees is vastly greater than the mere giving once a year one list of payments. The amount of work is quite small, even in the case of banks. Secondly, as to the value of the information certain points have been overlooked. First is the question that if the payer has to furnish the information the recipient will furnish it also to the department because otherwise he will be caught. The second and perhaps the more important point is not merely the assessment of the interest received but the assessment of other income which has been concealed by being put into the bank account. A man pays interest Rs. 400 or Rs. 500 to his bank account but if he places in that bank account large sums which represent profits undisclosed then the amount of tax which has been lost is far greater than the tax merely on that Rs. 400 or Rs. 500 interest. I know it as a fact and this is very important. In practice I have seen personally cases in which the income-tax officer has directly found under-assessment of thousands of rupees because of the receipt of the information of one item of interest. Therefore, the information is extremely valuable, just as the information about employees is valuable and just as with employees it is quite improbable that we would have full assessment on employees if employers do not disclose payments to employees. So, if we reduce this limit of one thousand to Rs. 200 as asked for in the Bill, it is almost certain that we shall get not only the tax on these sums but also tax on very much larger profits which have been concealed.

One further point which I think I made it quite clear and that is that this information does not involve very much work. It is very much



[Mr. S. P. Chambers.]

smaller than the work involved in the case of employers and employees. (Interruption.) Does the Honourable Member suggest to me that to furnish particulars once a month, to deduct tax once a month and fill up two forms once a month and pay the tax once a month is less work than giving one figure once a year?

**Mr. Sri Prakasa:** Does not the income-tax officer find out these figures by examining the books of the Bankers?

**Mr. S. P. Chambers:** I shall come to that point straightaway and in fact that is my last point. If the information is not furnished by way of statement, it is the practice and I have seen this practice in this country that the income-tax officers in the performance of their duties of assessing the bank or payer of interest do call for their books and they do keep those books for a pretty long time to find out particulars of payments to other persons. This has often been described as a harassment of the assessee and the amount of work involved in giving the list is, I say relatively small because it also prevents this harassment. Many persons would prefer to give a list of payments to the Income-tax Department rather than that their books should be kept by the income-tax officer who would himself extract the information.

**Dr. G. V. Deshmukh:** Will this be an honest list? Would you trust after all these banking concerns to give an honest list so that the income-tax officer will not be put to the trouble of making the list again.

**Mr. S. P. Chambers:** In the case of banks, certainly.

**Mr. H. S. Town (Nominated Non-Official):** Mr. Deputy President, I did not intend to speak on this amendment although I should have been quite willing to support it. Mr. Chambers has suggested that the work of giving a monthly return of the income-tax deducted from employees is considerably more than that that will be necessary to give this annual return. Now, Sir, one generally makes up one's wages list at the beginning of the year when increases are given and calculations are made as to what income-tax is to be deducted from employees and, even in large concerns, there are not very many employees who are earning over Rs. 2,000 a year. The calculation having once been made is automatic for the rest of the year. It is quite a simple thing. The vast majority of the returns put in, in December, might have been made out in March, the only thing that interferes with them is the possibility of a new clerk coming in or an old clerk retiring. That, Mr. Chambers tells us is a great deal of work. Now, Sir, the business Houses are quite solid that this reduction of Rs. 200 will give them an immense amount of work. Mr. Chambers tells us that the return of employees salaries will give even more work so that we say this is more work and he says the other one is the more work and from this it appears we are doing a great deal of work for Government, a work for which we are getting nothing. We have to keep special employees for making our returns and it seems to me that Government have not realised the amount of work that is entailed in going through all the accounts, searching out to see which one

has been paid thousand rupees a year in interest and if the amount is reduced to Rs. 200, the work is going to be considerably greater. Sir, I support the amendment.

**Mr. Brojendra Narayan Chaudhury** (Surma valley *cum* Shillong: Non-Muhammadan): Sir, everybody in the House is speaking about the big men about the big Banks Debtors who keep a lot of accounts in order to comply with the provisions of section 20A which clause 21 seeks to alter. But nobody seems to have thought of the poor cultivator debtor, many of whom in this country have to pay sometimes, in the aggregate, an interest of more than Rs. 200 to the village exacting moneylender. Sometimes at the end of the year he does not know how much he has paid because he generally pays in instalments and no regular account is kept by him. It is not reasonable for this House to expect that such a small illiterate cultivator should know the provisions of this Act. Under the wording of this clause "the persons responsible for paying the interest" is the debtor and, therefore, it is he that comes under the purview of this section. So this clause lays the duty upon the poor cultivator debtor who pays the interest to the *Mahajan* the duty of reporting on the 15th June succeeding the amount he has paid in the aggregate during the previous twelve months. So long as the amount involved was not small the cultivator was not touched. A cultivator does not ordinarily pay such a big sum as interest to the *Mahajan*. He does not pay so much as Rs. 1,000 ordinarily. It will, however, be quite a common feature in our rural economics to find numerous instances where the cultivator debtor has to pay Rs. 200 as interest to the moneylender. He does not know the provisions of the Act. He will not, therefore, report to the Income-tax officer. The income-tax officer will, therefore, have to go and search and prosecute him for not giving information and if the *Mahajan* is an honest person he will show that in his book, that such and such a cultivator debtor paid him Rs. 200 and it is very easy to prosecute the poor fellow. I ask, is it not too much of a burden? Is it not too much to ask an ignorant village cultivator, of small means, to do this? He will not know that there is an income-tax office or what and where this office is. So, I think this amendment should be carried and the original sum of Rs. 1,000 restored so that these small honest people may not be caught, not in the net of the tax, but in the net of the troubles which the Income-tax Department can always lay. There is room for corruption here. Indeed I think it is the duty of the Income-tax Department to prosecute that man because he has not supplied this information. With these words I support this amendment.

**Mr. Sri Prakasa:** Sir, if the House will permit me, I am quite prepared to change the figure from Rs. 1,000 to Rs. 400.

(Several Honourable Members: No, no.)

Then I ask the permission of the House to withdraw this amendment.

(Several Honourable Members: No, no.)

**Mr. Deputy President** (Mr. Akhil Chandra Datta): As objection has been taken, the amendment cannot be withdrawn. Therefore, the Chair will put it to the House.

[Mr. Deputy President.]

The question is:

"That clause 21 of the Bill be omitted."

The Assembly divided:

# AYES—10.

Abdur Rasheed Chaudhury, Maulvi.  
Aney, Mr. M. S.  
Bajoria, Babu Baijnath.  
Ghuznavi, Sir Abdul Halim.  
Ismail Khan, Haji Chaudhury  
Muhammad.

Jehangir, Sir Cowasji.  
Lalchand Navalrai, Mr.  
Maitra, Pandit Lakshmi Kanta.  
Parma Nand, Bhai.  
Som, Mr. Suryya Kumar.

# NOES—41.

Abdul Hamid, Khan Bahadur Sir.  
Ahmad Nawaz Khan, Major Nawab  
Sir.  
Ahmed, Mr. K.  
Ayyar, Mr. N. M.  
Bajpai, Sir Girja Shankar.  
Bartley, Mr. J.  
Bewoor, Mr. G. V.  
Chambers, Mr. S. P.  
Chanda, Mr. A. K.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur Cap-  
tain.  
Ghiasuddin, Mr. M.  
Gorwala, Mr. A. D.  
Grigg, The Honourable Sir James.  
Hardman, Mr. J. S.  
Jawahar Singh, Sardar Bahadur  
Sardar Sir.  
Joshi, Mr. N. M.  
Kushalpal Singh, Raja Bahadur.  
Mackeown, Mr. J. A.  
Maxwell, the Honourable Mr. R. M.  
Menon, Mr. P. A.  
Menon, Mr. P. M.

Metcalfe, Sir Aubrey.  
Mukherji, Mr. Basanta Kumar.  
Nur Muhammad, Khan Bahadur  
Shaikh.  
Ogilvie, Mr. C. M. G.  
Rahman, Lieut.-Col. M. A.  
Row, Mr. K. Sanjiva.  
Shahban, Mian Ghulam Kadir  
Muhammad.  
Sheehy, Mr. J. F.  
Sher Muhammad Khan, Captain  
Sardar Sir.  
Sircar, The Honourable Sir Nri-  
pendra.  
Sobha Singh, Sardar Bahadur Sar-  
dar.  
Spence, Mr. G. H.  
Stewart, The Honourable Sir  
Thomas.  
Sukthankar, Mr. Y. N.  
Sundaram, Mr. V. S.  
Talukdar, Mr. J. N.  
Yamin Khan, Sir Muhammad.  
Zafrullah Khan, The Honourable Sir  
Muhammad.  
Ziauddin Ahmad, Dr. Sir.

The motion was negatived.

**Mr. T. S. Avinashilingam Othettiar:** With your permission, Sir, I want to move my amendment with a small change. I move:

"That in clause 21 of the Bill, for the words 'two hundred' the words 'four hundred' be substituted."

This matter has been talked about sufficiently, and I do not want to add anything more. I move.

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

"That in clause 21 of the Bill, for the words 'two hundred' the words 'four hundred' be substituted."

**The Honourable Sir James Grigg:** Government have no objection to that.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in clause 21 of the Bill, for the words 'two hundred' the words 'four hundred' be substituted."

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 21, as amended, stand part of the Bill."

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clause 22 was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 23 stand part of the Bill."

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadian Rural): Sir, I move:

"That sub-clause (a) of clause 23 of the Bill be omitted."

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

I should say, this clause is known very much to the House, because, at the consideration stage, this clause was debated and many Members were of opinion—I know I am under this disability that this clause has been approved by the Select Committee but that does not mean that we should accept every clause as passed by the Select Committee—at any rate I think that clauses which affect the people or certain classes of people and create difficulty and harassment should be fully considered. This clause is a new clause we are adding. Old section 22 required that the income-tax officer should issue notices to such persons as are chargeable and who the officer thinks have to pay income-tax above the minimum amount. Therefore, the income-tax officer used to have a survey made and send out his examiners and inspectors to find out those who were liable to pay this tax: and then, he used to send out notices requiring them to sign and send a return of their income. This was a reasonable way of doing things. Now, what is attempted is this. The responsibility laid on the Income-tax Department is going to be removed more or less and they will have no responsibility up to a certain stage and they will be indifferent to find out, by survey, how many persons are liable to tax. They will not have to send out notices, because, according to this clause, everybody who has to pay income-tax will have to send the return himself. That is not all. The second point I have to make is that there will be a great deal of harassment and trouble and inconvenience to people to make a return, not after being asked, but by mere publication in the press, by giving what is called a general notice. We know what these notices are and how they are availed of. What is now required is that before the 1st May of each year the income-tax officer will give a notice of publication in the press and by publication in the prescribed manner, requiring every person whose income exceeds the maximum amount which is not chargeable to income-tax, to furnish, within such period not being less than thirty days, a return in the prescribed form and verified in the prescribed manner,

[Mr. Lalchand Navalrai.]

setting forth his total income during the previous year. I submit that in the first place a general notice of this character is not even taken notice of in practice. People in India are not so literate as their brethren in the West. There, in all advanced countries, everybody reads papers, and they cannot get on without reading newspapers. That is the first duty they do every morning, and then they come to know of certain notifications and so on. . . . .

**Mr. S. Satyamurti** (Madras City: Non-Muhammiadan Rural): Oh, do you think they read notifications?

**Mr. Lalchand Navalrai**: Yes, of course.

**Mr. S. Satyamurti**: They read sports news!

**Mr. Lalchand Navalrai**: I have gone to England and I have seen how they cannot live without reading newspapers, because, even in trains and buses, one could see the people reading papers in England. Therefore, their position is absolutely different. In one breath some Members on my right say: "Oh, people here are very poor and illiterate", while in another breath they say, because they have agreed to certain proposals in the Select Committee,—this is all an eye wash. Sir, I am a lawyer, and I know how these notices are served. A notice is generally published in some select papers, and not in all papers, and you cannot expect everybody to read every paper. Therefore, a general notice published in some select papers will not serve the purpose. This is a point which requires serious consideration. Now, in the old procedure, it is stated that the Income-tax officer may issue a notice. But my point is, why 'may', why not 'shall' issue a notice as he is doing now if he finds that a person is chargeable. My point is that the responsibility of issuing a notice by the income-tax officer should not be done away with. It is said here that the notice is to be given to a person when the income-tax officer thinks that that person is chargeable. I cannot understand the philosophy of it. I may have a particular amount of income, and I may think that I am not chargeable according to the calculation I myself have made, because I shall be calculating the allowances and other things due to me, and I would think that my income is less than Rs. 2,000, and I would not submit my return. But when the income-tax officer happens to know that I have not submitted my return, he will calculate my income according to his own method, and he may not give me any allowance which otherwise he would have given me; on the other hand, I shall be penalised. If the income-tax officer has failed to send me a notice, he is not penalised, but my failure to submit a return even without getting a notice will be visited with a penalty.

Then, Sir, in clause (c) in section 32 we find that for not submitting a return there is a penalty attached, and the penalty is much more than the penalty that is now charged under the present law. Under the present law, if a man does not furnish a return, the penalty is one tax, but under the new law it will be double the amount. I, therefore, submit, Sir, this is really a very harsh provision.

Then, in clause 32, present section 28, it is provided that where a person has failed to comply with a notice under sub-section (2) of section 22 or 34, and proves that his income is liable to income-tax, the penalty imposed shall be not less than Rs. 25, but that does not apply to this. Then, there is this clause that a penalty for failure to furnish a return of total income shall be imposed upon an assessee whose total income is less than Rs. 3,500, unless he has been served with a notice under sub-section (2) of section 22. It might be said that a man who has a maximum income, which is not more than Rs. 3,500 will not be given any penalty. But that is no concession at all.

My first point is that the issue of a general notice is a very wrong way of doing things. The man should be given a specific notice, and if he does not submit his return within a reasonable time, then, of course, it would be perfectly justifiable to give him a penalty, but not as much as it is provided here. The burden should not be thrown on the person to submit the return, but it should be on the Income-tax Department. Under these circumstances, I hope the House will accept my small amendment. Simply because the Bill has emerged out of the Select Committee with certain amendments, we should not give it our whole-hearted support, but the House should give serious consideration to what I have stated here, and I hope. . . .

**An Honourable Member:** You are hoping against hope. There is an alliance now.

**Mr. Lalchand Navalrai:** I know there is an alliance now, but there is also some sense in some quarters of the House, because we often hear nonsense also. Let me see what proportion of sense is shown here in connection with my amendment. I hope this amendment of mine will be accepted.

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

"That sub-clause (a) of clause 23 of the Bill be omitted."

**Mr. T. S. Avinashlingam Chettiar:** Sir, we had grave fears about this clause as it stood in the original Bill, and many of us expressed our fears. I am afraid that my Honourable friend, Mr. Lalchand Navalrai, has not seen what the Select Committee has done in this matter. They have considerably improved upon this. They have added two provisos, and the one that is relevant to this matter, says this: "No penalty for failure shall be imposed on an assessee whose total income is less than Rs. 3,500 unless he has been served with a notice under sub-section (2).....". That means that anybody who has an income up to Rs. 3,500 on which income-tax is liable, unless he has a specific notice to himself under sub-section (2) of section 22, will not be held liable. But, Sir, let me tell my friend, Mr. Lalchand Navalrai, that very few people in this country get more than Rs. 3,500.

**Mr. Lalchand Navalrai:** How many illiterate persons are in Madras?

**Mr. T. S. Avinashilingam Chettiar:** How many literate persons do banking?—People who do not know English, how many people go to Court or write down documents very well—people who do not know English? I submit that this argument that people are not literate should not come in the way; ignorance of law is no justification. This is mainly directed not against illiterates, it is directed against doctors, against lawyers, who, I may say, have an income of Rs. 2,000 or above, get no notice and escape tax.

**Mr. M. S. Aney:** What is the meaning of saying that this is directed against one class, and not illiterate persons, who are bound to be roped in?

**Mr. T. S. Avinashilingam Chettiar:** I will not say, only illiterate persons, but what I mean is this. One who gets more than Rs. 3,500, I do not put him down as an illiterate. May be, he knows not to read or write, but he has got a knowledge of the world to manage an income of Rs. 3,500. I suggest that a man with less than Rs. 3,500 income has been sufficiently protected by this proviso. He won't be liable to any punishment when not making a return under section 22(1).

**Dr. G. V. Deshmukh:** You say that this is directed against doctors? Is it not meant against money-lenders?

**Mr. T. S. Avinashilingam Chettiar:** Against everybody who want to evade; but what I mean is this. Let me take illiterate persons, who get more than Rs. 3,500 and those who get less than Rs. 3,500. In one case, they do not escape, the penalty provided in section 28, whereas in the other case they do. The Select Committee has considerably improved the section and safeguarded the smaller assessee. I oppose the amendment.

**Mr. M. S. Aney:** I am really surprised that my Honourable friend, Mr. Avinashilingam Chettiar, has got up to oppose this amendment. I do not know how he thought that this amendment should be opposed by him. It is perfectly clear that this is a new provision that is being made. I do not deny credit to the Select Committee for having improved upon the position that existed under the original Bill; in fact, that has never been denied by anybody here. But the question is one of principle. Should the Income-tax Department enjoy the immunity of doing its duties properly because newspapers exist and the department sends a notification to the newspapers to the effect, let all concerned know that they should submit their returns by such and such a date; else they shall be liable to penalty under section 30 and so of the Income-tax Act. Persons should take notice of that, and if they fail to do that, they should be made to submit to the penal clause. I can understand that as one of the ways of notifying the thing, but why should the duty, which the Income-tax Department has been performing all these years, about which nobody has made any complaint as being a duty which was incapable of being properly performed by them—if that is so, I do not see why they should be relieved of doing that thing. Secondly, they want to impose a penalty as they do under section 32, upon persons who have to pay income-tax, on an income of above 3,500, who are only liable to penalties under section 32, I can make no distinction between these two cases as a matter of principle. Why is it that one man without notice can escape penalty and another man

without notice cannot escape penalty? The principle is the same. If the newspaper is there, it is not because people who have income below Rs. 3,500 must be taken as persons who are incapable of reading newspapers or incapable of taking notice of that thing, and others are the only persons who must be expected to read newspapers. That distinction cannot be drawn. The distinction is only based on this, if I have understood the Leader of the Opposition in the general speech which he made. He said, that the income relates to the borderland between the taxable minimum and the minimum below which there is no taxation at all. It is possible that persons having income of Rs. 2,000 may or may not be in a position to know whether they have got that income and, therefore, sufficient margin has been left. That is the idea of fixing the amount of Rs. 3,500. But the principle on which the clause is objected is this, that there is absolutely no case made out for the department as to why they should not take the trouble of issuing a notice which they ultimately have to issue if they want to recover money from the person whose income is below Rs. 3,500. Take also into account the number of persons who will be affected. It will be a large number, much larger than the number of persons left out, and we have been told that the majority of persons assessed, under the income-tax Act is between Rs. 2,500 and Rs. 3,500 incomes. If that is so, what they are going to do as a matter of course for the majority of the assesses, they should not be relieved of doing for the remaining number of assesses. From that point of view there is no question of inconvenience also. Therefore, I do not see the propriety of allowing the department to enjoy the immunity of issuing notices and penalising persons for not submitting their returns in accordance with the provisions which will come into force if this clause be enacted. I, therefore, support the amendment moved by my Honourable friend, Mr. Lalchand Navalrai.

**Mr. S. P. Chambers:** I, at an earlier stage, explained one or two things about this section, but I think my explanation was not entirely understood. So, I hope I shall have the indulgence of the House if I may repeat one or two things which I said, I think it was, last week. First of all, this clause has to be read with the penalty clause No. 32, because it is useless compelling people to do things unless you provide penalties if they do not do them. Therefore, the operative part of the Bill in this connection is not so much this clause as clause 32. The point which has just made by my Honourable friend, Mr. Aney, is that some people who get more than Rs. 3,500—who are the only persons incidentally who would be liable to a penalty if they fail to comply with the general public notice,—may be illiterate persons, and, therefore, it is unfair even in their case to impose a penalty for failure to make a return in response to a public notice when they have not had an individual notice as well.

**Mr. M. S. Aney:** I did not base my contention on illiteracy at all.

**Mr. S. P. Chambers:** I am sorry. I think Mr. Lalchand Navalrai made that point. Under section 32 if there was any reasonable cause for not having made a return,—any reasonable cause—in response to the notice, then no penalty can be exacted. And if a person is illiterate and has not seen the public notice, that clearly is a reasonable cause and no penalty can be exacted.



**Mr. Lalchand Navalrai:** You are throwing the burden on him, instead of on yourself?

**Mr. S. P. Chambers:** In any case, although the burden is upon him to make the return, if he is illiterate he cannot be penalised. That is the point.

Now, the question of Rs. 3,500 has been a little misunderstood. I should like to make it quite clear that the intention is—it is quite clear from the wording of part 2 of that clause, that the income-tax officer will continue, as in the past, to give notices to every person whom he considers liable to assessment. There is no difference there. This addition in clause 1 of a public notice corresponds to the provision in the United Kingdom Act where no individual notices need be given in any case. The general public notice is posted up on church doors and in public places, they are not even put into newspapers; and that is considered sufficient notice. Everybody then whom the income-tax officer thinks is liable will get a return. Such persons who fail to comply with the public notice who have incomes less than Rs. 3,500 can be assessed in respect of their income and there is clearly no reason why they should not pay the income-tax but cannot be penalised. Persons who get more than 3,500 total income can also be penalised. The distinction is that a person may have an income which is about Rs. 2,500 and may not know his exact income and, therefore, may not make a return but the person who has an income of over Rs. 3,500 must know that he has an income of roughly that amount. He cannot think that his income is only Rs. 1,500 and, if he fails to comply with the notice when discovered, he should be penalised for failing to comply with the notice, even though the income-tax officer may not have found him out at the time.

That brings me to the question as to why the income-tax officer has not found him. It might be suggested that there are very few people in India with incomes in excess of Rs. 2,000 and those who have such an income ought to be obvious to the department. That is perfectly true in small villages where the people who have incomes of over Rs. 2,000 are somewhat prominent. In those cases this clause is likely to make very little difference because the income-tax officers already know them but the position is entirely different in the larger towns. There, people move about from place to place and from residence to residence and they open a business in one place and have several branches. It is very difficult for the income-tax officer, without any assistance, to make quite sure that he has caught everybody who has an income over Rs. 2,000. For this reason provision has been made penalising people who fail to disclose their position and for enabling the income-tax officer to go into the premises to investigate. Those two provisions are necessary and without them I am quite sure that quite a lot of cases will be missed altogether. It is not merely a matter of persons being under-assessed but of persons failing to be assessed at all.

There is another point. In some places it is possible—I do not want to overstate the position—that there may be collusion between an officer of the department or even a non-gazetted employee of the department to arrange that notices shall not be delivered on persons who are believed to be liable to tax. That of course is a criminal act but it may happen. I think we must take that into account in this country.

Then, I must mention that in some places technical objections have been taken on the ground of notices not having been properly served. That is a very difficult matter to deal with and an assessee will avoid notices being served and refuse to receive the envelope. If he personally refuses to receive the envelope, then he can be treated as having received it but experience, in at least two large towns in India, is that some assesseees keep out of the way of the department. We want to catch them and if we broadcast public notices, persons having an income liable to assessment will be liable to make a return, and this will save us from the difficulties of these technical objections. That is all I need say. I oppose the amendment.

**Mr. Sami Vencatachalam Chetty:** I am aware that persons who call themselves experts—their qualification is to mislead themselves, but Mr. Chambers is assuming a different role when he wants to mislead the House.

**Mr. S. P. Chambers:** Sir, that, I suggest, is rather an improper remark.

**Mr. Sami Vencatachalem Chetty:** I will presently show how by quoting the United Kingdom law he really intended that this House should give sanction for this provision. He said that in the United Kingdom it is the rule that general notice is enough to the persons affected for the necessity of sending a return of income-tax. But he failed to mention to the House that there is no penalty attached when a person does not send up his return.

**Mr. S. P. Chambers:** May I correct the Honourable Member? I say quite emphatically that there is a penalty in such circumstances. I have not got the United Kingdom Acts here but I can give the references to the Honourable Member.

**Mr. Sami Vencatachalam Chetty:** I have got the United Kingdom Codification report wherein they specifically recommended that having regard to the fact that these general notices are expensive and serve no purpose, they might be dispensed with and particular notices might be issued in place of general notices.

**Mr. S. P. Chambers:** On a point of explanation. The Honourable Member suggested that I misled the House as to the United Kingdom law. I was not talking about what the Committee suggested might be done at some future time, and which has not been accepted. My submission was about the United Kingdom law, as it exists.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair hopes it was not suggested that the Honourable Member (Mr. Chambers) deliberately misled the House.

**Mr. Sami Vencatachalem Chetty:** Not at all. Paragraph 154 says:

"It hardly appears possible to rely on general notices for the purpose of the institution of proceedings against persons who fail to deliver returns and we ascertained that in practice. . . ."

**Mr. Chambers:** In practice, not in law. It is perfectly good in law.

**Mr. Sami Vencatachelam Chetty:**

"... reliance is not placed upon them for this purpose. Proceedings of failure to make a return are not taken against a person unless a particular notice has been sent to him."

For these reasons, we propose that the general notices should be discontinued and, consequently, the Bill omits all reference to them.

**Babu Baijnath Bajoria:** I rise to support this amendment moved by Mr. Lalchand Navalrai. As far as I have been able to go through the opinions received, most of them were definitely opposed to the insertion of this clause. All chambers of commerce and other bodies were opposed to this drastic provision in the law. I do not want to repeat what the previous speakers have said but I want to put one question to Mr. Chambers. He says that this section has to be read with section 28, the penalty clause. I agree with him there. Suppose I am an illiterate person and do not read newspapers. Supposing I am collared by the income-tax officer, "why have you not submitted this return" and I say, "I have not seen the newspapers, I have not seen the publication, I do not know to read and write", will that be a sufficient excuse?

**Mr. S. P. Chambers:** In my opinion, it would.

**Babu Baijnath Bajoria:** Now, I do not understand this difference between an income of Rs. 3,500 and an income of over that sum, because as far as literacy is concerned, well, people earning more are in many cases much less literate than people earning less. As regards the penalty proposed, I think we will deal with it when the penalty clause comes up but at the present moment I can only say that the penalty proposed is, to say the least, very exorbitant. I would say that as regards this new provision which is being inserted, it would take some time before people generally become accustomed to it. A penalty as proposed under section 28 of twice the amount is simply absurd. I will talk more about the penalty clause afterwards as I have got amendments but I think that this provision ought to go and I support the motion.

**Sir Muhammad Yamin Khan:** Sir, I do not think such a kind of hardship as has been described on the floor of this House is likely to occur in most of the cases. There might be one or two cases where there might be some kind of difficulty but certainly the Select Committee was not altogether ignoring this point of view. They were quite alive to these difficulties which might arise and for this purpose they thought that some kind of limitation must be made on the income below which people should not be penalized for the sending in their return. Of course we had several figures examined but ultimately we came to the point that Rs. 3,500 would serve the purpose from all points of view. Then people who do not send in their return will not be *ipso facto* liable to penalty but they will have some kind of explanation to give and the wording has been made purposely by the Select Committee that unless they show some sufficient reason or cause, this is to happen. The man whose income is below Rs. 3,500 is not liable to any penalty on account of the general notice but only in that case when he fails to send in his return on having been asked by the

income-tax officer specially to send in a return and in that case only the man will be liable to a penalty. It had been made out by my Honourable friend, Mr. Lulchand Navalrai, that there are lots of illiterate persons who have got an income far more than many literate people have got. Certainly that is so, but the people who enjoy such big incomes, if they cannot read or write themselves, employ some other people who carry on their business and who do their accounting work and who do some kind of reading for them; you cannot expect that a man carrying on a business worth a lakh of rupees or Rs. 50,000 has no *munshi* whatsoever. He must have got some kind of *munim*, some kind of literate person keeping up his accounts.

**Dr. G. V. Deshmukh:** Well, there are Members who do not read even the Select Committee Report.

**Sir Muhammad Yamin Khan:** We are fully alive that India is a poor country and every man cannot afford to be educated, but we are dealing with the class of men who have ample money and ample opportunity to get themselves acquainted with facts if they so desire, apart from the teeming millions of people living in the villages. Then, it is laid down that on or before the first day of May in each year this is to be done. There may be hardship in the first year, but everybody will know as the successive years come that after the first of May he must expect a thirty days' notice; and if my friend's amendment for sixty days may be accepted, then it will mean that every man will be getting sixty days' notice from the 1st of May. That is, he will have to do this by the 30th July, which is quite ample. I do not think under these circumstances there is any force in these arguments and oppose the amendment.

**Mr. Bhulabhai J. Desai:** Sir, out of deference to my Honourable friend, Mr. Lulchand Navalrai, I beg leave to explain the position in which we feel justified in opposing this amendment. My friends talk so much about ignorance and literacy and all the rest that it is rather difficult to meet general charges as if every man was being harassed. My friends will please look at the list of assesseees now. It is 2½ lakhs, and I will add another fifty thousand to it if my friends feel that that is the number so as to include the people who probably now lie low and do not send in returns. Now, it is one in a thousand of the population of British India; and if my friends seriously tell me and this House that one in a thousand who has an income of about Rs. 3,500 is so extraordinarily ignorant that you are harassing him by this provision, then all I can say is that I fail to see it on the facts. On words, you can prove it no doubt, but not on the facts. So let us not talk in terms which put us to a certain amount of difficulty,—as if a general case is made out and I have got to get up and contradict my friends. I think we must not draw too much on our imagination and create a night-mare which does not exist. Sir, I oppose the motion.

**Mr. President (The Honourable Sir Abdur Rahim):** The question is: "That sub-clause (a) of clause 23 of the Bill be omitted."

The motion was negatived.

**Mr. Sri Prakasa:** Sir, I beg to move:

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (I), for the word 'thirty' the word 'sixty' be substituted."

Sir, I have only a few words to say on this amendment. An innovation is being made. Even those of us who are used to getting our yearly notice for a return of income very often have to write to the Income-tax officer to extend the date. I, invariably, do it every year for the simple reason that I have accounts in another province besides my own and it does take some time for all the accounts to be gathered together. Whenever I get a notice asking me to present my returns within a few weeks, I request the returning officer to extend the time, and I must thankfully recognise, that this request is invariably granted, and I get a further extension of time. I, therefore, feel that when those of us who are used to submit returns year after year require extra time, those who are now for the first time, expected to be brought within the purview of the Act through a peculiar method of public advertisement, would certainly want a little more time, at least, in the beginning till we all get used to the new system, and I am sure the House will concede to them this little privilege.

Sir, I move.

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

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (I), for the word 'thirty' the word 'sixty' be substituted."

**The Honourable Sir James Grigg:** Sir, Government certainly do not intend to oppose this amendment and perhaps the House will bear with me when I say this that in the next sub-section of this clause which deals with the specific notice the time-limit is one month. The Mover of this amendment proposes, in the case of the general notice, to extend the time to two months and I propose to accept his suggestion. The reason is that in the great majority of cases the assessment work is done on specific notices and if we propose to proceed for penalties against people who have failed to comply with the general notice only, I think there is something in his argument that in their case we should not rush in at the end of a month but wait for another month. In the next sub-section we are proceeding by way of specific notice and there the time is one month and, I think, there is certain logic, having regard to the basis of our proposal, in there being a shorter period for a specific notice.

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

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (I), for the word 'thirty' the word 'sixty' be substituted."

The motion was adopted.

**Mr. K. Santhanam:** Sir, I move:

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (I), after the words 'total income' the words 'and total world income' be inserted."

Sir, this information is required for fixing the rate of the assessee who has got a foreign income. Sir, I move.

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

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (1), after the words 'total income' the words 'and total world income' be inserted."

**The Honourable Sir James Grigg**: Sir, Government raise no objection either to this amendment or the correlative one, No. 361.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair will take amendment No. 361 next if that will suit the House.

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

"That in sub-clause (a) of clause 23 of the Bill, in the proposed sub-section (1), after the words 'total income' the words 'and total world income' be inserted."

The motion was adopted.

**Mr. K. Santhanam**: Sir, I move:

"That to sub-clause (b) of clause 23 of the Bill, the following be added at the end:

'and after the words 'his total income' the words 'and total world income' shall be inserted'."

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

"That to sub-clause (b) of clause 23 of the Bill, the following be added at the end:

'and after the words 'his total income' the words 'and total world income' shall be inserted'."

The motion was adopted.

**Mr. T. S. Avinashilingam Chettiar**: Sir, I beg to move:

"That in sub-clause (b) of clause 23 of the Bill, the following be added at the end:

'and to the said sub-section the following proviso shall be added; namely:

'Provided that the Income-tax Officer may in his discretion extend the date for the delivery of the return'."

Sir, in section 22 (1), which relates to general notice, discretion is allowed to the Income-tax officer to extend time for the production of the return by the assessee. Sub-section (2) of section 22 provides that notices may be given to individual assesseees and by this amendment I seek to make a provision by which the Income-tax officer may extend time for the making of the return of these assesseees. Sir, I move.

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

"That in sub-clause (b) of clause 23 of the Bill, the following be added at the end:

'and to the said sub-section the following proviso shall be added; namely:

'Provided that the Income-tax Officer may in his discretion extend the date for the delivery of the return'."

**The Honourable Sir James Grigg:** Sir, this merely represents the existing practice and therefore Government have no objection to incorporating it in the Act. My only regret is that we are extending the length of the Act to a rather alarming extent and that for no useful purpose.

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

"That in sub-clause (b) of clause 23 of the Bill, the following be added at the end:

'and to the said sub-section the following proviso shall be added; namely:

'Provided that the Income-tax Officer may in his discretion extend the date for the delivery of the return'."

The motion was adopted.

**Mr. Sami Vencatachalam Chetty:** Sir, I move.

"That sub-clause (c) of clause 23 of the Bill be omitted."

Sub-clause (c) of clause 23 runs thus:

"In sub-section (3), the words 'and any return so made shall be deemed to be a return made in due time under this section' shall be omitted."

My amendment seeks to restore the section to its original state in the Act of 1922. Sub-section (3) of section 22 runs thus:

"If a person has not furnished a return within the time allowed by or under sub-section (1) or sub-section (2), or having furnished a return under either of those sub-sections, discovers any omission or wrong statement therein, he may furnish a return or a revised return, as the case may be, at any time before the assessment is made, and any return so made shall be deemed to be a return made in due time under this section."

That is to say, if a person sends a return which is defective and later rectifies it by sending a supplementary return before the assessing officer has looked into his account or assessed his income, such a return should be considered to be a return filed in due time, so that he may escape the penalty, if any, that may be imposed for non-submission of return. I should think that a provision of this sort will rather help the tax-gathering department if the assessee himself volunteers any omission which he might have unintentionally made in the original return.

At the same time, he will be trying to escape from the penalty that may have to be imposed for submission of a wrong or a defective return or a return with a wrong statement. It might be said that under the subsequent clause there is no penalty attached for sending a subsequent return before the time of assessment. I am afraid however that the other clause namely 28 (1) may be applied in the case I have in mind. Therefore I am desirous that the assessee who *suo motu* furnishes additional information in regard to his assessment return should not be penalised for doing it. It may be stated by the Government that he might have got scent of some information from the department and just to escape the penalty he might be supplying the omission before the time of the assessment. Well, that may be so. It is also possible that the mistake might not be discovered at all in the income-tax office but it will be within the knowledge of the assessee and who on account of the fear of penalty might himself volunteer the statement before the time of the assessment. In any case it does not seem to me that the department or the tax gathering work will be affected by treating such returns as filed in due time. I move, Sir.

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

"That sub-clause (c) of clause 23 of the Bill be omitted."

**The Honourable Sir James Grigg**: Sir, the Honourable Member opposite has made a case which cannot possibly happen because no penalty can be charged under section 28 (2) if, for any reasonable cause, a proper return has not been filed. The only case that he is seeking to benefit under this cause is the man who knows he has been found out and who rushes in with a correct return in order to escape penalties. I suggest that that is not the kind of case that this House wants to be lenient to.

**Mr. Lalchand Navalrai**: Sir, I have a similar amendment, and, therefore, I wish to support this amendment and say a few words. Sir, I cannot understand why when on account of certain omissions a wrong statement has been made, and when the assessee furnishes a correct return later on, he should be allowed to do so, but he should not be considered to have filed the return in due time. I will now read the section as it stands at present:

"If any person has not furnished a return within the time allowed by or under sub-section (1) or sub-section (2) or having furnished a return under either of those sub-sections, discovers any omission or wrong statement therein, he may furnish a return or a revised return as the case may be, at any time before the assessment is made, and any return so made shall be deemed to be a return made in due time under this section."

I submit, Sir, that these words:

"any such return shall be deemed to have been made in time,"

are being taken away absolutely by this Bill. In the Bill these words have been omitted. I submit these words are very necessary. If you are going to allow an assessee on account of certain irregularities or omissions or mistakes to furnish his return, then you are actually receiving it after the time. If you are receiving it after the time why should it not be deemed to be within time. The object is that even though he should be allowed to furnish the return, the income-tax officer will say it is not deemed to have been return in time. I submit that so far when he is being allowed to give his return after a time, why should it not be considered to be within time and no penalty imposed for the purpose. It is being said he may give good reasons which have to be judged by the income-tax officer. The income-tax officers are bent upon only one thing that is to take penalty and make more money. This was admitted by the Honourable Member, Mr. Chambers, while he was speaking on another amendment. We do not expect that compassion or that generosity from the income-tax officers in these things. They only know how to get money. What is the use of putting reasonable cause? It will only mean the whim or the pleasure or the discretion of the income-tax officer.

**The Honourable Sir James Grigg**: Appealable.

**Mr. Lalchand Navalrai**: I submit this amendment is very necessary and that the present law should continue.



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

"That sub-clause (c) of clause 23 of the Bill be omitted."

The motion was negatived.

**Mr. J. F. Sheehy**: Sir, I beg to move:

"That for sub-clause (d) of clause 23 of the Bill the following be substituted :

'(d) in sub-section (4), the words 'on the principal officer of any company or' shall be omitted; and after the words 'on any person' the words 'who has made a return under sub-section (1) of section 22 or' shall be inserted'."

Sir, the only change made from the recommendation of the Select Committee is the last part of this amendment. The reason for it is that as sub-section (1) of section 22 stands at present you get the absurd position that if an assessee files a return under sub-section (1) of section 22, you cannot call for his accounts until you have issued another notice under sub-section (2) of section 22 calling for another return. The amendment is designed to get rid of this absurdity. Sir, I move.

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

"That for sub-clause (d) of clause 23 of the Bill the following be substituted :

'(d) in sub-section (4), the words 'on the principal officer of any company or' shall be omitted; and after the words 'on any person' the words 'who has made a return under sub-section (1) of section 22 or' shall be inserted'."

**Qazi Muhammad Ahmad Karmi**: I only want to point out that the words " 'on the principal officer of any company or' shall be omitted " already exist in the Bill.

**Mr. J. F. Sheehy**: We are substituting this amendment for the whole of sub-clause (d).

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

"That for sub-clause (d) of clause 23 of the Bill the following be substituted :

'(d) in sub-section (4), the words 'on the principal officer of any company or' shall be omitted; and after the words 'on any person' the words 'who has made a return under sub-section (1) of section 22 or' shall be inserted'."

The motion was adopted.

**Mr. Sami Vencatachalam Ohetty**: Sir, I beg to move:

"That to sub-clause (d) of clause 23 of the Bill, the following be added at the end :

'the following further provisos shall be added, namely :

'Provided further that in respect of the account books and other records pertaining to foreign business the officer shall not call for such account books and records if a certificate of income of the income-tax authority in the country of business is produced or in regard to countries where there is no income-tax, or where such certificates cannot be produced without delay, audited statements of accounts are produced :

Provided further that for the purposes of section 23 (2) such certificates or audited statements of accounts shall be taken to be conclusive evidence'."

I do not think many words are necessary in support of this amendment since the Honourable the Finance Member in an interruption to my speech on the motion for consideration of the Bill asked why audited statement of accounts should not be produced in the place of account books which cannot be easily produced for the purpose of assessment in India from foreign countries. I think the difficulty of producing account books of businesses in this country itself is bad enough. In the United Kingdom we do not find any provision to demand for the production of account books. What is necessary is to produce an audited statement of accounts. Therefore, it was, there was no chance for the department to discover whether the United Kingdom assessee was maintaining more than one set of account books or not. I hope, Sir, that in so far as the foreign income is proposed to be calculated along with the inland income in regard to taxation, this difficulty of production of account books may be spared to the assessee.

**Mr. Lalchand Navalrai:** Sir, I rise to a point of order. Clause 4 which relates to foreign income is not yet before the House and as this amendment relates to the same subject of foreign income I request the Chair to take it up later.

**The Honourable Sir James Grigg:** Foreign income is taxed already on a remittance basis and the Honourable Member who moved this amendment complained, I think, that books were called for in connection with the remittance basis of taxation so that this amendment is not conditioned by the change into the accrual basis. And after the House has heard what I have got to say I think it is quite possible that the Honourable Member will withdraw the amendment. I am giving him a certain assurance. The amendment is too wide in this sense that it precludes . . .

**Several Honourable Members:** The Honourable Mover has not finished his speech.

**Mr. Lalchand Navalrai:** What about my point of order?

**Mr. President** (The Honourable Sir Abdur Rahim): It appears to be quite in order as the present law provides for taxation of foreign income remitted to India. The phrase "account books" here is in general terms and does not relate to any particular class of income.

**Mr. Sami Vencatachalam Ohetty:** I grant, Sir, that this amendment covers remittance as well as the accrual basis. It does not necessarily follow that this amendment will go away in case the accrual basis is not considered by the House. But the Finance Member just now revealed to the House that if I withdrew this amendment he would give an assurance about the non-production of account books.

**The Honourable Sir James Grigg:** The Honourable Member must listen to my assurance first and see if it satisfies him.

**Mr. Sami Vencatachalam Ohetty:** I do not know what kind of assurance the Honourable Member means, whether it is merely an assurance on the floor of this House which does not form part of the law, or whether he is

[Mr. Swami Venkatachalam Chetty.]

going to make a statutory provision by way of an improved amendment. That is what the House would like to know before I may be permitted to withdraw my amendment. At any rate we have no such assurance now. I should think that this provision must be accepted by the House in so far as it will be a great relief to those assesseees who would otherwise be compelled to produce account books of various branches of his concern. As it is, the income-tax officers exercise powers which are not statutorily given. As a matter of fact it was admitted by Government in the course of this debate that the power to search for account books has not yet been invested in income-tax officers; still they have been exercising this power without authority. So the House must be very chary indeed in giving any additional powers to this Income-tax Department. The production of account books is one thing and the production of records and documents is much more difficult than the mere production of account books. It may be that in so far as an assessment can be opened for examination for a number of years backwards it very often does happen that a record or a letter which forms a very important basis for calculating the income might not be available to the assessee at the time, either due to misplacement or due to submission to a court or owing to some other cause; and the production of such documents on the compulsion of the income-tax authorities will create great hardship. I have got a number of instances to show that the authority of the Income-tax Department is exercised very tyrannically over the small assesseees and it is very difficult indeed to get out of the clutches of this department. I have known instances of small tradesmen being compelled to account for the purchase and disposal of their stock materials. In fact these small people do not know how to keep accounts much less to keep accounts on the lines suggested by the Income-tax Department. The officers of that department are very technically qualified people. They know how to keep accounts according to the modern system and they are not aware of the various kinds of account keeping practised among the several communities. For instance, the Gujratis and Marwaris have a particular system of accounts while the Chettiars of the South have got a different system, and the Muslim merchants have a third system of accounts. It is very difficult even for persons well-versed in commercial accounts to understand the manner of keeping their accounts, much more so for those officers of the Income-tax Department who have studied only one system, i.e., the English system of book-keeping. It is very difficult to satisfy these income-tax officers and particularly when they are anxious to assess a person to his utmost limit. For all these reasons I trust this amendment will be accepted by the House.

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

"That to sub-clause (d) of clause 23 of the Bill, the following be added at the end:

'the following further provisos shall be added, namely:

'Provided further that in respect of the account books and other records pertaining to foreign business the officer shall not call for such account books and records if a certificate of income of the income-tax authority in the country of business is produced or in regard to countries where there is no income-tax, or where such certificates cannot be produced without delay, audited statements of accounts are produced:

Provided further that for the purposes of section 23 (2) such certificates or audited statements of accounts shall be taken to be conclusive evidence'."

**The Honourable Sir James Grigg:** Sir, there is, of course, a good deal in the case which the Honourable Member has made that it is a great nuisance if books are summoned from

5 P. M.

the four corners of the universe in connection with assessments. Government cannot accept his actual amendment because it would preclude Government from calling for books in cases where they had evidence of fraud and wanted to investigate the case thoroughly, but I can give him and the House an absolutely categorical assurance that account books will not be called for if regular and properly audited accounts are furnished each year and—this is for the protection of the revenue—the income-tax officer has no reason to believe that the audited accounts are incorrect. I will go further than that and cover a type of case which is not covered by the Honourable Member's amendment and I will say that the intention of Government is not to call for books if it is possible to arrive at the figures of income and verify those figures of income in any more convenient manner; and I hope with that assurance which is on record in this House the Honourable Member will feel able not to press his amendment which, as I say, does not cover all the cases he has in mind, and certainly would tie the hands of Government in cases of fraud which I am sure he does not want to do.

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Honourable Member wish to withdraw his amendment?

**Mr. Sami Vencatachelam Ohetty:** Sir, may I ask the Honourable Member whether he cannot himself bring forward an amendment carrying out the intentions which he has in mind instead of merely giving an assurance which after all he knows need not be observed by the income-tax officer?

**The Honourable Sir James Grigg:** It must be observed by the income-tax officer, and instructions will be issued to them to see that they are observed.

**Mr. Sami Vencatachelam Ohetty:** I do not propose now to withdraw it. We will consider about it later on.

**Mr. Bhulabhai J. Desai:** We will consider the offer that has been made.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 6th December, 1938.