

Monday, 27th August, 1934

THE
COUNCIL OF STATE DEBATES

VOLUME II, 1934

(8th August to 6th September, 1934)

EIGHTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1934



PUBLISHED BY MANAGER OF PUBLICATIONS, DELHI.
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI.
1935.

CONTENTS.

Wednesday, 8th August, 1934—	PAGES.
Members Sworn	1
Questions and Answers	1—21
Message from His Excellency the Governor General	21
Committee on Petitions	21
Congratulations to His Excellency the Commander-in-Chief, the Honourable Mr. M. G. Hallett and the Honourable Sir John Woodhead, recipients of Honours	22—23
Statements laid on the table	23—28
Governor General's Assent to Bills	28—29
Message from the Legislative Assembly	29
Bills passed by the Legislative Assembly laid on the table	29
Motion <i>re</i> nominations for the Committee to inquire into the working of the Ottawa Agreement—Adopted	30
Death of Khan Bahadur Sir Muhammad Israr Hasan Khan	30
Statement of Business	30
Thursday, 9th August, 1934—	
Members Sworn	31
Questions and Answers	31—37
Motion for Adjournment <i>re</i> proposed removal of the Imperial Institute of Agricultural Research from Pusa to Delhi—Leave to move, granted	37
Resolution <i>re</i> colony for the emigration of Indians—Negatived	38—54
Resolution <i>re</i> Report of the Colonisation Enquiry Committee—Withdrawn	55—70
Resolution <i>re</i> Indians in Burma— <i>not concluded</i>	70—78
Motion for Adjournment <i>re</i> proposed removal of the Imperial Council of Agricultural Research from Pusa to Delhi—Negatived	78—99
Monday, 13th August, 1934—	
Member Sworn	101
Questions and Answers	101—19
Ballot for the election of nine Members to serve on the Committee to examine the working of the Ottawa Trade Agreement	119—20
Indian Dock Labourers Bill—Considered and passed	120—29
Indian Carriage by Air Bill—Considered and passed	130—32
Sea Customs (Amendment) Bill—Considered and passed	132—34
Indian Aircraft Bill—Considered and passed	134—39
Mechanical Lighters (Excise Duty) Bill—Motion to consider, adopted	139—47
Tuesday, 14th August, 1934—	
Questions and Answers	149—52
Short Notice Question	152—53
Congratulations to the Honourable Sir Frank Noyce on the Honour conferred on him	153—54
Mechanical Lighters (Export Duty) Bill—Considered and passed	154—59
Repealing and Amending Bill—Considered and passed	159
Factories Bill—Considered and passed	159—207

Wednesday, 15th August, 1934—

	Pages.
Question and Answer	209
Death of Sir Manmohandas Ramji	209—40
Congratulations to the Honourable Sir Alan Parsons on his appointment to the India Council	210
Bill passed by the Legislative Assembly laid on the table	210—11
Result of the election of nine Members to serve on the Committee to examine the working of the Ottawa Trade Agreement	211
Resolution <i>re</i> Indians in Burma—Adopted	211—13
Resolution <i>re</i> levy of income-tax on house property—Withdrawn	213—25
Resolution <i>re</i> construction of a new Council of State Chamber at Simla—Withdrawn	225—29
Parsi Marriage and Divorce Bill—Introduced	229—30
Statement of Business	230

Thursday, 16th August, 1934—

Bengal Criminal Law Amendment Supplementary (Extending) Bill— Motion to consider— <i>not concluded</i>	231—60
---	--------

Saturday, 18th August, 1934—

Questions and Answers	261—67
Bengal Criminal Law Amendment Supplementary (Extending) Bill— Considered and passed	267—301
Statement of Business	301

Monday, 20th August, 1934—

Questions and Answers	303—08
Personal statement by His Excellency the Commander-in-Chief thanking the Members of the Council of State for their congratulations on his G. C. S. I.	306—07
Assam Criminal Law Amendment (Supplementary) Bill—Considered and passed	307—28

Wednesday, 22nd August, 1934—

Bills passed by the Legislative Assembly laid on the table	329
Message from His Excellency the Governor General	329
Resolution <i>re</i> enforcement of the provisions of the Child Marriage Restraint Act—Withdrawn	330—44
Resolution <i>re</i> representation of Assamese in the Posts and Telegraphs Department—Adopted	344—49
Resolution <i>re</i> investigation into conditions of health by a Committee of medical experts—Withdrawn	350—58
Resolution <i>re</i> Burmanisation of the Accountant General's Office and the Posts and Telegraphs Department in Burma—Adopted	354—57
Resolution <i>re</i> horse-breeding—Withdrawn	357—75
Resolution <i>re</i> enlargement of the scope of agricultural research—Withdrawn	375—81
Resolution <i>re</i> National Debt of India—Moved	381
Parsi Marriage and Divorce Bill—Motion for circulation, adopted	381
Statement of Business	382

Monday, 27th August, 1934—

PAGES.

Questions and Answers	383—99
Statement laid on the table	399
Indian Rubber Control Bill—Considered and passed	399—405
Indian Income-tax (Amendment) Bill—Considered and passed	406—09

Tuesday, 28th August, 1934—

Short Notice Questions	411—14
Bill passed by the Legislative Assembly laid on the table	414
Resolution <i>re</i> National Debt of India—Negatived	414—33
Resolution <i>re</i> levy of customs duties on all foreign goods entering India from land frontiers—Withdrawn	433—36
Resolution <i>re</i> re-enactment of repressive legislation after the expiry of its time-limit—Negatived	437—50
Hindu Woman's Inheritance Bill—Introduced	450—61
Resolution <i>re</i> abolition of Viceroy's commissions— <i>not concluded</i>	461—66
Statement of Business	466

Wednesday, 29th August, 1934—

Address by His Excellency the Viceroy to the Members of the Council of State and the Legislative Assembly	467—78
---	--------

Thursday, 1st September, 1934—

Questions and Answers	479—96
Bills passed by the Legislative Assembly laid on the table	496
Petroleum Bill—Considered and passed	496—502
Iron and Steel Duties Bill—Motion to consider— <i>not concluded</i>	502—22
Statement of Business	522—23

Monday, 3rd September, 1934—

Questions and Answers	525—60
Statement laid on the table	560
Motion for Adjournment—Disallowed	560—61
Iron and Steel Duties Bill—Considered and passed	561—601
Indian Tariff Bill—Considered and passed	601—02
Appendices	603—04

Tuesday, 4th September, 1934—

Member Sworn	605
Question and Answer	605—06
Statement by the Honourable the President expressing regret for the ruling given by him in regard to clause 2 of the Iron and Steel Duties Bill	606—07
Indian Army (Amendment) Bill—Motion to consider— <i>not concluded</i>	607—36
Statement of Business	63

Wednesday, 5th September, 1934—

	PAGES.
Questions and Answers	637—47
Short Notice Questions	647—49
Hindu Woman's Inheritance Bill—Motion to circulate, adopted	649
Resolution <i>re</i> abolition of Viceroy's commissions—Negatived	650—70
Resolution <i>re</i> ineligibility for service under the Crown, after retirement, of Presidents of Legislatures, etc.—Negatived	671—78
Resolution <i>re</i> pensions of inferior servants serving under the Government of India—Withdrawn	678—83
Resolution <i>re</i> five-year plan of economic development for India—Withdrawn	683—95
Resolution <i>re</i> ineligibility for service under the Government of India of subjects of those Indian States who do not employ British Indian subjects—Withdrawn	695—700

Thursday, 6th September, 1934—

Questions and Answers	701—02
Indian Army (Amendment) Bill—Considered and passed	702—34
Indian Navy (Discipline) Bill—Considered and passed	734—43
Amending Bill—Considered and passed	743—44

COUNCIL OF STATE.

Monday, 27th August, 1934.

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

QUESTIONS AND ANSWERS.

CARRYING OF DECK PASSENGERS FROM RANGOON TO COLOMBO BY THE BIBBY LINE.

123. THE HONOURABLE MR. P. C. D. CHARI : (1) Will Government be pleased to state :

(i) Whether the Bibby Line of steamers carry cabin passengers from Rangoon to Colombo and *vice versa* ?

(ii) Whether they still carry deck passengers from Colombo to Rangoon ?

(iii) Whether they have discontinued carrying from Rangoon to Colombo deck passengers other than the servants of cabin passengers ?

(2) If the reply to question (iii) is in the affirmative, will Government be pleased to state :

(a) From what date, on what grounds and under what or whose authority such discontinuance was made ?

(b) Whether the discontinuance is permanent or temporary, and if temporary, when it will cease ?

(c) Whether Government is aware that the discontinuance is causing great inconvenience, trouble and hardship to passengers from Rangoon to Colombo who cannot afford a cabin passage, as such passengers have now to travel *via* Madras undergoing quarantine at the Mandapam camp ?

(d) Whether Government is prepared to take steps for the removal of this discrimination at the earliest possible opportunity and, if not, why not ?

THE HONOURABLE MR. T. A. STEWART : (1) (i) and (ii). Yes.

(iii) From representations that they have received the Government of India understand that Bibby Line steamers do not now carry deck passengers from Rangoon to Colombo.

(2) (a) to (d). In January, 1932, it was brought to the notice of the Government of India that Bibby Line steamers some times carried deck passengers from Rangoon to Colombo although the Board of Trade's passenger certificates held by them contained no definite provision for the carriage of deck passengers. After a careful examination of the position the Government of India held that

the certificates issued to Bibby Line steamers by the Board of Trade did not authorize the carriage of deck passengers, however few in number. This decision was communicated to the Agents of the Company at Rangoon and they were told at the same time that their ships would be permitted to carry deck passengers if application were made for a further survey at Rangoon and the Government Surveyor was satisfied as to the adequacy of the life-saving appliances, sanitary arrangements and shelter provided for such passengers. Since then no deck passengers appear to have been carried in the Company's steamers from Rangoon to Colombo. The remedy, however, lies in the Company's own hands.

SURCHARGE ON RAILWAY FREIGHT ON COAL.

124. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : (1) Will Government be pleased to state :

(a) Whether the Railway Board is examining the detailed statistics in order to ascertain whether the surcharge on railway freight on coal had a serious effect on long distance traffic ? If so, what action do the Railway Board propose to take to help the trade in general ?

(b) Are Government aware that the suggestion of the Bengal, Bihar and Orissa colliery owners to the Government of India for restricting the output of coal in the Central Provinces by legislative measures has caused great dissatisfaction and anxiety in the Central Provinces ?

(c) Have the Government of India consulted the Central Provinces Government as to the advisability and feasibility of the restrictions referred to in part (b) ? If so, what is the reply of the Central Provinces Government in the matter ?

(d) Are Government aware of the fact that during the last three years on account of the changed policy of the Railway Board to consume Central Provinces coal, the coal industry in the Central Provinces has been greatly developed by the colliery owners by investing large sums of money ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes, but the examination of the detailed statistics has not yet been completed, and I therefore cannot say what action, if any, it may be found possible to take.

(b) and (c). Government have consulted Local Governments including the Government of the Central Provinces regarding the suggested scheme for the restriction of the output of coal, and are aware of the views of the colliery owners both in the Central Provinces and elsewhere. The reply of the Central Provinces Government has been received but it is not proposed to publish it at present. I may assure the Honourable Member that no decisions will be taken until a most careful consideration has been given to the opinions of all the Local Governments and interests concerned.

(d) Government have no definite information.

INCOME-TAX ON HOUSE PROPERTY IN THE AREA AFFECTED BY THE EARTHQUAKE.

125. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Is it a fact that income-tax officers in the parts of Bihar affected by the earthquake of the 15th January, 1934 have given notice of assessment to income-tax

of house property, whether in the occupation of the assessee or not, and irrespective of the said property being completely destroyed by the quake or rendered unfit for occupation by the owners or for tenancy purposes? If so, do Government propose to issue prompt instructions not to assess such property until the restoration or thorough repair or re-hauling of such property?

THE HONOURABLE SIR ALAN PARSONS: Income from house-property is not assessed separately. It is assessed along with all other income of the assessee concerned and the assessment is made after giving an opportunity to the taxpayer to declare and prove his total income from *all* sources. In view of this procedure, the first part of the question cannot arise. As regards the second part, no such instructions are necessary as the provisions of the Income Tax Act and the special notification issued recently by Government allowing repair charges in the affected areas up to half instead of one-sixth of the rental valuation should be quite sufficient to give all the relief that is needed.

TRANSFER OF THE IMPERIAL INSTITUTE OF AGRICULTURAL RESEARCH FROM PUSA TO DELHI.

126. **THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH:**

(a) Has the attention of Government been drawn to the protest, as published in the public press of leading men in Bihar and Orissa against the scheme of the transfer of the Agricultural Research Institute from Pusa to Delhi?

(b) Is it a fact that Government has come to a final decision to bring about the transfer?

(c) Do Government propose to defer the execution of the scheme for some years.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: (a) Yes.

(b) Government adhere to their proposal to transfer the Institute from Pusa.

(c) No.

FINANCIAL AID FOR THE RELIEF OF SUFFERERS IN THE FLOOD-STRICKEN AREAS OF ASSAM.

127. **THE HONOURABLE SRIJYOT HERAMBA PROSAD BARUA:**

(a) Have the Government of Assam made any representation to the Government of India for any financial grant towards the relief of the flood-stricken people of Nowgong and Sylhet? Are the Government of India prepared to grant any financial aid in this direction?

(b) Is it a fact that the Government of Assam have asked for a grant of Rs. 1½ lakhs from the Indian People's Famine Trust for the relief of the flood-stricken people of Nowgong and Sylhet?

(c) Have the Government of India recommended this grant to the Board of Management of the Trust?

(d) Have the Board considered this request of the Government of Assam and, if so, with what result?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: (a) No. The second part of the question does not arise.

(b) Yes.

(c) No. The matter is within the discretion of the Board of Management of the Fund.

(d) The Board has decided to make a grant of Rs. 1½ lakhs in the first instance and to make up the total to Rs. 1½ lakhs if no application for grant is received from any other Provincial Government in the course of the next two months.

NUMRER OF ASSAMESE RECRUITED BY THE ASSAM BENGAL AND EASTERN BENGAL RAILWAYS.

128. THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA : Will Government be pleased to state the number of Assamese recruited into the subordinate ranks in the different departments of the Assam Bengal Railway and the Eastern Bengal Railway ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Government have no information.

LACK OF ASSAMESE MEDICAL GRADUATES ON STATE-MANAGED RAILWAYS.

129. THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA : (a) Is it a fact that there is not a single Assamese medical graduate appointed as Medical Officer on any of the State-managed Railways in India ?

(b) Do Government propose to take steps in this matter ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Government regret they are not prepared to lay down any fixed proportion for recruitment on a territorial basis.

VOYAGE PAY OF BRITISH OTHER RANKS.

130. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state whether the period spent on board ship during the return journey from India to their destination of British other ranks counts as service in India ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Yes, Sir. The Honourable Member will see from the answer which I shall be giving today to his question No. 142 that the voyage pay of British other ranks is borne by India, and it follows that the periods spent on board ship count as service in India. The average period of the voyage is 32 days.

NUMBER OF BRITISH OTHER RANKS WHO LEFT INDIA DURING 1933, ETC.

131. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state how many British other ranks left India during the last year, what was the actual time spent in India by these men ? During what months they left India and in what months and years they landed in India ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : 13,294 British other ranks left India during the trooping season of 1933-34, i.e., between October, 1933 and March, 1934.

Other information asked for by the Honourable Member in his question is not readily available. To collect it would necessitate a reference to every British unit in India, and Government do not consider the labour involved would be justified.

COST OF CONVEYING BRITISH OTHER RANKS FROM AN ENGLISH PORT TO AN INDIAN PORT DURING THE LAST FINANCIAL YEAR.

132. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the *per capita* cost of British other ranks from a British port to an Indian port in the last financial year ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The cost of conveying British other ranks from a port in England to a port in India during the last financial year was £8-10-0 per head.

INCLUSION OF THE PERIOD OF TRANSIT IN THE AVERAGE PERIOD OF SERVICE OF BRITISH OTHER RANKS.

133. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state whether the period of five years mentioned in reply to my question No. 113 of 28th March, 1934 is inclusive or exclusive of the period of transit to and from India ? Was the question of the period of transit being charged to the War Office referred to the Capitation Tribunal ? If so, with what result ? If not, why not ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The period of five years mentioned is inclusive of the period of transit. The question was not referred to the Capitation Tribunal. The matter has never been in dispute and the Government of India have always accepted liability for voyage pay of units, detachments and details proceeding to and from India.

ELIGIBILITY OF MEDICAL GRADUATES OF INDIAN UNIVERSITIES FOR APPOINTMENT TO THE INDIAN MEDICAL SERVICE.

134. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state what action they have taken to make the graduates of Indian universities eligible for service in the Indian Medical Service after the passing of the Indian Medical Council Bill ? Will Government state what is the required qualification now ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Government have under consideration a proposal to amend the rules regarding appointment to the Indian Medical Service, in order to make candidates possessing medical qualifications included in the First Schedule of the Indian Medical Council Act eligible for appointment to that Service. Under the present rules a candidate must possess a qualification registered in Great Britain and Northern Ireland under the Medical Acts in force at the time of his appointment.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : How long will it take to come to a decision on the question of amending the rules ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : It is impossible to say at the present moment.

DATE OF ISSUE OF REVISED LEAVE RULES.

135. THE HONOURABLE MR. HOSSAIN IMAM : With reference to my question No. 193 of 16th September, 1933, will Government state when the

Leave Rules were issued? Will they be laid on the table and will they affect the old incumbents? If not, why not?

THE HONOURABLE SIR ALAN PARSONS: The revised leave rules were issued in December, 1933 and published in the Gazette of India of the 16th December, 1933, a copy of which is available in the Library of the House.

Broadly speaking, these rules do not apply to those who were in service on the 15th July, 1931, unless there has been a break in their service subsequent to that date. Rules governing conditions of service are not altered without due consideration for the rights of Government servants, as it is necessary to maintain a sense of security in Government employment. In the absence of other over-riding considerations, the general policy is therefore to make alterations in such rules applicable only to those who enter Government service subsequently.

THE HONOURABLE MR. HOSSAIN IMAM: May I ask, Sir, if this policy has been observed by the Government to the advantage of the services, for instance, in the case of the Lee concession?

THE HONOURABLE SIR ALAN PARSONS: On certain occasions new concessions are applied to officers and staff already in the service. Of course, for example, the object of the Lee concessions was to give concessions to people already in the service.

THE HONOURABLE MR. HOSSAIN IMAM: Did not the General Purposes Committee recommend to the Retrenchment Committee that the rules for existing incumbents should be modified and amended?

THE HONOURABLE SIR ALAN PARSONS: I fear the Honourable Member's memory of the voluminous recommendations of these Committees is very much better than mine!

LEGISLATION FOR REGULATING THE HOURS OF WORK OF DOCK LABOURERS.

136. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state whether they contemplate any legislation to regulate the hours of work for dock labourers? If so, have they consulted the interest concerned; and when do they expect to bring it before the Legislature?

THE HONOURABLE MR. T. A. STEWART: As a result of the recommendations made by the Royal Commission on Labour in India, the Government of India have under consideration the question of undertaking legislation for the regulation of the hours of work of dock labourers. The Local Governments and the other interests concerned have been consulted in the matter and the replies received are now under consideration. The Government of India are not yet in a position to say whether legislation will be undertaken on the subject and, if so, when the necessary Bill will be brought before the Legislature.

DISALLOWANCE OF QUESTIONS AND RESOLUTIONS.

137. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government please state whether the disallowance of questions and resolutions is the concern of members of the Government? If not, whose concern is it?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: No. The only authority competent to disallow questions is the President acting

under rule 7 of Standing Order 15. The authorities competent to disallow resolutions are the President acting under Standing Order 59 and the Governor General acting under rule 22.

THE HONOURABLE MR. HOSSAIN IMAM : Does the Governor General act alone or is it the Governor General in Council ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : I assure the Honourable Member is fully aware of the constitutional position.

STERLING LOANS CONTRACTED SINCE 1921.

138. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government lay on the table the following information about their sterling loans contracted since 1921 :

(a) Issue price, rate of interest, repayment date, average exchange rates of pound into rupees ?

(b) The sterling loans repaid between 1921 and 1934 ?

THE HONOURABLE SIR ALAN PARSONS : I lay on the table two statements giving the desired information.

Statement showing the sterling loans repaid during the period from 1st April, 1921 to the 31st March, 1934.

Name of loan.	Year in which repaid.
1. India 7% Stock and Bonds	1926-27.
2. India 5½% Stock, 1932	1931-32.
3. India 5½% Stock, 1932	1932-33.
4. India 6% Bonds, 1932	1932-33.
5. India 6% Bonds, 1933	1933-34.
6. India 6% Bonds, 1933	1933-34.

Statement showing sterling loans floated by the Government of India during the years 1921 to 1933.

Date of loan.	Name of loan.	Issue price.	Rate of interest.	Date of repayment and latest dates of maturity).	Average rate of exchange during the year.
20th April, 1921	Government of India 7% Bonds ..	Per cent. 100	Per cent. 7	5-10-26 5-10-31	Rs. 15.14 equal to £1.
19th December, 1921	Government of India 5½% Loan ..	93½	5½	15-1-32	Rs. 15.14 equal to £1.
13th/19th June, 1922	Government of India 5½% Loan ..	96	5½	15-1-32	Rs. 15.22 equal to £1.
25th/31st October, 1922	Government of India 4½% Loan ..	85	4½	15-5-50 15-5-55	Rs. 15.22 equal to £1.
13th/17th May, 1923	Government of India 4½% Stock ..	90	4½	15-5-50 15-5-55	Rs. 14.58 equal to £1.
January, 1928	Government of India 4½% Stock ..	91½	4½	1-6-58 1-6-68	Rs. 13.38 equal to £1.
4th/5th January, 1929	Government of India 4½% Loan ..	91	4½	1-6-58 1-6-68	Rs. 13.35 equal to £1.
15th October, 1930	Government of India 6% Bonds ..	100	6	15-10-35 15-10-37	Rs. 13.49 equal to £1.

20th May, 1930	Government of India 6% Bonds	99	6	15-6-33 15-9-35	Rs. 13.49 equal to £1.
10th February, 1930	Government of India 6% Bonds	99	6	15-6-32 15-6-33	Rs. 13.44 equal to £1.
9th/21st February, 1931	Government of India 5½% Conversion Loan.	£103-12-6 in exchange for each £100 of Government of India 5½% Stock due on 15th January, 1932.	5½	15-7-36 15-7-38	Rs. 13.49 equal to £1.
9th/10th February, 1931	Government of India 5½% Stock	97	5½	15-7-36 15-7-38	Rs. 13.49 equal to £1.
20th/21st May, 1931	Government of India 6% Bonds	100	6	15-12-33 15-12-34	Rs. 13.40 equal to £1.
26th/27th April, 1932	Government of India 5% Stock	95	5	15-6-42 15-6-47	Rs. 13.28 equal to 1.
10th/11th May, 1933	Government of India 4% Stock	97½	4	15-12-48 15-12-53	Rs. 13.31 equal to £1.
9th November, 1933	Government of India 3½% Stock	97½	3½	15-12-54 15-12-59	Rs. 13.31 equal to £1.

SPECIAL CLASS APPRENTICES AT JAMALPUR WORKSHOPS, EAST INDIAN RAILWAY.

139. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state how many Indians other than statutory Indians have been admitted into the Jamalpur Institute since 1921 and how many of them have been provided with jobs on the Railways? How many have been sent to England and what are their names? What are the names of persons who have not been sent to England and the reasons for not sending them to England?

THE HONOURABLE SIR GUTHRIE RUSSELL : I presume my Honourable friend seeks information regarding the Special Class Apprentices who are first trained at Jamalpur and subsequently in the United Kingdom selected under the "Regulations for the Recruitment in India for the Mechanical Engineering and Transportation (Power) Departments of the Superior Revenue Establishment of State Railways". If so, a statement giving the necessary information since 1927 when this scheme was inaugurated is placed on the table of the House.

Statement showing the number of special class apprentices recruited for the Mechanical Engineering and Transportation (Power) Departments of the Superior Revenue Establishment of State Railways from 1927 to 1932.

Year.	Names of apprentices recruited.	Names of apprentices discharged, etc., during their four years' training at Jamalpur for not passing the examinations laid down in the Regulations or for other causes.	Names of apprentices discharged on completion of their four years' training at Jamalpur.	Names of apprentices who have been sent to the United Kingdom for further training.	Names of apprentices appointed after completion of their training in the United Kingdom.	Remarks.
1927	1. K. C. Lall. 2. M. M. Khan 3. B. Basu. 4. H. V. Stewart. 5. V. J. Butler. 6. L. M. Chowdhuri.	1. C. J. Butler. 2. L. N. Chowdhuri.	..	1. K. C. Lall 2. M. M. Khan. 3. B. Basu. 4. H. V. Stewart.	1. K. C. Lall. 2. M. M. Khan. 3. B. Basu. 4. H. V. Stewart.	
1928	1. P. S. Venkataraman 2. C. S. Lall. 3. S. Chakraverty. 4. R. Krishnaswamy. 5. L. T. Macdani. 6. W. A. Shaikh. 7. J. Muncherjee. 8. M. R. Zaman. 9. D. B. King. 10. R. Krishnamurthy.	1. D. S. King. 2. R. Krishnaswamy (died).	..	1. P. S. Venkataraman. 2. C. S. Lall. 3. S. Chakraverty. 4. R. Krishnamurthy 5. L. T. Macdani. 6. W. A. Shaikh. 7. J. Muncherjee. 8. M. R. Zaman.	Under training in England.	

Statement showing the number of special class apprentices recruited for the Mechanical Engineering and Transportation (Power) Departments of the Superior Revenue Establishment of State Railways from 1927 to 1932—contd.

Year.	Names of apprentices recruited.	Names of apprentices discharged, etc., during their four years' training at Jamalpur for not passing the examinations laid down in the Regulations or for other causes.	Names of apprentices discharged on completion of their four years' training at Jamalpur.	Names of apprentices who have been sent to the United Kingdom for further training.	Names of apprentices appointed after completion of their training in the United Kingdom.	Remarks.
1929	<ol style="list-style-type: none"> 1. P. C. Kapoor. 2. A. N. Mukerjee. 3. M. A. Qureshi. 4. R. Subbiah. 5. C. Anwar Ali. 6. E. G. Kodawaram. 7. H. L. Khanna. 8. K. Swarup. 9. R. N. Chowdhury. 10. S. Islam. 11. J. R. Mehta. 12. H. Ahmed. 		<ol style="list-style-type: none"> 1. J. R. Mehta. 2. H. Ahmed. 	<ol style="list-style-type: none"> 1. P. C. Kapoor. 2. A. N. Mukerjee. 3. N. A. Qureshi. 4. R. Subbiah. 5. C. Anwar Ali. 6. E. G. Kodawaram. 7. H. L. Khanna. 	Under training in England.	Three more, viz., (1) K. Swarup, (2) R. N. Chowdhury and (3) S. Islam have been given scholarships for training in United Kingdom but no guarantee of appointment.
1930	<ol style="list-style-type: none"> 1. G. P. Bhalra. 2. I. C. Bahree. 3. D. V. Reddy. 4. K. C. Chopra. 5. H. O. Toomey. 6. A. H. Marley. 7. D. B. Vaoha. 8. K. M. Aiyanna. 9. A. R. Baig. 10. N. Mitra. 11. J. O. Burns. 12. F. A. Khan. 	<ol style="list-style-type: none"> 1. F. A. Khan. 2. J. O. Burns (re-signed). 	<ol style="list-style-type: none"> 1. A. R. Baig. 2. N. Mitra. 3. D. B. Vaoha. 4. K. M. Aiyanna. 	<ol style="list-style-type: none"> 1. C. P. Bhalra. 2. I. C. Bahree. 3. D. V. Reddy. 4. K. C. Chopra. 5. H. O. Toomey. 6. A. H. Marley. 	Do.	

1931

1. K. S. Krishnan.
2. R. Rajagopalan.
3. W. C. B. Britter.
4. Permcawat Sahai.
5. R. D. Nadirshaw.
6. Maung Kyaw The.
7. V. S. Chopra.
8. S. N. Husain.
9. Gulehan Rai.
10. S. N. Srivastava.
11. E. L. Tower Jones.
12. C. D. Mirchandani.

1. Maung Kyaw The
(resigned). Under training at
Jaisalpur.

1932

1. M. K. Tandon.
2. P. Bhattacharjee.
3. Mahmood Hasan.
4. E. S. I. Muthukrishna.
5. P. N. Mathur.
6. J. B. Rossair.

Under training at
Jaisalpur.

NOTE.—No recruitment was made during the years 1933 and 1934.

AVERAGE ANNUAL RAINFALL OF PUSA, DELHI AND NORTHERN INDIA.

140. THE HONOURABLE MR. HOSSAIN IMAM : Will Government kindly state the average annual rainfall of Pusa, Delhi and Northern India ?

THE HONOURABLE MR. M. G. HALLETT : The average annual rainfall of Pusa is 48·55 inches and of Delhi 26·84 inches. With regard to Northern India, the Honourable Member presumably desires information for the Punjab, the United Provinces and Bihar. The average annual rainfall of these provinces is 19·91, 38·25 and 48·60 inches, respectively.

AMOUNT OF DISABILITY PENSIONS PAID ON ACCOUNT OF THE GREAT WAR, ETC.

141. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the annual amount of disability pensions paid to those invalidated during the Great War ? How much is paid in England and how much in India ? How much is debited to the War Office and to the Indian Army (1932-33) ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I am afraid the information required by the Honourable Member is not readily available, and Government are of opinion that its collection would not be worth the enormous labour involved.

THE HONOURABLE MR. HOSSAIN IMAM : The last part of my question, Sir. How much is debited to the War Office ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I must ask for notice of that question, Sir, I cannot give details at the moment.

TOTAL EXPENDITURE ON TRADE DELEGATION TO AFGHANISTAN, ETC.

142. THE HONOURABLE MR. HOSSAIN IMAM : What was the total expenditure on the trade delegation to Afghanistan, and what part of it was debited to the British Government ?

THE HONOURABLE MR. R. E. L. WINGATE : Total expenditure on Trade delegation to Afghanistan was Rs. 16,747-10-0 only. Out of this Rs. 1,368-9-0 only is recoverable from His Majesty's Government.

COST OF THE DEFENCE SERVICES IN 1932-33.

143. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the all-inclusive cost of the British Army in India and of the Indian Army in 1932-33 and the *per capita* rate ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The information asked for by the Honourable Member is not readily available as the accounts of the Defence Services are not compiled in such a way as to show the expenditure on the British and the Indian portions of the Army in India separately ; nor is it possible to work out accurately the cost of the two portions of the army on the basis of the existing system of accounting. The total cost of the British portion of the Army in India in 1932-33 may, however, be taken to be approximately Rs. 19 crores and that of the Indian portion as approximately Rs. 17 crores but neither of those two figures include non-effective charges.

The army consists of various arms and various ranks with varying rates of pay, scales of equipment, etc. An average *per capita* rate will not therefore represent the cost of any one individual.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: What was the total strength of the British Army and what was the total strength of the Indian Army?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I cannot give you the total in numbers, but there are now 45 British battalions and 98 active and 18 training Indian battalions.

CAPITATION CHARGES.

144. THE HONOURABLE MR. HOSSAIN IMAM: (a) Will Government state the following information about the capitation charges:

- (i) The annual training cost.
- (ii) The recruiting cost.
- (iii) The period spent in depots.
- (iv) The cost which does not vary with the time.

(v) The full details of £190½ given in reply to question No. 115 of 12th April, 1934, with specification of full details?

(b) Will Government state the actual amount of capitation charges paid during the last two financial years and the *per capita* rate on which it was based?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) (i) and (ii). I regret I am unable to furnish the information required by the Honourable Member as Government have not received from the War Office any detailed calculations of the annual recruiting and training costs in recent years.

(iii) The period of depot training varies according to the arms of the service and is as follows:

Cavalry .. ..	.. Nil. (They have no depots.)
Royal Artillery .. ..	.. Fourteen weeks.
Royal Engineers .. ..	.. An average of 38 weeks depending on the trade.
Royal Corps of Signals .. ..	.. Six months <i>plus</i> a further maximum of six months technical training.
Infantry .. ..	.. Eighteen weeks.
Royal Tank Corps .. ..	.. One year.

(iv) and (v). The details of £190-10-0 are as follows:

	£	s.	d.
Initial charges .. ..	..	11	18 9
Maintenance .. ..	..	102	2 8
Cost of depots .. ..	..	57	14 6
Pension of depot staff .. ..	..	4	5 0
Departmental services .. ..	..	14	8 2
<hr/>			
Total .. ..	..	190	9 1

or £190-10-0 roundly.

Of the above items, the initial charges alone do not vary with the time.

(b)

	1932-33.	1933-34.
War Office	1,400,000	1,250,000
Air Ministry	111,000	210,000

Payments were assessed on the basis of a provisional flat rate arranged in 1927 pending discussion of details before the Capitation Tribunal.

INTRODUCTION OF NEW CONDITIONS OF SERVICE IN ARMY HEADQUARTERS OFFICES.

145. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : (a) Is it a fact that some new conditions of service have recently been introduced at Army Headquarters Offices ?

(b) Have these new conditions of service been applied to those civilian clerks also who entered service as a result of the competitive examination held by the Public Service Commission in November, 1932 ?

(c) Is it a fact that these civilian clerks had received no warning from the Public Service Commission either at the time of the examination or at the time of their appointment that there was any possibility of their being governed by the Indian Army Act ?

(d) Is it a fact that all those persons who entered similar services as a result of the competitive examination held by the Public Service Commission in February, 1931 have been confirmed on the old rates of pay on the ground that they had not been specifically warned before or at the time of examination that the rates of pay of the posts for which they were candidates were subject to revision ?

(e) If the answer to (d) be in the affirmative, will Government be pleased to state why the new conditions of service have been applied to those individuals who had not been warned about the same either before or at the time of examination or at the time of appointment, and why the same policy has not been followed in the cases referred to in (b) and (d) ?

(f) Is it a fact that the persons concerned made representations to the Public Service Commission for exemption from the revised conditions of service in the month of January, 1934 and that the views communicated by the Public Service Commission on those representations to the Government of India were in favour of such exemption ?

(g) Will Government be pleased to state whether they propose to ask the Public Service Commission to transfer such persons to the Civil Secretariat and Attached Offices on the occurrence of vacancies in those offices and appoint new persons in their places who, after receiving due warning before appointment, may be willing to accept enrolment under the Indian Army Act.

(h) Will Government be pleased to state what other action, if any, they propose to take in the matter ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a), (b), (c) and (d).
Yes.

(e) The offer of appointment did not specify the conditions of service, but mentioned a certain scale of pay which it was stated was likely to be reduced.

Acceptance of an appointment in such circumstances implied therefore acceptance of such conditions as might be fixed for it.

(f), (g) and (h). Government have received representations from certain clerks and these are now under consideration.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, may I ask the questions on behalf of the Honourable Mr. Jagadish Chandra Banerjee? I am sorry I am a bit late. He has authorised me to put these questions. In case you permit me, I will put them.

THE HONOURABLE MR. M. G. HALLETT: Sir, I was under the impression that these questions were not going to be put today and I am not ready.

STATEMENT LAID ON THE TABLE.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I lay on the table the information promised in reply to questions Nos. 57 and 58 asked by the Honourable Mr. P. N. Saprú on the 13th August, 1934.

(1) CONFERENCE OF EAST INDIAN RAILWAY EMPLOYEES AT LUCKNOW, AND (2) DISCHARGE OF BABU B. K. MUKERJEE.

57. (a) Government understand that a Conference purporting to be of "all East Indian Railway workmen" was held at Lucknow on the 14th/15th April 1934.

(b) Government have no information.

(c) and (d). Mr. B. K. Mukerjee was discharged on the 1st May, 1934, with a month's pay in lieu of notice, in terms of his agreement.

EAST INDIAN RAILWAY UNION.

58. (a) Yes.

(b) No.

INDIAN RUBBER CONTROL BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir I move:

"That the Bill to provide for the control of the export from and import into India of rubber and for the control of the extension of the cultivation of rubber in British India, as passed by the Legislative Assembly, be taken into consideration."

Honourable Members, Sir, are no doubt aware that since the year 1929, world production of rubber has far outstripped the demand for that commodity. As a result, world markets are heavily overstocked and prices have fallen. I shall quote only two sets of figures to illustrate that point. In 1929 the price of rubber in London was just over 10*d.* per lb. In 1933 it had fallen practically to 3*d.* per lb. At the same time India, which exported in 1928-29 as much as 14 million lbs. of rubber, in 1932-33 sent only one million lbs. A critical situation has therefore been created for the rubber producer whether in India or elsewhere in the world and the rubber-producing industry, following the example of the tea industry, has endeavoured to work out its own salvation

M9708

[Mr. T. A. Stewart.]

through a scheme of restriction. The first proposals for restriction originated with the Rubber Growers' Association in London, a body which is representative of rubber growers throughout the Empire. The co-operation of the Dutch growers in the Netherlands East Indies was then secured, and finally French Indo-China, Siam and Sarawak fell into line. It was in April last that the Government of India were informed that agreement had been reached amongst the various producers and the Government were asked whether they were prepared to join in an International Agreement to give a binding effect to the Agreement that had been reached amongst the producers. Before the Government of India came to a decision on this point, they consulted the two Local Governments mainly concerned, namely, Madras and Burma. They also took the opinion of the two Indian States who are so greatly interested in the production of rubber, namely, Cochin and Travancore. As a result of these inquiries the Government of India were satisfied, firstly, that these Local Governments and these States were strongly in favour of the restriction scheme. They were also assured that an overwhelming majority of the producers in India and Burma were also in favour of the scheme. In the second place, the Government of India were satisfied that *prima facie* India's share of the world markets throughout the period of control would be a reasonable and fair one. In these circumstances, and with the success of the tea restriction scheme before them, the Government of India had little hesitation in signifying their Agreement to an International Convention. There was one other consideration which weighed with considerable force with Government when they came to this decision. Though India and Burma are, comparatively speaking, small contributors towards world supplies of rubber, India has another and an important stake in the industry. The rubber plantations of Ceylon and Malaya are to a very great extent worked by Indian labour and anything in the nature of a rehabilitation of the industry in general was bound to react most favourably on the prosperity of India, especially in the South. Accordingly, on the 7th May this year, Sir Bhupendra Nath Mitra our High Commissioner in London signed an International Agreement on behalf of the Government of India. Copies of this Agreement have, I think, been in the hands of Honourable Members for some days and it is unnecessary for me to mention more than the main outlines of the Agreement. In the first place, each country agreed to restrict to certain agreed proportions its exports of rubber for the period of the Agreement, that is, for five years. In the second place, each country undertook to control within strict limits the extension of planting of rubber during the period of control. It is of course obvious that the last state of the industry would be worse than the first if at the end of the period of control the rubber industry was in a position to put even larger stocks of rubber on the market. In the third place, each contracting country undertook that there should be no undue accumulation of stocks throughout the period of control. When signing the Agreement Sir Bhupendra Nath Mitra made two reservations; the adherence of India was subject first to the agreement of the rubber-producing States, and second to the approval by the Legislature of any legislative measures which might be necessary to implement the Agreement. Travancore and Cochin have approved of the agreement and now the Legislative measures which are necessary to implement it are placed before this House.

The Bill follows very closely indeed the model that was set by the Tea Control Act, and it is unnecessary for me now to enter into any detailed explanations of the various clauses of the Bill. Chapter II implements our obligations in respect of the control of exports. Chapter III implements the obligations in respect of the restriction of planting, while Chapter I prescribes the machinery for the operation of the scheme of control within India. Should there be any doubt still in the mind of any Member as to the wisdom or practicability of a scheme of this sort, I might mention that in the past year and a half there has been only one application in the nature of an appeal against the operations of the Tea Licensing Committee, and as this scheme is based very largely on that former scheme, I think that it may be claimed that there is reasonable chance of its successful operation. There are two features of the Bill however to which I would draw attention. If Honourable Members will compare article 4 of the International Agreement with clause 13 of the present Bill, they will see that whereas in the International Agreement basic quotas have been prescribed for all five years of the scheme of control in the present Bill we have only defined the basic quota for India and Burma for the residual portion of this year. The reason is this, Sir. Since the Agreement was entered into it has been discovered that the statistical evidence on which the Indian quota was calculated was apparently faulty. At the present moment an investigation into these statistics is in progress and if it should appear that there has been a palpable error in calculating India's allotment, representations will be made with a view to securing a readjustment.

It has been suggested in some quarters that the fact that a separate machinery is being set up for India and Burma is by way of being intelligent anticipation of the separation of Burma. This, Sir, is not the case. In the first place, the informal International Committee which originated the scheme prescribed separate quotas for Burma and for India. In the second place, the conditions of production of rubber in Burma differ very considerably from those of South India and the Government of Burma, who were consulted in this connection, were emphatically of opinion that a machinery similar to that used in the tea control scheme could not be applied to the conditions of the small producers in Burma. And thirdly, Sir, geographical conditions make it essential that there should be separate committees. It would be impossible with a single committee to work a scheme of control which extended from Burma to South India.

I think, Sir, that I have said enough to indicate that this scheme of restriction will be for the benefit of the rubber producer in India as elsewhere. I think also with the example of the tea control before us there is every hope that the scheme is a workable one for India. If, Sir, it achieves the object that is contained in the Preamble to the International Agreement, namely, if it succeeds in regulating the production and export of rubber in producing countries with the object of reducing world stocks to a normal figure and adjusting in an orderly manner supply to demand and maintaining a fair and equitable price level which will be reasonably remunerative to the efficient producer, —if, Sir, that object is achieved, the Bill will be well worth the approval of this House.

Sir, I move.

THE HONOURABLE DIWAN BAHADUR SIR RAMUNNI MENON (Madras : Nominated Non-Official) : Sir, the Government may well be congratulated on bringing forward this measure which implements an International Agreement which has been framed with a view to improving the condition and prospects of the rubber-producing industry and as such the Bill will be welcomed by all those who wish to see an important Indian industry lifted from its present sad plight and placed on a reasonably remunerative basis. Now, the success of a control scheme of the kind that we have in view will depend to a very large extent on its willing acceptance by the producers and that acceptance will depend on the equity of the scheme. One of the essential parts of the scheme is that certain definite basic export quotas are fixed for the years covered by the control period. While I appreciate the fact that in the Bill it is only the quota for the present year that is actually fixed and while the Bill gives us some hope that the quotas for the remaining years will be fixed after fuller inquiry, the fact cannot be denied that these quotas have been practically fixed by the International Rubber Regulation Committee. But I hope that they have been fixed as far as South India is concerned only on a provisional basis. These quotas have been published and we have to recognise the fact that they have given rise to a large amount of dissatisfaction and heart-burning among the producers of South India, particularly in Cochin and Travancore. A considerable volume of newspaper literature has grown up round this subject and the matter has also been ventilated in other ways. I shall not go into all those details, but I shall mention two facts which would prove that the basic quotas have been fixed after insufficient consideration. I believe that these quotas are based upon the average annual exports for the five years 1928 to 1933. Now it so happens that the figures for these years which are published in the Government of India *Indian Rubber Statistics* do not include the export figure for Aleppey, through which port the rubber from Travancore is exported. I believe the average annual figure for that port works out at something like 950 tons. Then, again, the allowance made for immature rubber, that is, for new rubber which will come into maturity during the control period is stated to be quite inadequate. I do not know what figures of acreage were placed before the International Rubber Committee, but the fact is that no complete figures are available and, as the Honourable mover himself stated, information on this point is now being collected and it is believed that when this information is fully collected, the total acreage for which allowance has to be made will be far in excess of what has been assumed. If, therefore, proper allowance is made under these two heads, namely, export from Aleppey and new acreage which will come into maturity during the control period, the basic quotas which have been fixed for South India will have to be very largely increased. I was very glad to hear the assurance of the Honourable mover that the Government will consider this question and see what could be done in the matter. I really wish that he had given a more definite assurance on this point and I do not see why the Government should hesitate in a matter like this. I should welcome a definite assurance that the Government will take the matter up with the International Rubber Regulation Committee and secure a modification of the quotas which have been provisionally fixed. In this connection I would like to mention a matter which, though it might

look small, may be of some practical importance. The proportion of the South Indian quota is really very small, I believe it is only about $1\frac{1}{2}$ per cent. of the quotas of the whole world. Any modification, therefore, which it may be found necessary to make in this quota will not appreciably affect the world tonnage. If the Government give an assurance to this Council and through this Council to the producers of South India, I am sure that it will go a long way to relieve the anxiety which is felt in the south at present.

There is another point which I should like to refer to and it is this. The quota for this year is actually fixed in the Bill. I suppose it means that if after further consideration it is found equitable to increase the quotas, the increase cannot be given effect to for this year. If that is so, I suggest that a suitable amount may be added to the quotas for the succeeding years.

There is one other point also, Sir, to which I would like to draw attention. I observe that in one of the clauses of the Bill provision is made for appeal in regard to orders passed by the licensing committee on applications for extension of cultivation, under which an appeal will lie to the Local Government, whereas I find no provision made in regard to orders passed by the Committee in the allotment of quotas or in the granting of export licences or certificates of origin. I should like to know whether it is intended to make provision for such appeals under the rules to be framed by the Governor General in Council. If that is not the case, I should like to know why it has not been thought necessary to make any provision for such appeals.

With these few remarks, Sir, I heartily support the Bill.

THE HONOURABLE MR. P. C. D. CHARI (Burma : General) : Sir, I have great pleasure in supporting this Motion. This Bill follows closely on the lines of another Bill, the beneficent provisions of which are already felt by the industry concerned—I mean the tea industry—which has been greatly benefited by the control scheme which has been recently introduced. I hope and trust that this Bill, following closely on the lines of the tea restriction scheme contained in that Bill, will give the necessary rise in prices which will benefit the rubber industry in the province which I have the honour to represent, that is Burma, and the other province, Madras, from which I come.

Sir, certain rule-making powers provide for very important things and the Honourable mover of this Bill will agree with me that the rules framed will be as important, if not more important, than the provisions of the Bill itself. I trust that the Government will consider carefully the observations and suggestions made by the producers of rubber in India and I would particularly remind him of the necessity of providing against hardships to small planters in the matter of publishing proofs or in the allotment of export quotas. I think suitable provision on the lines of the provisions made in the case of small planters in the Tea Control Act should find a place in making the rules under this Act and I hope that Government will see to it that instructions are issued to the committees to see that the small planters' interest do not suffer in the provinces of Burma and India.

With these words, Sir, I support the Bill.

THE HONOURABLE SAIYID RAZA ALI (United Provinces : Nominated Non-Official) : While giving my whole-hearted support to the provisions of the Bill, may I, Sir, utter a word of caution? International agreements are of the greatest importance and there is no doubt that if all contracting parties carried out the terms of these agreements honestly, fairly and squarely, the results would be always beneficial. But unfortunately it has happened in the past that international agreements have failed to achieve the amount of good with which they were expected to be attended. I would especially in this connection mention the case of the production of opium in connection with which India made a sacrifice and for the matter of that a very heavy sacrifice. As this House knows ever since its foundation very earnest attempts were made by the League of Nations to bring the production of opium under control. An International Agreement was entered into and all those countries who were engaged in the production of opium became a party to that Agreement. But, Sir, several years working of that Agreement showed that the expectation that was built on the success of that scheme was, if not wholly illusory, very largely illusory. The result was that, whereas China for the benefit of which the whole scheme was entered into benefited to a certain extent from the large sacrifice that India made by giving up the production of opium, China herself unfortunately engaged in the production of that commodity. Another sinner, and a very heavy sinner in this respect, was Persia. Whereas India gave up the manufacture of opium, Persia enthusiastically, though clandestinely, took it up, with the result that India's loss was in other words the gain of China and Persia. I hope that the result of the present International Agreement, to which a number of countries are parties, will not be the same.

One thing certainly, Sir, is hopeful and I believe the Honourable Member, Mr. Stewart, is certainly entitled to put that as perhaps the greatest justification of the present measure, and that is, Sir, the success which has attended the working of the international tea restriction scheme. That scheme, so far as I can gather, has been a great success. I do not think it has been in working order for many years but the result has been very satisfactory so far as it goes. I support the measure, Sir, in the hope that the success which will be achieved by the passing of this measure will be very similar to the success that has already been obtained in the case of the tea restriction scheme.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christian) : Sir, I have much pleasure in supporting this measure. I have to make only one or two remarks. In framing the rules under this Act, the Government will take care to see that in the working of the rules the small planters are not squeezed out. Sir, in the case of big companies and planters who have got plenty of funds, the restriction may not seriously affect their income, but in the case of small planters who have to depend mainly upon the sale of the produce every year, any strict enforcement of the rules in regard to the small quantities that they are able to put out might seriously injure them. Therefore, Sir, I ask the Government to see that the rules are framed in such a way as to give life to these small planters during the time this Act is going to be in force.

The second point that I wish to press upon the Government is this, that the quota which has been given to India is very small. There are several concerns in South India, both in British territory and in Indian States, that is,

Travancore and Cochin, where large stocks have been accumulated. They could not be exported on account of the state of the market. I do not know whether Government have taken into consideration the stocks already on hand. If all that is taken into consideration I think Government will be satisfied that the quota which has been given to us under the International Agreement is not at all adequate. I therefore strongly urge upon the Government to see whether the quota could not be increased so as to satisfy the claims of South India.

THE HONOURABLE MR. T. A. STEWART: Sir, I shall only very briefly comment on one or two of the points that have been raised. I understood that the Honourable Sir Ramunni Menon wished a definite assurance that representations would be made in respect of the South Indian quota. I understood that I had given such a definite assurance. I have qualified it only by saying that if it appeared that a palpable error had been made, representations would be forwarded. The Honourable Member will not, I think, ask me to make representations whether or not an error has occurred. I can also assure the Honourable Mr. Chari and the Honourable Sir David Devadoss that the question of safeguarding the interests of the small producer will not be lost sight of. The Honourable Sir David Devadoss mentioned the question of accumulated stocks that exist in South India. I would refer him to section 11 of the Act which provides that those stocks should be excluded from the control scheme under certain conditions. These conditions were, I think, notified to producers in South India. The Honourable Sir Ramunni Menon was anxious that some power of appeal should be given in respect of matters not covered by section 30 of the Act. I would refer him to section 7 which provides for a power of review by the Governor General in Council of all acts and decisions of the Licensing Committees. Finally, the Honourable Saiyid Raza Ali expressed doubts as to the sanctity of an International Agreement and he quoted the case of the Opium Convention. Well, I would distinguish between the two cases and the distinction is a very simple one. Rubber at the present moment is worth 3d. a lb. Some time ago, to my memory, opium in Rangoon was worth Rs. 175 a lb. I think there will be less appeal to the evil passions of men under the present scheme.

THE HONOURABLE THE PRESIDENT: The Question is:

"That the Bill to provide for the control of the export from and import into India of rubber and for the control of the extension of the cultivation of rubber in British India, as passed by the Legislative Assembly, be taken into consideration."

The Motion was adopted.

Clauses 2 to 44 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

INDIAN INCOME-TAX (AMENDMENT) BILL.

THE HONOURABLE SIR ALAN PARSONS (Finance Secretary): Sir, I move :

“ That the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.”

Sir, this Bill aims at correcting a flaw in the provisions of our Income-tax law dealing with relief from double income-tax—a flaw which was of no practical significance until the recent reduction of the United Kingdom rate of tax. I will attempt, Sir, to explain a somewhat technical matter in as simple a way as possible. The accepted principle on which relief from double income-tax is given is that, when a taxpayer has to pay income-tax on the same income in two countries, he should in the event be mulcted only at the higher of the two rates of tax to which he is subject, and the two countries concerned distribute between them the liability for the refund of the tax at the lower rate. The United Kingdom have undertaken the liability for refunding tax on a doubly taxed income to the extent of half their rate of tax. That undertaking I may say is in no way altered by this Bill. When the United Kingdom rate of tax was higher than the Indian rate, this of course meant that less than half the Indian rate remained to be refunded by India in order to make the total refund up to the Indian rate. Section 49 of our Act accordingly provided that, where the Indian rate of tax was higher than half of the United Kingdom rate, the balance of relief should be given by India subject to the limitation that in no case was more than half the tax payable here to be refunded. In effect, under this provision the maximum relief which a taxpayer can get is half the English rate *plus* half the Indian rate. Owing, however, to the recent reduction of the standard United Kingdom rate from 5s. to 4s. 6d. in the £, the Indian rate is now at certain stages in excess of the United Kingdom rate. Therefore, if the taxpayer gets, as he can under our present law, a refund of half the Indian rate *plus* half the United Kingdom rate, he will be getting a refund of more than the United Kingdom tax and more than he is intended to get in accordance with the accepted principle that he should pay in the event tax at the higher of the two rates. He will be paying less than the higher of the two rates.

The provisions of this Bill secure that, while he will get the full intended relief, so that his total burden will not exceed his tax at the higher of the two rates, he will not get more than this relief. I will give one example, Sir. Take a company now taxed in both India and England which has an income of Rs. 5 lakhs. Its effective rate of Indian tax is now 46 pies and its effective rate of English tax is 43·2 pies in the rupee. It should get relief at the lower rate of 43·2 pies. Under our existing law it would get relief at the rate of 44·6 pies, that being the sum of half the Indian rate and half the United Kingdom rate. That is to say it would get 1·4 pies more relief than was intended, and this relief would be given at 21·6 pies by the United Kingdom and at 23 pies by us. If the Council accept this Bill, it will get relief at the rate of 43·2 pies, that is to say the United Kingdom rate, half the relief being given by the United Kingdom and half by us. I hope, Sir, I have made the position clear. As a whole it can be said that only companies are affected by this piece of legislation. In order for it to make any difference to individuals their income would have to exceed

Rs. 20 lakhs a year. Smaller companies too will not be affected. Figures which the Central Board of Revenue have supplied to me show that a company would have to have an income of Rs. 1,74,400 before it was touched by this Bill.

Finally, I should mention that if this amendment of the law were not made, India would have on the whole to pay extra relief to the tune of about Rs. 8 lakhs ; and I think the House will agree with me that this is not a sum which we can afford to give up in order to make a concession which goes beyond that which it was intended to give to assesses who happen to be liable to income-tax in two countries.

Sir, I move.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, the reason for the introduction of this Bill, as explained, is that at present in certain cases the rate of income-tax in the United Kingdom is less than the rate in British India, a position that was never even contemplated when the original measure granting relief on doubly taxed incomes, was put into effect. That this situation has now arisen is due to the fact that not only have the British Government been able to reduce the income-tax rate by 6d. in the pound sterling since April last but because the Government of India, in spite of many representations made to them, have continued the *surcharge* on income-tax in this country.

I consider that it is important that attention should be drawn to this, for not only is it urgently necessary that this particular surcharge should be removed, but that *all* surcharges should be done away with as soon as possible and those that are definitely stifling trade expansion, not later than the close of the present financial year. The Honourable Sir George Schuster, in the course of delivering his budget speech last February, clearly indicated we might expect some such relief when the next budget proposals were submitted to the Legislature and I foresee strong opposition unless something substantial is done in this direction.

Now that the economic corner has been turned, and I think that must be admitted, my opinion is, as a business man with more than thirty years experience in India, that Government should take a courageous view and remove the surcharges as a first step towards reduction in the present heavy taxation under which we are labouring. I am aware that a large sum would be involved and that it would probably mean budgetting for a temporary deficit. It would however give a tremendous stimulus to trade generally and our credit in world markets and financial circles is now so high that I do not believe that even a temporary deficit would cause any adverse re-action. Rather I think would other countries admire us and knowing the conservative policy followed during the past few years, they would feel pretty sure that the Government of India would not take such a bold step unless they were satisfied with the financial position and confident as to the future. I strongly recommend this proposal to the careful consideration of the Honourable the Finance Member and to Government.

I should like to take this opportunity of drawing attention to another point and that is the great evasion of income-tax that still continues and to suggest that this is a matter which well deserves close investigation by the

[Mr. E. Miller.]

Honourable Sir James Grigg. I believe if the net was drawn tighter, large sums would be realised and increased revenue obtained even if this entailed increasing the supervising staff.

I have only to add that although perhaps in principle we cannot oppose this Bill, by accepting it, many companies will thereby not be entitled to refunds on the scale which they hoped to enjoy this year and therefore in doing so with good grace I would express the hope that when framing next year's budget, the Honourable the Finance Member will provide for some measure of relief in taxation, at least to the extent indicated by me.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, the whole object of this Bill is to increase India's income. As far as that goes we on this side of the House can take no exception to it, because it takes money, not out of the pockets of Indians but out of the pockets of somebody else. But the fact, Sir, that the Government of India is looking around for new sources of revenue which they did not have before prompts me to say a few words about the inadvisability of looking into small things while leaving the big things to take care of themselves. The House will remember that the Retrenchment Committee brought forward a recommendation that pensions and leave salaries which are subject to English income-tax should also be subject to Indian income-tax. Thereby it was said that an income of Rs. 50 lakhs would accrue to the Finance Department without in any way making it a burden on any people. The only one to feel the burden would be the British exchequer. Just as the Finance Department is now trying to take Rs. 8 lakhs out of the British exchequer, we wish that the tax on leave salaries and pensions should also come under Indian income-tax.

THE HONOURABLE SIR ALAN PARSONS : May I point out, Sir, that this Bill takes nothing whatever from the British exchequer.

*THE HONOURABLE MR. HOSSAIN IMAM : If it does not, it takes out of the pockets of private persons and companies. Well, Sir, we can tax those persons who escape all taxation when they go on four or five months leave out of India. When they stay for less than six months in England they escape both English and Indian income-tax. If the Government has got no conscientious objection to tapping the pockets of those who escape taxation, they ought to tax at least these people. That would bring in something like Rs. 10 lakhs to the coffers of Government. Then, Sir, our point in this connection was that it should be recorded that if at any time it becomes apparent that by this provision we would allow people to get relief of more than half the Indian rate of income-tax, then an amending Bill will be brought forward.

With these words, Sir, I resume my seat.

THE HONOURABLE SIR ALAN PARSONS : Sir, the Honourable Member who has just sat down will excuse me if I confine my remarks to what is in this Bill and do not range, as I might, over the whole subject of income-tax law and discuss what we might have put into some different Bill. But I gathered from his closing remarks that he wished to know whether this Bill would in any way derogate from the United Kingdom's undertaking to pay

* Speech not corrected by the Honourable Member.

a refund to the extent of half their tax. Nothing in this Bill affects that undertaking at all. The only other Honourable Member who has commented on this measure—and I was glad to see he accepted it—is the Honourable Mr. Miller. He also, if I may say so, appears to me to have dealt chiefly with matters which are not included in the Bill, and I fear I can give him very little comfort. I can give him an answer in two sentences; the Council has heard one of them on many occasions from me. Government do not give prior intimation of their intentions with regard to taxation. But I can give the House an assurance, which I am sure they, if not the Honourable Member, will welcome that in no circumstances and at no time will the Government of India intentionally and of set purpose unbalance their budget.

THE HONOURABLE THE PRESIDENT : The Question is :

“That the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.”

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN PARSONS : Sir, I move :

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

The Council then adjourned till Eleven of the Clock on Tuesday, the 28th August, 1934.