

6th February 1940

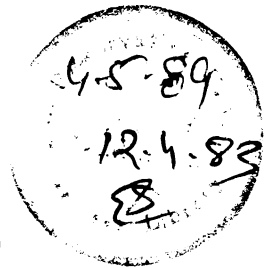
THE
LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume I, 1940

(6th February to 5th March, 1940)

ELEVENTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1940



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M2LAD

Legislative Assembly.

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SYED GHULAM BHIK NAIRANG, M.L.A.

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

SIR ABDUL HALIM GHUZHNAVY, M.L.A.

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THE
LEGISLATIVE ASSEMBLY DEBATES
(OFFICIAL REPORT OF THE ELEVENTH SESSION OF THE FIFTH
LEGISLATIVE ASSEMBLY)

VOLUME I—1940

LEGISLATIVE ASSEMBLY

Tuesday, 6th February, 1940.

The Assembly met in the Assembly Chamber of the Council House in New Delhi, at Eleven of the Clock, being the First Day of the Eleventh Session of the Fifth Legislative Assembly, pursuant to Section 63-D (2) of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935. Mr. President (The Honourable Sir Abdur Rahim, K.C.S.I.) was in the Chair.

MEMBERS SWORN:

The Honourable Sir Reginald Maitland Maxwell, K.C.S.I., C.I.E.,
(Home Member);

Mr. Percival Joseph Griffiths, M.L.A. (Assam: European);

Mr. Everard Leslie Campion Gwilt, M.L.A. (Bombay: European);

Lala Sham Lal, M.L.A. (Ambala Division: Non-Muhammadian);

Raja Sir S. R. M. Annamalai Chettiar, M.L.A. (Nominated Non-Official);

Mr. Muhammad Muazzam Sahib Bahadur, M.L.A. (Nominated Non-Official);

Mr. Naoroji Manekji Dumasia, M.L.A. (Nominated Non-Official);

Seth Sunderlal Daga, M.L.A. (Nominated Non-Official);

Kunwar Hajee Ismail Ali Khan, O.B.E., M.L.A. (Nominated Non-Official);

Honorary Captain Sardar Bahadur Dalpat Singh, O.B.I., I.O.M.,
M.L.A. (Nominated Non-Official);

Sir Girja Shankar Bajpai, K.B.E., C.I.E., M.L.A. (Secretary,
Department of Education, Health and Lands);

Mr. Bertrie Munro Staig, C.S.I., M.L.A. (Financial Commissioner,
Railways);

Mr. Henry James Frampton, M.L.A. (Government of India: Nominated Official);

Mr. Stanley Paul Chambers, M.L.A. (Government of India: Nominated Official);

Mr. Thillainayakam Sivaranna Setu Pillay, M.L.A. (Government of India: Nominated Official);

Rai Girish Chandra Sen Bahadur, M.L.A. (Bengal: Nominated Official); and

Khan Sahib Shaikh Abdul Hamid, M.L.A. (Punjab: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PRODUCTION OF MEDICAL CERTIFICATES BY SUBORDINATE RAILWAY OFFICIALS.

1. ***Mr. Lalchand Navarai:** (a) Will the Honourable Member for Railways be pleased to state if a railway medical officer is supposed to attend upon a sick railway servant at his residence while he is on leave? If so, on what terms? If not, why not?

(b) Is it a fact that Railways insist upon production of medical certificates by subordinate railway officials from railway medical officers and not from those under whose treatment they actually are? If so, do Government propose to permit subordinates to submit certificates from the doctors actually in attendance? If not, why not?

(c) Is it also a fact that when a medical officer refuses to attend upon a railway servant, the period of his sickness not covered by that medical officer's certificate is treated as leave without pay, instead of privilege leave?

(d) Do Government propose to modify the rules of the aforesaid nature for the benefit of subordinate railway servants?

The Honourable Sir Andrew Olow: (a) A railway medical officer is required to attend a railway servant on leave at his residence if the illness is such as to confine him to the house and if the house is not remote from the railway lines. The latter part does not arise.

(b) Ordinarily this is the case. No change is contemplated in the rules which were framed with due regard to the interests of the administration and the needs of employees.

(c) A medical officer cannot refuse to attend a railway servant who is sick unless the railway servant is living in a place remote from the lines. The treatment of the period of sickness in such cases rests at the discretion of the competent authority.

(d) No.

Mr. Lalchand Navarai: May I know from the Honourable Member what happens if a railway employee is only a few feet away from the railway line?

The Honourable Sir Andrew Olow: I should not myself regard that as being remote from the railway line.

Mr. Muhammad Nauman: Is it necessary that a railway employee has to be treated by a medical officer of the railway even if the employee has no faith in the particular line of medicine?

The Honourable Sir Andrew GLOW: I would refer the Honourable Member to the general rules on the subject. So far as I recollect, the railway employee is at perfect liberty to bring in another doctor if he chooses to pay for him, but that does not make it necessary that that doctor's certificate should be accepted—that is another matter.

Mr. N. M. Joshi: With regard to the answer to part (c) of the question, the Honourable Member referred to competent authority. May I know who is the competent authority in this matter?

The Honourable Sir Andrew GLOW: I had better refer the Honourable Member to the general rules governing the issue of medical certificates to railway servants, a copy of which is in the Library of the House.

Mr. Lalchand Navalrai: Why are the certificates of Civil Surgeons or Assistant Surgeons or Sub-Assistant Surgeons of the Government Department not accepted? May I know?

The Honourable Sir Andrew GLOW: I think there is another question regarding that matter.

Mr. Lalchand Navalrai: No, I have not put any other question today, this is the only question that I have.

The Honourable Sir Andrew GLOW: That is a separate subject on which I think there is another question on paper in some other Honourable Member's name either for today or in a few days' time.

Mr. Lalchand Navalrai: May I know if the certificate of the Divisional Medical Officer is required even though a sub-assistant surgeon gives a certificate?

Mr. President (The Honourable Sir Abdur Rahim): That is a hypothetical question. Next question.

TRAVELLING INSPECTORS OF STORES ACCOUNTS ON RAILWAYS.

2. ***Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state the total number of Travelling Inspectors of Stores Accounts, Muslims and non-Muslims separately?

(b) What are the minimum qualifications laid down for recruitment to this cadre and when and why were these minima enhanced?

(c) What is the number of Muslims who have been appointed to this cadre since the enhancement of the minimum qualifications originally specified and what has been the effect of the enhancement of these qualifications on the Muslim recruitment?

(d) Do Government propose to consider the desirability of making direct recruitment to these posts in future to secure an improvement in the representation of Muslims in this cadre?

The Honourable Sir Andrew Clow: (a) The total number of Travelling Inspectors of Stores Accounts (the correct designation is Inspector of Stores Accounts) in the Accounts Offices of the State-managed Railways is 20, of whom two are Muslims.

(b) Recruitment to the cadre of Inspectors of Stores Accounts is by promotion from the lower grades. The minimum qualification for such promotion is the passing of the examination prescribed in Appendix D of Railway Board's Memorandum No. 5565-F., dated the 31st July, 1929, a copy of which is available in the Library of the House. This minimum qualification is not applicable to ex-Company men who are not required to pass any departmental examination nor to those covered by clause 14 of the Memorandum.

(c) I understand that the qualification prescribed has not been enhanced; so that this part does not arise.

(d) No.

Mr. Lalchand Navalrai: May I know if an officer was appointed to find out whether the Muslim representation of 25 per cent. has been given effect to or not, and whether that officer has made his report, so that questions of this nature which create only bad blood may be avoided?

The Honourable Sir Andrew Clow: There is an officer conducting an enquiry into the working of the Resolution of 1934. His enquiry has not been completed.

ACCOUNTANTS ON THE NORTH WESTERN RAILWAY.

3. ***Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state the total number separately of Muslim and non-Muslim Accountants on the North Western Railway?

(b) How many of these were directly recruited and how many of them, Muslims and non-Muslims, were appointed through promotion as laid down in the Appendices to the Railway Audit and Account Code, 1923?

(c) Is it a fact that some of these Accountants have not passed Appendix D or Part II examination? What is the number of these unqualified Accountants, Muslims and non-Muslims separately?

(d) What steps do Government propose to take to increase the number of Muslim Accountants through direct recruitment and through promotion?

The Honourable Sir Andrew Clow: (a) Muslims four and non-Muslims 32.

(b) One Muslim and five non-Muslims were directly recruited while three Muslims and 27 non-Muslims were appointed through promotion.

(c) Yes. Two Muslims and three non-Muslims. They were exempted by competent authority from passing that examination.

(d) In view of the large number of qualified clerks awaiting promotion Government do not propose to increase the extent of direct recruitment, nor do they consider that any necessity has arisen for altering the present rules for promotion.

Mr. Lalchand Navalrai: In view of the fact that Muhammadans have also been very much educated now, may I know whether the same qualifications as those of Hindus or other non-Muslims are required or not?

The Honourable Sir Andrew Clow: We do not prescribe different qualifications for different communities.

Mr. Lalchand Navalrai: Formerly there were no B.A.'s or M.A.'s, from Muhammadans, but now there are B.A.'s and even more than that (Laughter)—England-returned men too. The qualification should be equal for recruitment. If there is a Hindu matriculate, the Muhammadan also should be a matriculate. If he is a B.A., the other man also should be a B.A.

The Honourable Sir Andrew Clow: As I have already said, as far as I am aware, we do not prescribe any differential qualifications.

Mr. Lalchand Navalrai: Thank you.

CANDIDATES TAKING APPENDICES C AND D EXAMINATIONS ON THE NORTH WESTERN RAILWAY.

4. ***Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state the total number of Muslim and non-Muslim candidates taking the Appendices C and D examinations on the North Western Railway since the introduction of these examinations?

(b) What is the number of candidates, Muslims and non-Muslims separately, who passed these examinations since their introduction?

(c) What has been the number of Muslim and non-Muslim examiners yearly?

(d) Is it proposed to instruct the authorities concerned to increase the number of Muslim examiners for both these examinations?

The Honourable Sir Andrew Clow: (a) 152 Muslims and 468 non-Muslims took the Appendix C examination; 60 Muslims and 428 non-Muslims took the Appendix D examination.

(b) 48 Muslims and 201 non-Muslims passed the Appendix C examination; six Muslims and 88 non-Muslims passed the Appendix D examination.

(c) I lay a statement on the table giving the information required.

(d) Government do not consider the issue of any instructions necessary.

Statement.

Year.	No. of Muslim Examiners.		No. of non-Muslim Examiners.	
	Appendix C.	Appendix D.	Appendix C.	Appendix D.
1929 . . .	No examination .	2	No examination .	7
1930 . . .	Do. .	2	Do. .	8
1931 . . .	Not available .	2	Not available .	8
1932 . . .	No examination .	1	No examination .	10
1933 . . .	Not available .	1	Not available .	8
1934 . . .	1	1	7	8
1935 . . .	2	1	5	7
1936 . . .	2	1	6	8
1937 . . .	3	1	5	7
1938 . . .	3	2	5	5
1939 . . .	2	2	6	6

Mr. Muhammad Nauman: May I know if among those people who were responsible for examining those candidates a majority of them were non-Muslims?

The Honourable Sir Andrew Olow: That is so.

Mr. Lalchand Navalrai: Is that a crime?

The Honourable Sir Andrew Olow: No.

CONSTRUCTION OF WAITING ROOMS AT BARAMCHAL ON THE ASSAM-BENGAL RAILWAY.

5. *Maulvi Abdur Rasheed Ohaudhury: (a) Will the Honourable the Railway Member please state the number of the representations the railway authorities received for constructing waiting rooms in the Baramchal Station, Assam Bengal Railway?

(b) When did they receive the last representation?

(c) Have they decided to construct the waiting rooms?

The Honourable Sir Andrew Olow: The Honourable Member is referred to the reply given to his question No. 126 on the 11th September, 1939.

Maulvi Abdur Rasheed Ohaudhury: May I know whether the Department has decided to construct waiting rooms in the Baramchal railway station?

The Honourable Sir Andrew Olow: The Honourable Member put this identical question last session, and my answer was: "The Company has decided to construct a combined intermediate and third class waiting room for ladies in 1941-42, if funds permit."

FEMALE WAITING SHED AT BARAMOHAL ON THE ASSAM-BENGAL RAILWAY.

6. *Maulvi Abdur Rasheed Chaudhury: (a) Will the Honourable the Railway Member please state the length, breadth and height of the existing female waiting shed at Baramahal, Assam-Bengal Railway?

(b) Is it walled with corrugated sheets on three sides without any window?

(c) Is one side without wall and door?

(d) Is there any arrangement to prevent cattle entering and sleeping in this shed?

(e) Is the corrugated roof of the shed only six feet high from the plinth and is there no ceiling beneath the roof?

The Honourable Sir Andrew Olow: The Honourable Member is referred to the information laid on the table of the House in reply to his starred question No. 127, dated the 11th September, 1939.

VERANDAHS OF THE STATION HOUSE AT BARAMOHAL ON THE ASSAM-BENGAL RAILWAY.

7. *Maulvi Abdur Rasheed Chaudhury: (a) Will the Honourable the Railway Member please state the height of the eastern, western and the northern verandahs of the station house at Baramahal?

(b) Is there no ceiling beneath the corrugated roofing of these verandahs?

(c) What is the average temperature of these verandahs in June to September when the midday trains pass through Baramahal, Assam-Bengal Railway?

The Honourable Sir Andrew Olow: The Honourable Member is referred to the information laid on the table of the House in reply to his starred question No. 128, dated 11th September, 1939.

Maulvi Abdur Rasheed Chaudhury: May I know whether the Department has decided to put a ceiling under the roofing of the railway station in the near future?

The Honourable Sir Andrew Olow: Not so far as I am aware.

Maulvi Abdur Rasheed Chaudhury: May I know the reason?

The Honourable Sir Andrew Olow: I do not know the reason; but presumably the Company did not think it necessary.

ACCIDENTS AT RAILWAY CROSSINGS ON THE NORTH WESTERN RAILWAY.

8. *Mr. Lalchand Navarat: (a) Is the Honourable the Railway Member aware that accidents at the railway crossings on the North Western Railway are being often reported in which lorries collide with trains at the railway crossings?

(b) Is it a fact that very recently, on or about 5th January, 1940, a lorry carrying passengers ran into a closed and locked level crossing between Jaranwala and Burala Road, and collided with 73-Up passenger train at about 1 P.M. and a gatekeeper was injured?

(c) What arrangements have the Railway authorities made to avert such collisions and what compensation has been paid to the gatekeeper for the aforesaid collision?

The Honourable Sir Andrew Olow: (a) Between the 1st January, 1939, and the 1st February of this year the Railway Board received only one report of a collision between a train and a lorry; but there are two reports of collisions with other types of motor vehicle.

(b) Yes. This accident actually occurred on the 3rd of January, 1940.

(c) It is not within the power of the railway authorities to prevent lorries from crashing into closed and locked gates at level crossings. I have no particulars of the compensation paid to the gatekeeper.

Mr. Lalchand Navalrai: With reference to clause (b), may I know whether the gates were locked and yet the accident took place and the gate was broken and smashed?

The Honourable Sir Andrew Olow: The Honourable Member is quite correct.

EXERCISE OF CERTAIN POWERS VESTED IN THE GENERAL MANAGER, NORTH WESTERN RAILWAY, BY THE ASSISTANT TRANSPORTATION OFFICER, DELHI.

9. ***Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways state the notification under which Assistant Transportation Officer, North Western Railway, Delhi, is empowered to exercise the powers of the General Manager, North Western Railway, which are vested under the Indian Railways Act, 1890 in the Manager of the Railway?

The Honourable Sir Andrew Olow: There is no such notification.

EXERCISE OF CERTAIN POWERS VESTED IN THE GENERAL MANAGER, NORTH WESTERN RAILWAY, BY THE ASSISTANT TRANSPORTATION OFFICER, DELHI.

10. ***Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please state the section of the Indian Railways Act, 1890, or the rule made thereunder which permits the Assistant Transportation Officer, North Western Railway, Delhi, to act for the General Manager, North Western Railway, with regard to the powers vested in the Railway Administration under sections 112, 113, 140, 141 and 145 of that Act, 1890?

The Honourable Sir Andrew Olow: Sections 112, 140 and 141 vest no powers in the Railway Administration. Section 118 refers to the appointment of certain railway servants of the Railway Administration and section

145 empowers the Manager to authorise persons to represent him in proceedings. The Manager is not entitled to delegate either the power of appointment or the power of authorisation to another officer.

INVESTIGATION, ETC., OF OFFENCES UNDER SECTION 112 OF THE INDIAN RAILWAYS ACT.

11. ***Mr. Muhammad Azhar Ali:** Will the Honourable Member for Railways please refer to Rule 18 of Part II of the General Rules for Railways and state:

- (a) the designation or competent authority who can investigate, institute and conduct in courts the offences under section 112 of the Indian Railways Act, 1890;
- (b) the authority competent to apply to the magistrate for cognisance under section 112 of that Act, 1890;
- (c) the procedure, investigation and trial, of offences under section 112 of that Act; and
- (d) who could be the complainant against an offence under section 112 of that Act?

The Honourable Sir Andrew Olow: (a), (b) and (d). Any railway servant to whose duty such offence is relevant is competent to investigate it. Any one who chooses to make a complaint as defined in clause (h) of sub-section (1) of section 4 of the Code of Criminal Procedure may do so. As regards the conduct of cases, the Honourable Member is referred to sub-section (1) of section 495 of the Code of Criminal Procedure and sub-section (2) of section 145 of the Indian Railways Act.

(c) Procedure at the trial is governed by Chapter XX or Chapter XXII of the Code of Criminal Procedure, as the case may be.

Mr. Muhammad Azhar Ali: As regards section 112 of the Act, may I know whether an ordinary servant of a railway, besides the station master, is entitled to lodge a complaint?

The Honourable Sir Andrew Olow: What I said was that any one, who chooses to make a complaint, as defined in the particular section of the Criminal Procedure Code, may do so.

UNSTARRED QUESTIONS AND ANSWERS.

INSPECTORS OF STATION ACCOUNTS ON THE EAST INDIAN RAILWAY.

1. **Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state whether Inspectors of Station Accounts are included in the divisional system of operation on the East Indian Railway?

(b) Is it a fact that:

- (i) Power, Transportation, Commercial, Engineering, Signals, Medical and Rolling Stock Inspectors, and
 - (ii) Divisional Accounts Officers with their staff,
- are included in the divisional system on that Railway?

(c) If the answer to part (a) be in the negative, is the Honourable Member prepared to consider the desirability of completing the divisional system by including the Inspectors of Station Accounts?

The Honourable Sir Andrew Olow: (a) No.

(b) Yes.

(c) No. The work performed by Inspectors of Station Accounts is a part of the internal check of traffic earnings. The divisional system applies only to expenditure accounts and not to accounts of earnings.

WITHDRAWAL OF PRESIDENCY ALLOWANCE FROM CERTAIN OFFICERS ON THE EAST INDIAN RAILWAY AT CALCUTTA.

2. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether the compensatory Presidency allowance granted to those gazetted officers who have been promoted or appointed by the Governor General and posted on the East Indian Railway at Calcutta, has been withdrawn?

(b) Is it a fact that those gazetted officers who have been appointed by the Secretary of State and are posted on the East Indian Railway at Calcutta, continue to enjoy the benefit of that allowance?

(c) Do Government propose to remove this distinction? If not, why not?

The Honourable Sir Andrew Olow: (a) and (b). Yes.

(c) The matter is receiving attention.

ACCOUNTS AND COMMERCIAL DEPARTMENTS OF THE EAST INDIAN RAILWAY.

3. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether the Accounts and the Commercial Departments of the East Indian Railway are treated as one unit for the purpose of promotion, transfer or appointment of staff to the gazetted service of (i) the Commercial Department, and (ii) the Accounts Department?

(b) If the answer to part (a) be in the negative, have any such transfers, promotions or appointments taken place during 1939? If so, how many, and what are the substantive appointments of the persons concerned?

(c) Is it a fact that two men from the Accounts Branch are at present working in the gazetted service in the Commercial Branch against two permanent vacancies?

(d) If the answer to part (c) be in the affirmative, how many subordinates were officiating in the gazetted service in the Commercial Branch and how many subordinates were eligible for promotion to the gazetted service at the time the two men were taken from the Accounts Branch?

(e) Have these two Accounts Officers any practical experience in commercial working on the railway?

The Honourable Sir Andrew Olow: (a) No.

(b) and (c). Yes. Two members of the Accounts Department holding substantively the posts of Assistant Accounts Officer and Senior Accountant, respectively, were transferred to the Commercial Department against temporary vacancies.

(d) On the occasion of the first transfer seven subordinates were officiating in the gazetted service of the Commercial Department and on that of the second transfer eight.

(e) No.

DISQUALIFIED TRANSPORTATION INSPECTOR OFFICIATING IN THE HOWRAH DIVISION OF THE EAST INDIAN RAILWAY.

4. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether Selection Boards are convened at the head office of the East Indian Railway for the purpose of selecting employees for promotion to the senior non-gazetted posts in the Operating and Commercial Departments?

(b) What period must elapse before an employee, who has been disqualified by a Selection Board for promotion to a particular post, can appear before another Selection Board for that post?

(c) Is it a fact that recently an officiating Transportation Inspector of the Howrah Division, who was disqualified by a Selection Board at Calcutta, was immediately reverted to his substantive post, while another officiating Transportation Inspector who was also disqualified, was allowed to continue working in that post?

(d) Do Government propose to take action against the official responsible for endangering the safety of the travelling public by permitting a disqualified Inspector to continue to work in that capacity? If not, why not?

The Honourable Sir Andrew Olow: (a) and (c). Yes.

(b) No period is specified. All employees who are eligible and are recommended as suitable are examined by selection boards as occasion arises.

(d) No. The officiating Transportation Inspector, who did not revert, was re-examined and passed by a subsequent selection board.

INSPECTIONS BY THE INSPECTORS OF STATION ACCOUNTS ON THE EAST INDIAN RAILWAY.

5. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether any check is exercised by a gazetted officer on the inspections of stations on the East Indian Railway by the Inspectors of Station Accounts?

(b) Is the gazetted officer concerned required to make a complete inspection himself?

(c) How many stations is he required to inspect each year?

(d) How many stations have been inspected by that officer during 1988 and 1989?

(e) How many frauds were detected during that period and by whom?

The Honourable Sir Andrew Olow: (a) and (b). The answer is in the affirmative.

(c) No hard and fast rule exists in this respect but he is required to check the accounts of the more important stations during the year.

(d) 85 in 1937-38 and 46 in 1938-39.

(e) No frauds were detected.

**GENERAL AND TRAFFIC ACCOUNTS BRANCHES OF THE TRAFFIC
DEPARTMENT OF THE EAST INDIAN RAILWAY.**

6. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether the General and the Traffic Accounts branches of the Accounts Department of the East Indian Railway are treated as one unit for the promotion of non-gazetted staff to the gazetted service and for the transfers of non-gazetted and gazetted staff?

(b) Are non-gazetted staff, who are employed as accountants in the other branches, eligible for promotion to the gazetted service in the Traffic Accounts Branch and *vice versa*?

(c) Will the Honourable Member be pleased to state whether the substantive pay of a non-gazetted employee in the Operating and Commercial Departments of the East Indian Railway is the determining factor for the fixation of seniority for the purpose of promotion to higher posts? If not, how is seniority determined?

The Honourable Sir Andrew Olow: (a) For the purpose of transfers (i) within gazetted rank or the rank of accountant and (ii) on promotion to these ranks, the two branches are treated as one unit. Transfers are not ordinarily made between the two branches in connection with clerical posts of lower rank than accountant whether on promotion or otherwise.

(b) Yes.

(c) Seniority is normally determined by the date of entry into a grade or class.

**PASSING OF THE GOODS ACCOUNTS EXAMINATION BY STAFF IN THE COM-
MERCIAL BRANCH OF THE EAST INDIAN RAILWAY IN THE HOWRAH
DIVISION.**

7. Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state whether it has been made compulsory for non-gazetted staff in the Commercial Branch of the East Indian Railway in the Howrah Division who are seeking advancement, that they must first qualify by passing the Goods Accounts Examination, Lower?

(b) When were such orders issued?

(c) Are those orders being rigidly observed? If not, what remedy is open to the aggrieved staff who have been superseded by unpassed employees?

The Honourable Sir Andrew Olow: (a) Yes, in the case of all goods shed staff in grades higher than the lowest and all goods clerks irrespective of grade.

(b) The orders as regards goods clerks were issued on the 23rd May, 1928, and as regards goods shed staff on the 10th June, 1930.

(c) I understand that in some cases the time limit for passing the examination has been extended, but I have not been informed of any case where confirmation has been made contrary to the orders. It is open to any person who considers that he has been unfairly superseded to represent his case to the proper authority. I would add that the question of modifying the orders is being examined.

POSTING OF PERSONNEL OR STAFF OFFICERS ON THE EAST INDIAN RAILWAY.

8. Mr. Lalchand Navarai: (a) Will the Honourable Member for Railways please state whether it is a fact that Transportation and Engineering Officers in the Gazetted service have from time to time been posted as Personnel or Staff Officers on Divisions as well as the head office of the East Indian Railway?

(b) Is there any qualifying examination before an officer becomes eligible for posting in the Personnel or Staff Branch? If so, who holds that examination?

(c) If the answer to part (b) be in the negative, why there are unqualified officers in charge of establishment matters?

(d) Is it a fact that recently a fraud was detected in the Howrah Division in connection with the establishment? If so, what is the nature of the fraud and what action has been taken to prevent a recurrence?

(e) What is the policy of Government in the matter of posting of gazetted staff in charge of the Personnel or Staff branch?

The Honourable Sir Andrew Olow: (a) Yes.

(b) No.

(c) The fact that there is no qualifying examination does not mean that establishment officers possess no qualifications for this work.

(d) It would appear that unauthorised letters of appointment were issued to a number of persons; the case is at present *sub judice*.

(e) Officers are selected for establishment work who are considered suitable and whose services can be spared from the Departments from which they are taken.

HOLDING UP OF UNLOADING AND DELIVERY OF GOODS AT THE HOWRAH GOODS SHEDS.

9. Mr. Lalchand Navarai: (a) Will the Honourable Member for Railways be pleased to state whether there is any rule on the East Indian Railway which permits the Accounts Department to hold up the unloading and delivery of goods to the public at the Howrah Goods Sheds?

(b) Is it a fact that both the unloading and the delivery were held up on a week day while an outstanding was being taken by the staff of the Accounts Department?

(c) How many Inspectors were utilised for this purpose, and for how many hours was normal working held up?

(d) Does the Honourable Member propose to consider the desirability of stopping the taking of outstanding of packages during working hours which inconveniences the public?

The Honourable Sir Andrew GLOW: (a) No.

(b) and (c). I understand the Honourable Member's question alludes to a check of outstandings carried out on a particular day in July last. If so, the number of inspectors employed was 34. I am informed that the check created no delay in unloading or delivery of goods to the public.

(d) In view of the answers to parts (a), (b) and (c), this does not arise.

TRAIN DISASTER NEAR HAZARIBAGH ON THE EAST INDIAN RAILWAY.

10. Mr. Muhammad Ashar Ali: Will the Honourable Member for Railways please refer to interpellations Nos. 31, 33B and D, of 3rd February, 1939, regarding train disaster near Hazaribagh on the East Indian Railway and state:

- (a) the nature of bolts per rail length;
- (b) the distance between bolts;
- (c) the time required for extraction of a bolt;
- (d) the time required for extraction of bolts per rail length; and
- (e) the labour employed by the Engineering Department of the Railway for that work during renewals of track?

The Honourable Sir Andrew GLOW: (a) and (b). Presumably the Honourable Member refers to both the fish-plate connections at the rail joints and to the fastenings holding the rail to the sleepers. In the case of the former, there are four one-inch diameter bolts, spaced $4\frac{1}{2}$ inches apart in each fish-plated joint, and in the case of the latter, there are 14 sleepers per rail length, spaced 2 feet 6 inches apart. Each sleeper is fastened to the rail by means of a substantial jaw held in position by a steel cotter.

(c) to (e). The time taken depends on the tools used and the degree of skill shown, and in the case of a whole rail, on the number of men employed. The average gang consists of about 16 men and would require about a quarter of an hour to remove the connections from a complete rail.

SELECTION POSTS OR SELECTION GRADES ON STATE RAILWAYS.

11. Mr. Muhammad Ashar Ali: Will the Honourable Member for Railways please lay on the table of this House a statement of selection posts or selection grades in each cadre, group or class of each branch or department along with its scales of pay, specified by the General Managers, Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways, in terms of Note under Rule 2 (vi) of the Rules for the recruitment and training of non-gazetted staff (except apprentice mechanics, trade apprentices, labourers and inferior staff) on State-managed Railways?

The Honourable Sir Andrew GLOW: I have called for information and will lay a reply on the table of the House in due course.

SENIORITY OF TRAIN EXAMINERS ON THE EAST INDIAN RAILWAY.

12. Mr. Muhammad Ashar Ali: Will the Honourable Member for Railways please refer to the General Manager, East Indian Railway, Circulars No. 464, dated the 26th January, 1927; and No. O. P. E. 1802-A, dated the 3rd March, 1937, and state:

(a) if it is a fact that the Railway Board agreed to give effect from 1st January, 1927 to place in a common seniority list the staff of (old) East Indian Railway and of (old) Oudh and Rohilkhand Railway belonging to same class and grade and that individual rates of pay will not be taken into account but the position will be determined with reference to the length of service in the same class or grade;

(b) if it is a fact that under that agreement the following grades of Train Examiners were declared equivalent:

Old East Indian Railway.	Old Oudh and Rohilkhand Railway.
(i) Grade I—300—25—400.	(i) Grade A—200—10—260—15—300.
(ii) Grade II—200—20—280.	(ii) Nil.
(iii) Grade III—120—15—180.	(iii) Grade B—100—10—190.
(iv) Grade IV—50—5—95.	(iv) Grade C—55—5—95.

and the seniority was determined accordingly;

(c) the regulation under which after ten years seniority determined under that agreement can be modified to the detriment of an employee;

(d) the notification under which the Railway Board has delegated the powers to senior scale officer to overrule that agreement; and

(e) whether Government propose to cancel the modification made against that agreement; if not, why not?

The Honourable Sir Andrew Olow: I have called for information and will lay a reply on the table of the House in due course.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 831 asked by Mr. J. D. Boyle (on behalf of Lt.-Col. Sir Henry Gidney) on the 18th March, 1938.

REFUSAL OF LEAVE TO SUBORDINATES ON THE GREAT INDIAN PENINSULA AND EAST INDIAN RAILWAYS.

(a) It has not proved practicable to collect the information as no regular records are maintained of the numbers of subordinates refused or granted leave.

(b) Enquiries made on all the State Railways indicate that the leave privileges of subordinate staff are not generally nullified except when demands for leave are made during holidays or marriage periods and on other occasions when traffic movements are heavy.

Information promised in reply to unstarred question No. 39 asked by Mr. Brojendra Narayan Chaudhury on the 6th September, 1938.

BUILDINGS IN CALCUTTA VACATED BY THE GOVERNMENT OF INDIA ON TRANSFER TO DELHI.

Statements showing the Imperial buildings and sites in Calcutta which were retained or vacated by the Government of India on the transfer of the capital from Calcutta to Delhi and how they have been disposed of.

N.B.—The information given in the statements is in a somewhat different form to that required by Mr. Brajendra Narayan Chaudhury as it is not possible to furnish it in the manner desired in the question.

STATEMENT A—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
1	No. 5, Esplanade Row, West—Legislative Council Building (Old).	Not known	1,11,031	1,44,158
2	No. 8, Hastings Street—Central Press Building.	1885-86	5,16,375	*5,72,363
3	No. 51, Chowringhee Road—Lord Bishop's Palace.	1849-50	1,36,750	1,40,727
4	No. 1, Charnook Place, + 15/1, Strand Road—Custom House.	1849	6,55,594 4,65,000(a)	10,34,887(b)
5	No. 4, Charnook Place—General Post Office, Calcutta.	1868	9,18,937	6,04,810
6	No. 7, Koila Ghat Street, Calcutta
	(1) A. G., Posts and Telegraphs	1897-98	1,76,000	5,23,726
	(2) Postmaster-General, Bengal and Assam.	1906-07	..	2,53,316

* Including the value of

been retained for use by the Central Government.

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs. 2,55,189	Occupied by :— (1) Office of the Registrar of the Dioceses of Lahore, Lucknow, Nagpur and Calcutta. (2) Govt. of India Press, Calcutta. (3) Govt. of India Dispensary. (4) Committee of Legal Education, High Court. (5) Office of the Superintendent of Police, E. B. Railway.	The Government of Bengal pay rent for the accommodation occupied by them.
10,88,738	(1) Government of India Press, Calcutta. (2) Central Book Depot.	Nil.
2,77,477	Occupied by the Lord Bishop	Transferred to the Church of India.
21,55,481	Occupied by the Custom Office	(a) Value of site of Port and Shipping Office (15/1, Strand Road) purchased in 1938 from the Government of Bengal for the construction of New Custom House. (b) Exclusive of the value of the buildings dismantled in 1938 to make room for the new Custom House.
15,23,747	Occupied by the Postal Department	Nil.
6,99,726	Occupied by :— (1) Dy. A. G., P. & T., Calcutta. (2) Accounts Offices Association, Bengal (P. & T. Br.). (3) P. & T. Accounts Co-operative Credit Society.	Nil.
2,53,316	Occupied by office of the Presidency Postmaster, Calcutta (Portion of office).	

electrical installation.

STATEMENT A.—Imperial buildings in Calcutta which have

STATEMENT OF THE				
Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
7	No. 33, Dalhousie Square, Calcutta Old Telegraph Office, Main Buildings.	1876-77	Rs. 3,93,750	Rs. 8,78,711
8	No. 8, Wellesley Place, New Central Telegraph Office & Quarters, Calcutta.	1913	2,25,000	8,43,567
9	No. 1, Dalhousie Square, Paper Currency Office.	1868	1,06,500	16,74,768
	Mangoe Lane—			
	Paper Currency Office +	1901-02	72,969	
	Extension of new buildings	1910-11		
10	No. 27, Chowringhee Road—Indian Museum Superintendent's quarters.	1903	8,06,802	27,69,649
11	No. 1, Sudder Street—Indian Museum, Art and Economic Section.	Not known		
12	No. 2, Chowringhee Lane—Indian Museum, East Block and servants' quarters.	1896-97		
13	No. 2, Charnock Place—Old Opium Godown.	..	2,82,312	2,11,915
14	No. 14, Strand Road—New Opium Godown.	..	2,82,000	2,30,944
15	No. 2, Council House Street, St. John's Church.	1787-88	6,16,214	2,17,862
16	No. 2/1, Council House Street—Parsonage.	1900-02	1,50,714	41,385
17	No. 11/1, Dalhousie Square, North—St. Andrew's Church.	1814	2,06,267	2,64,048

been retained for use by the Central Government—*contd.*

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs. 12,72,461	(1) Office of the Accounts Officer, Telegraph Check Office, Calcutta. (2) Office of the Dy. A. G., P. & T., Calcutta (Portion of office). (3) Office of Supdt., R. M. S., "E" Dn. (4) Office of Supdt., R. M. S., "C" Dn. (5) Office of Manager, D. L. O., Calcutta. (6) Manager, Stock Depot, Calcutta (a branch of P. M. G.'s Office, Calcutta). (7) Inspection Quarters. (8) Quarters for Conservancy Inspector & Watchman.	<i>Nil.</i>
10,68,667	Used by the Traffic & Engr. Branches of the P. & T. Deptt.	<i>Nil.</i>
18,54,237	Occupied by the Paper Currency Office.	Leased out to the Reserve Bank of India.
35,76,451	Occupied by the Indian Museum.	<i>Nil.</i>
5,04,227	Occupied by the Customs Department.	<i>Nil.</i>
5,12,944	<i>Ditto</i>	<i>Nil.</i>
8,34,076	As a church.	<i>Nil.</i>
1,92,099	As a residence for the Chaplain attached to St. John's Church, Calcutta.	Transferred to the Church of India.
5,70,415	As a church.	<i>Nil.</i>

STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
18	Nos. 5 and 6, Esplanade Row, East—Combined Military and Foreign Secretariat buildings.	1904	16,02,500	18,72,813
19	No. 3, Church Lane (including portions of Nos. 3, 4 and 5, Church Lane)—Stamp and Stationery Office.	1896	3,45,773	*6,46,581
20	No. 11, Strand Road—Stamp and Stationery Warehouse.		4,79,500	*4,89,368
21	No. 11-1, Strand Road (portion of Nos. 3, 4 and 5, Church Lane)—Stamp and Stationery Office.		6,69,607	
22	No. 47, Strand Road—Mint Guards' quarters and Tank.		1,984,812	29,07,671
23	No. 48, Strand Road—Copper Mint (Mint Master's quarters, east of road).	1866	31,82,500	
24	No. 68, Strand Road—Mint building (west of road).	..	9,50,144	
25	No. 69, Strand Road—Mechanics' quarters, etc.	1874. 1903-04	9,15,750	
			70,33,206	
	Deduct value of land transferred to the Port Commissioners of Calcutta.		7,45,670	
			62,87,536	
26	No. 12, Strand Road—Imperial Library ("Metcalfe Hall").	1901-02	1,33,000	3,37,765
27	No. 13, Wood Street—Surveyor General's Office.	..	1,44,462	1,92,614
28	No. 14, Wood Street—Photo-Litho Office.	..	89,265	3,57,155
29	No. 15, Wood Street—Mathematical Instruments Office.	1887-88	87,993	2,52,224

*Including the value of

been retained for use by the Central Government—~~don't~~.

Capital cost.	How utilized at present.	Remarks.
6	7	8
Ra.		
34,82,313	Occupied by :—	Nil.
	(1) Commissioner of Income-tax (portion of office).	
	(2) Controller of Army Factory Accounts.	
	(3) Defence Department.	
	(4) Controller of Military Accounts, P. & A. District.	
	(5) Archdeacon of Calcutta.	
	(6) Archaeological Survey.	
	(7) Imperial Library.	
	(8) Controllers of Inspection and Purchase (Indian Stores Department).	
	(9) Records of the late Indian Munitions Board.	
9,92,354	(10) M. A. G.'s records.	
16,38,475	Occupied by the Stamp and Stationery Office.	Nil.
91,95,207	As in column 2	Nil.
4,70,765	Occupied by the Mercantile Marine Department including the Shipping Office.	Nil.
3,37,076	As in column 2	Nil.
4,46,420		
3,40,217		

electrical installation.

STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of depart- mental charges.
1	2	3	4	5
			Rs.	Rs.
30	No. 166, Dhurrumtolla Street—Central Press building (old).	1881-82	6,68,265	*6,63,832
31	No. 1, Temple Street—Central Press			
32	Nos. 31 and 34, Judge's Court Road, Alipur—"Hastings House".	Not known	2,24,647	2,99,468
33	No. 4, Duel Avenue—Meteorological Observatory, Alipore, including Magnetic Observatory and Meteorological Reporter's Office and quarters, Alipore.	1876 1900-01 1899	34,125	1,68,060
34	No. 248, Lower Circular Road, Alipore, Telegraph Storeyard.	Not known	3,09,583 (estimated).	13,67,149
35	No. 165-1, Lower Circular Road—St. James's Church.		72,778	2,39,406
36	No. 167, Lower Circular Road—St. James's Church, Parsonage.	1864.	80,414	* 41,073
37	No. 3, Diamond Harbour Road—St. Stephen's Church.	1846.	42,100	74,838
38	No. 5, Diamond Harbour Road—St. Stephen's Church, Parsonage.	1862-63	19,012	49,160
39	No. 29-7, Gopalnagar Road—Posts and Telegraphs Office, Alipore (with Postmaster's quarters.)	1913-14	5,051	82,830
40	No. 50, Colocottollah Street (Imperial Military)—Military Students' quarters and outhouses.	1899-1900	1,27,006	2,93,215

*Including the value of

been retained for use by the Central Government—*contd.*

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs.		
13,32,097	Central Forms Store and Central Forms Press.	<i>Nil.</i>
5,24,115	Occupied by the office of the headquarters of the Eastern States Agency.	<i>Nil.</i>
2,02,185	As in column 2	<i>Nil.</i>
16,76,732	Telegraph Storeyard and Workshops and other offices of the Telegraph Department.	<i>Nil.</i>
3,12,184	As in column 2	<i>Nil.</i>
1,21,487	Do.	Transferred to the Church of India.
1,16,938	Do.	<i>Nil.</i>
68,172	Do.	Transferred to the Church of India.
87,881	Do.	<i>Nil.</i>
4,20,221	Occupied by Military Medical Students.	<i>Nil.</i>

electrical installation.

STATEMENT A.—Imperial buildings in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
			Rs.	Rs.
41	"Belvedere"	21,49,013	12,78,395
41A	30—Belvedere Road (Old Bodyguard Lines).		75,172	76,403
42	No. 6, Dacres Lane	1901. .	1,20,700	86,766
43	No. 110, Chittaranjan Avenue—All-India Institute of Hygiene and Public Health (Main building including electric pump room).	1931-32 .	7,01,212	6,28,649
44	Government Test House, Alipore . .	Not known	2,49,506	3,56,629

been retained for use by the Central Government—*conold*.

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs.		
34,27,408	As a residence for His Excellency the Viceroy during his visits to Calcutta.	This building was taken over from the Government of Bengal in 1920, in exchange for Government House, Barrackpore (Statement C, item 4), for occupation by His Excellency the Viceroy on the occasions of his annual visits to Calcutta.
1,51,575	By the Bodyguard Detachment and other servants of The Viceroy's Household.	Nil.
2,07,466	Occupied by the Customs Department.	Nil.
13,29,861	As in column 2	Nil.
6,06,135	Do.	Nil.

STATEMENT B.—Imperial buildings in Calcutta which are

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
1	No. 2, Government Place,— Treasury Buildings	1885-86	Rs. 9,60,000	Rs. 9,41,902
2	No. 3 Government Place,— Imperial Secretariat	1890-91	6,88,500	10,51,786
3	New Imperial Secretariat,— No. 1, Council House Street	1911-12	10,09,500	15,11,191

occupied jointly by Imperial, Provincial and other offices.

Capital cost.	How utilized at present.	Remarks.
6	7	8
<p>Rs.</p> <p>19,01,902</p>	<p>Occupied by portions of the offices of the Accountant General, Bengal, and the Post Office, the Treasury Buildings Co-operative Society and the Treasury Buildings Institute. Also by Examiner of Local Audit & C. & W. Department, Bengal, Electrical Sub-Division. Two rooms have been set apart for use by the Honourable the Finance Member and Secretary, and one room is used for storing certain old public debt records which are in the charge of the Reserve Bank of India.</p>	<p>As A below.</p>
<p>17,40,286</p>	<p>Occupied by :—</p> <ol style="list-style-type: none"> (1) Commissioner of Income-tax, Bengal. (2) Office of the Accountant General, Bengal. (3) Govt. of India Press, Calcutta. (4) Certain Provincial Offices. (5) Registrar of Joint Stock Companies. (6) Registrar of Firms. 	<p>The Government of Bengal pay rent for the accommodation occupied by them in Central Government buildings. } A.</p>
<p>25,20,691</p>	<p>Occupied by :—</p> <ol style="list-style-type: none"> (1) Administrator General and Official Trustee, Bengal. (2) Chief Inspector of Explosives (3) Chief Mining Engineer, Railway Board. (4) Controller of Patents. (5) Exe.-Engr., Western Development Division. (6) Conciliation Officer, Railways. (7) Executive Engineer, Central (Aviation) Division, Calcutta. (8) Railway Rates Advisory Committee. (9) Post Master General, Bengal and Assam Circle. 	<p>As A above.</p> <p>The Government of Bengal pay rent for the accommodation occupied by them in Central Government buildings.</p>

STATEMENT B.—Imperial buildings in Calcutta which are

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of depart- mental charges.
1	2	3	4	5
3	New Imperial Secretariat,— No. 1, Council House Street— <i>contd.</i>		Rs.	Rs.

occupied jointly by Imperial, Provincial and other offices.

Capital cost.	How utilized at present.	Remarks.
6	7	8
Rs.	<ul style="list-style-type: none"> (10) Inspector of European Schools, Bengal. (11) Director General of Commercial Intelligence and Statistics, India. (12) Tariff Board. (13) Indian Central Jute Committee. (14) Indian Coal Grading Board. (15) Postal Co-operative Credit Society of Calcutta, Ltd. (16) Some spare rooms are generally utilized for accommodating Commissions, Committees and Govt. of India officers on tour in Calcutta. (17) Indian Soft Coke Cess Committee. (18) Official Receiver, High Court, Calcutta. (19) Supdg. Engineer, Development Circle. (20) Chief Accounts Officer, Railway Collieries, E. I. R. (21) Govt. of India, Deptt. of Commerce for working of the Insurance Act, 1938. 	<p>The Government of Bengal pay rent for the accommodation occupied by them in Central Government buildings.</p>

STATEMENT C.—Imperial building in Calcutta which have

Item No.	Name of building.	Date of erection or purchase.	Value of	
			Land.	Building, exclusive of departmental charges.
1	2	3	4	5
1	No. 87-1, College Street, Senate House and outhouse.	1873.	Rs. 1,79,358	Rs. 4,71,235
2	No. 67-3-1, Strand Road, Dhoony Office	1875-76	22,500	13,296
3	Viceregal Estate (excluding Government House, Barrackpore).	1809, 1895, 1903, 1907, 1908 and 1909.	61,91,260	28,52,292
4	Government House, Barrackpore	Not known	Not known	3,78,742
5	No. 244, Lower Circular Road—Chemical Laboratory, Presidency General Hospital.	1885.	..	16,895

been transferred to the Provincial Government or other authorities.

Capital cost.	How utilized at present.	Remarks.															
6	7	8															
Rs. 6,50,593	As a Senate House	<p>The Senate House was constructed at a cost of—</p> <table> <tr> <th></th><th>Estimate.</th><th>Value reported in 1912.</th></tr> <tr> <td></td><td>Rs.</td><td>Rs.</td></tr> <tr> <td>Land . . .</td><td>94,953</td><td>1,79,358</td></tr> <tr> <td>Buildings . .</td><td>3,39,744</td><td>4,71,235</td></tr> <tr> <td>Total . . .</td><td>4,34,697</td><td>6,50,593</td></tr> </table> <p>Since its construction, the Calcutta University, to whom the building has been presented as a free gift have been responsible for the maintenance of the property.</p>		Estimate.	Value reported in 1912.		Rs.	Rs.	Land . . .	94,953	1,79,358	Buildings . .	3,39,744	4,71,235	Total . . .	4,34,697	6,50,593
	Estimate.	Value reported in 1912.															
	Rs.	Rs.															
Land . . .	94,953	1,79,358															
Buildings . .	3,39,744	4,71,235															
Total . . .	4,34,697	6,50,593															
35,796	By the Calcutta Port Commissioners	This building was made over to the Port Commissioners on the 7th May 1918 in accordance with the terms of an indenture, dated the 21st December 1910, between the Secretary of State, for India and the Port Commissioners.															
90,43,552	As the residence of His Excellency the Governor of Bengal and His Excellency's staff.	The buildings comprised in this estate were transferred to the Government of Bengal, free of cost, with effect from 1st April 1912.															
3,78,742	As Government House . . .	It has been declared as a Government House and reserved for the use of His Excellency the Governor of Bengal from 1st April 1937.															
16,395	As Pathological, Bacteriological and Biochemical Laboratory of Presidency General Hospital.	Transferred to the Government of Bengal, free of charge, by the Government of India, Department of Education, vide that Department's letter No. 1036, dated the 17th August 1915.															

STATEMENT D.—Imperial buildings in Calcutta which have been sent.

Item No.	Name of building.	Date of erection or purchase.	Value of		Capital cost.	Rent Charged.	Remarks.
			Land.	Building, exclusive of departmental charges.			
			Rs.	Rs.	Rs.	Rs.	
				Nil			

STATEMENT E.

Imperial buildings in Calcutta which have been sold.

Item No.	Name of building.	Date of erection or purchase.	Value of		Capital cost.	Sold for	Remarks.
			Land.	Building, exclusive of departmental charges.			
			Rs.	Rs.	Rs.	Rs.	
1	No. 3, Kolla Ghat Street.	Not known.	12,00,000	6,92,082	18,92,082	10,00,000	This building was occupied by the Eastern Bengal State Railway on payment of rent at varying periods between September 1915 and March 1924. In March 1924, it was purchased outright by the Railway for 19 lakhs. This was the value at which the property was assessed for purposes of taxation by the Calcutta Corporation. The building was not then required for any Central Government office.
2	Nos. 5 and 6, Government Place, North Thacker Spink's premises.	1905	4,32,055		4,32,055	3,72,000	Sold to the Government of Bengal.
3	No. 9, Hare Street—"Englishman" office	1905	8,88,800		8,88,800	1,42,000	Sold to a private party in 1937.
4	No. 1, Hurriah Ch. Mukherjee's Street.	1896-97	6,300	23,992	35,292	37,070	Sold to the Government of Bengal, vide Government of India, Department of Industries and Labour Letter No. B6/865, dated the 30th August 1927.

Information promised in reply to starred question No. 448 asked by Mr. K. Santhanam on the 15th February, 1939.

MANUFACTURE OF BOILERS IN RAILWAY WORKSHOPS.

(a) Only the Bombay, Baroda and Central India Railway have every facility for manufacturing Metre Gauge boilers in their Ajmer Workshops.

(b) Yes, on certain railways detailed in the statement below sub-para. (c) and (d).

(c) & (d) The table below gives the information required :—

Railways.	Total number of boilers manufactured in Railway Workshops before, during and after the War.	Year in which built.	Reasons for the discontinuance of the practice of manufacturing boilers in Railway Workshops.
Jodhpur	1 } 1 } Metre Gauge 1 } 1 }	1916 1917 1925 1926	For want of adequate facilities for building boilers from un-flanged plates.
Total	4		
East Indian	6 } 10 } 5 } 3 } 20 } Broad Gauge 17 } 9 } 30 } 3 }	1910 1911 1912 1913 1922 1923 1924 1925 1926	Because full capacity of the boiler shop has to be utilised for dealing with repairs to boilers.
Total	103		
Bengal Nagpur	3 } 1 } 2 } 4 } 3 } Broad Gauge 3 } 3 } 1 } 5 } 5 }	1915 1916 1917 1918 1920 1921 1922 1923 1925 1926	Equipment in Kharagpur Workshops was sufficient for the manufacture of light type boilers only, and even then considerable difficulties were experienced. The majority of the light type engines are now condemned through age and the remainder will be condemned within the next few years. No light type boilers will, therefore, be required to be manufactured any further. There is no plant for the manufacture of heavier types of boilers now in use.
Total	30		
Bombay, Baroda & Central India.	853 Metre Gauge from 1899 to 1939.		Boilers (Metre Gauge only) are still being manufactured in Ajmer Workshops.
Madras & Southern Mahratta.	30 } 20 } Broad Gauge from 1915 Metre Gauge to 1927.	..	The practice of building boilers at Perambur and Hubli was given up on account of the high cost of manufacture.
Total	50		

Railway.	Total Number of boilers manufactured in Railway Workshops before, during and after the War.	Year in which built.	Reasons for the discontinuance of the practice of manufacturing boilers in Railway Workshops.
South Indian	<div> <div>6</div> <div>2</div> <div>1</div> <div>2</div> <div>1</div> <div>7</div> <div>1</div> </div> <div> <div>Metre Gauge</div> <div>Broad Gauge</div> <div>Metre Gauge.</div> </div>	<div>1915</div> <div>1916</div> <div>1917</div> <div>1918</div> <div>1918</div> <div>1919</div> <div>1919</div>	} Assembled from imported parts as a War measure.
Total	20		
Grand Total	1080		

(e) The question of the construction of Broad Gauge locomotives and boilers in one or more of the State-owned Railways' mechanical workshops is being re-investigated by an officer specially deputed for that purpose.

Information promised in reply to parts (e) and (f) of starred question No. 790 asked by Bhai Parma Nand on the 28th February, 1939.

ADVERSE TREATMENT OF THE OLD EAST INDIAN RAILWAY STAFF TRANSFERRED TO THE NORTH WESTERN RAILWAY.

(e) Yes.

(f) It is understood that a representation from a Cabin Assistant Station Master (previously on the East Indian Railway) who is now employed as a Station Master on the North Western Railway was received in October, 1937, in regard to the adjustment of his position in the Seniority List. He was informed that his seniority had been determined in accordance with the procedure adopted in the case of other Cabin Assistant Station Masters.

Information promised in reply to parts (c) to (f) of starred question No. 870 asked by Bhai Parma Nand on the 8th March, 1939.

EXAMINATION FOR RECRUITMENT OF THIRD DIVISION CLERKS IN THE CENTRAL SECRETARIAT.

(c) 100.

(d) Yes, 26 vacancies have been so withheld.

(e) and (f). The question was considered and it was decided that successful candidates from the 1937 examination list should be appointed to such vacancies as occurred and were actually filled during the financial year 1938-39. Vacancies were as a result offered to 60 of those candidates.

Information promised in reply to starred question No. 1005 asked by Mr. Lalchand Navalrai on the 13th March, 1939.

BATHING ARRANGEMENTS FOR THIRD CLASS PASSENGERS ON RAILWAYS.

(a) and (b). A list is appended of the bathing facilities at important stations on major Railways, showing the nature of the arrangements provided.

(c) The matter is receiving the attention of the North Western Railway Administration.

List of important stations having bathing arrangements for third class passengers on certain Class I Railways.

Railway.	Names of stations where bathing arrangements for third class passengers are provided.	Nature of bathing arrangements.
Bengal Nagpur Railway.	Raipur, Balasore and Palasa.	The bathing cabins consist of 6 units each.
Bombay, Baroda and Central India Railway.	<i>Broad Gauge—</i> Bombay Central, Ahmedabad and Anand. <i>Metre Gauge—</i> Phulera, Mehsana and Wadhwan.	At Bombay Central there are 10 tiled bathing places with water laid on, for men, and 3 for women, situated in the third class waiting hall. At Phulera two enclosures are provided for purdah ladies on the passenger platform. At Ahmedabad two blocks containing eight cubicles in each are provided on the platform, one at each end. At Anand there are two separate bath rooms in the Hindu Refreshment Rooms. At Mehsana and Wadhwan facilities with water taps exist in the Indian refreshment Room.
East Indian Railway.	Howrah. Asansol Kul Jn. Dinapore Buxar Moghalsarai Gaya Allahabad Fatehpur Oswinore Central Etawah Shikohabad Lucknow Fyzabad Ajudhya Benares Cantt. Farrukgah	3 shower taps. Bathing places with taps for males and females. Pucca bathing places near 3rd class waiting shed as well as on the Up Platform. Three bathing rooms with taps in 3rd class waiting shed. An enclosed bathing place with tap, but with no roof near the 3rd class waiting shed. Pucca bathing place with taps on the platform. Pucca bathing place exists in the 3rd class waiting shed. There is a pucca building to the east of 3rd class passengers hall having 8 cubicles 4 for males and 4 for females with a raised tap in each. There is a small bathing place for 3rd class passengers. This is a covered place with a tap. Bathing arrangements are provided for 3rd class passengers both on the city side and Cantonment side. The places are covered and have taps. There are bathing arrangements in 3rd class waiting rooms for ladies only at these places, where taps have been provided. Covered bathing enclosures with taps. Uncovered bathing enclosure with taps. Ditto ditto. Ditto ditto. Covered bathing enclosure with tap.

Railways.	Names of stations where bathing arrangements for third class passengers are provided.	Nature of bathing arrangements.
East Indian Railway— <i>contd.</i>	Shahjahanpur	Eight cubicles each measuring 5' x 5' with a roof and a tap each, without door, have been provided as bathing places. A purdah wall is provided in front.
	Bareilly	Ditto ditto.
	Moradabad	Ditto ditto.
Great Indian Peninsula Railway.	Kurduwadi (during fairs).	} For men only
	Jubbulpore	
	Jhansi	} For women only
	Kurduwadi (during fairs).	
	Bhusawal	} Bathing cubicles constructed with corrugated iron sheets and provided with paved floor and a water tap.
	Itarsi	
	Khandwa	
	Manmad	
	Jubbulpore	
	Jhansi	
	Dhond	
	Katni	} Bathing arrangements are provided but not separately for men and women.
Madras and Southern Mahratta Railway.	Arkonam	} Bathing facilities are provided in the Hindu Refreshment Rooms worked departmentally at these stations.
	Bezwa	
	Cuddapah	
	Deonachellam	
	Gudur	
	Guntakal	
	Guntur	
	Hospet	
	Hubli	
	Jalarpet	
	Katpadi	
	Londa	
	Miraj	
	Nidadavolu	
	Nandyal	
	Ongole	} Similar facilities are also provided in the Mohammedan Refreshment Rooms at Bezwa.
	Pakala	
	Raichur	
	Renigunta	
	Samalkot	
	Tenali	} Bath rooms for third class passengers have been provided in the Indian Refreshment Rooms at these stations.
	Wathar	
South Indian Railway.	Trichinopoly Jn.	} Bath rooms for third class passengers have been provided in the Indian Refreshment Rooms at these stations.
	Vridhachalam Jn.	
	Villupuram Jn.	
	Madura Jn.	
	Erode Jn.	

NOTE.—It is proposed to provide a bathing place in the 3rd class waiting hall at Victoria Terminus.

Information promised in reply to parts (c), (d) and (e) of starred question No. 1094 asked by Mr. Sri Prakasa on the 16th March, 1939.

CONTRACTS FOR SUPPLY OF PORTERS ON THE EAST INDIAN RAILWAY.

- (c) I am informed that the contractors charge only the contracted rates.
 (d) The cost of uniform varies from Re. 1/- to Rs. 2/8/- according to the station and the actual cost is realised from the porters.
 (e) For the work performed by the station porters in loading and unloading parcels on railway account, the porter contractor receives Rs. 30/- monthly at Lucknow and Rs. 40/- at Moghal Sarai. These amounts are distributed among the porters concerned.

Information promised in reply to parts (a) and (b) of starred question No. 1321A asked by Mr. S. Satyamurti on the 27th March, 1939.

EXHIBITION OF ANTI-INDIAN FILMS IN FOREIGN COUNTRIES.

- (a) and (b). A Statement is laid on the table.

Statement of cinematograph films held to be offensive to Indian sentiment which were either prohibited or allowed to be exhibited after excisions during the period 1934-38.

Name of film and producing company.	Province.	Remarks.
1. A Night in Cairo (Metro-Goldwyn-Mayer, U. S. A.).	Madras (Prohibited)	Described as a sordid intrigue between an Egyptian Dragoman and an American woman.
2. Bombay Mail (Universal Pictures, U. S. A.).	Bombay (Prohibited)	Described as a travesty of official life in India.
3. Charge of the Light Brigade (Warner Bros., U. S. A.).	Bombay (Prohibited but later certified after excisions).	Includes an episode based on the Indian Mutiny.
4. Mecca Haj (Studios Miar, Egypt).	Bombay (Prohibited, but later certified after excisions).	Certain portions held to be offensive to Muslim sentiment were excised.
5. Garden of the Moon (First National, U. S. A.).	Bombay (Prohibited, but later certified after excisions).	Certain scenes referring to a Maharajah were excised.
6. Lives of a Bengal Lancer (Paramount Films, U. S. A.).	Bengal and Madras (Certified after excisions).	Certain incidents held to be offensive to Muslim sentiment were excised.
7. Entertainer (Columbia, U. S. A.).	Bombay (Certified after excisions).	A portion of the film regarding Mr. Gandhi was excised.
8. Strange as it seems (Universal, U. S. A.).	Ditto	Dialogue held to be offensive to Muslims was excised.
9. Ripley Believe it or not (Vitaphone, U. S. A.).	Ditto	Scenes held to be offensive to Muslims were excised.

Name of film and producing company.	Province.	Remarks.
10. Lord Jeff (Metro Goldwyn Mayer, U. S. A.).	Bombay (Certified after excisions).	Scenes held to be offensive to the Harijans were excised.
11. The Drum (London Film Production).	Bombay and Bengal (certified after excisions). Punjab Prohibited).	Certain incidents in the film were regarded as offensive to the Muslim Community.
12. Gunga Din (R. K. O. Radio Pictures, U. S. A.).	Bengal (Prohibited, but the exhibition of a revised version was later permitted).	The original version contained portions which might have had an undesirable effect on the relations between different communities and between the Army and the public.

Information promised in reply to part (e) of starred question No. 1329 asked by Mian Ghulam Kadir Muhammad Shahban on the 28th March, 1939.

CITY BOOKING OFFICE AT SUKKUR.

Government do not know whether the Administration had hopes of arresting traffic formerly going by boats and country carts. They understand that the City Booking Agency was opened to restore to traders facilities withdrawn from them by the closing of Sukkur Bunder as a booking station for smalls, i.e., traffic in less than wagon loads. It is in any case impossible to measure the extent to which the Agency has been instrumental in diverting traffic from other forms of transport as, although the bookings at it have risen from 20,000 maunds in 1936-37 to 24,000 maunds in 1937-38 and 31,000 maunds in 1938-39, no accurate estimate can be made of the proportion of these bookings which would have been made at the railway station if the Agency had not been available.

Information promised in reply to starred question No. 1352 asked by Mr. B. B. Varma on the 28th March, 1939.

TICKET CHECKING STAFF ON THE NORTH WESTERN RAILWAY.

(a) (i) Headquarters Ticket Checking Staff in December, 1938 :—

No.	Designation.	Grade of pay.	Special pay.	Travelling allowance.
		Rs.	Rs.	Rs.
1	Head Special Ticket Examiner	200—10—250	45	3 per diem.
7	Special Ticket Examiners	66—4—90	20	25 per mensem.

This staff is required to exercise a special check on the work of the Divisional Ticket Checking Staff and to make surprise checks of passenger trains, as and when directed, over the whole line.

(ii) Divisional Ticket Checking Staff in December, 1938:-

No.	Designation.	Grade of pay.	Consolidated monthly Travelling allowance.
		Rs.	Rs.
1	Divisional Inspector of Special Ticket Examiners.	200—10—270	65
6	Ditto ditto	200—10—250	65
26	Special Ticket Examiners . . .	100—10—180	50
4	Ditto ditto . . .	105—5—140	35
51	Ditto ditto . . .	50—5—95	35
216	Ditto ditto . . .	66—4—90	25

This staff is required to check tickets in trains and at stations within the divisions to which they are posted.

(b) Special pay is granted to the Headquarters Ticket Checking Staff in view of their greater responsibility and longer periods of absence from headquarters.

Rs.

(c) Cash earnings from excess fare receipts issued by the Headquarters group from the 8th June, 1936, (when that group started to function) to the 31st December, 1938, amounted to 22,197

Expenditure incurred on this staff during this period amounted to 46,973

Cash earnings from excess fare receipts issued by Divisional Special Ticket Examiners for the same period amounted to 6,57,828

Expenditure incurred on this staff during that period amounted to 11,24,720

(d) Number of persons detected without tickets by the Headquarters group from 8th June, 1936, to 31st December, 1938 10,763

Number of persons detected without tickets by the Divisional Special Ticket Examiners for the same period 3,69,023

The number of working days is not available.

(e) The Headquarters group are required to check the work done by Divisional Special Ticket Examiners and station staff, to supplement it and to enable "cent per cent." checks to be made in selected areas. The administration considers that the expenditure incurred has been fully justified.

Information promised in reply to part (b) of starred question No. 1353 asked by Mr. S. Satyamurti on the 28th March, 1939.

RAILWAY EARNINGS FROM THE TRIPURI CONGRESS.

The gross earnings of all railways derived from the Tripuri Congress have been estimated at Rs. 1,75,300, approximately.

Information promised in reply to starred question No. 1537 asked by Mr. Lalchand Navalrai on the 5th April, 1939.

REFUND OF OVERDRAWALS BY CERTAIN EMPLOYEES ON THE NORTH WESTERN RAILWAY.

(a) Yes. 725 men were involved, and the excess payment amounted to approximately Rs. 71,000.

(b) and (c). It has been decided to waive the recovery of amounts paid in excess, more than one year before the discovery of over payment, and if recoveries already made exceed the amounts which it has now been decided to recover these will be refunded.

Information promised in reply to starred question No. 109 asked by Sardar Sant Singh on the 5th September, 1939.

PURCHASE OF MEDICINES FOR THE NEW DELHI AYURVEDIC AND UNANI DISPENSARIES.

(a) The total provision for each of the financial years 1934-35 to 1937-38 was Rs. 6,000 and the total provision for the financial year 1938-39 was Rs. 4,800. The sums provided in each year were allotted in equal shares to the Unani and the Ayurvedic dispensary.

(b) About 60 per cent. of the grant was used by the Hakim or Vaid in charge for preparing medicines at the dispensaries, and the balance was spent in purchasing ready made medicines locally.

(c) Yes.

(d) A member of the Committee is appointed annually to check the stocks kept by the Vaid and Hakim.

(e) and (f). I am prepared to take it from the Honourable Member that there are many firms manufacturing Unani and Ayurvedic medicines but the Committee are satisfied with the quality of the medicines purchased locally and Government see no reason for any interference with the existing arrangement.

Information promised in reply to starred question No. 114 asked by Sir Abdul Halim Ghuznavi on the 5th September, 1939.

PRICE OF IMPORTED STARCH.

"C. i. f. prices" of Pearl Maize Starch imported into India (as reported by the Collectors of Customs).

(Rs. per ton.)

Month.	Bombay.	Calcutta.	Karachi.	Madras.
1937.				
November . .	162 0 0	163 5 4		
December . .	160 0 0	163 5 4	143-12-0 to 147-8-0	..
1938.				
January . .	160 0 0	163 5 4	143-12-0 to 152-8-0	..
February . .	160 8 0	163 5 4	127-8-0 to 133-12-0	..
March . .	160 0 0	165 0 0	117-8-0 and 137-8-0 to 143-12-0.	..

(Rs. per ton.)

Month.	Bombay.	Calcutta.	Karachi.	Madras.
April . . .	154 8 0	135 0 0	117-8-0 and 137-8-0	..
May . . .	150 12 0	135 0 0	117-8-0 and 137-8-0	..
June . . .	148 0 0	126 10 8	127-8-0 to 135-0-0	..
July . . .	140 0 0	126 10 8	111-4-0 to 117-8-0 and 138-12-0.	..
August . . .	136 0 0	126 10 8	113-12-0 to 117-8-0	..
September . . .	133 8 0	135 0 0	113-12-0	..
October . . .	132 0 0	135 0 0	130-0-0	..
November . . .	130 0 0	123 5 4	111-4-0 to 117-8-0	..
December . . .	130 0 0	123 5 4	111-4-0 to 117-8-0 and 123-12-0.	..
1939.				
January . . .	130 0 0	110 0 0	113-12-0 to 117-8-0 and 123-12-0 to 131-4-0.	..
February . . .	128 0 0	110 0 0	127-8-0	145 0 0
March . . .	127 8 0	110 0 0	141-4-0	..
April . . .	126 8 0	110 0 0	127-8-0 to 131-4-0	..
May . . .	123 0 0	110 0 0	113-12-0 to 137-8-0	..
June . . .	120 8 0	110 0 0	113-12-0 to 121-4-0	143 5 4

Information promised in reply to starred question No. 122 asked by Mr. Muhammad Azhar Ali on the 8th September, 1939.

APPEALS AGAINST PENALTIES IMPOSED ON INCOME-TAX OFFICERS IN THE UNITED PROVINCES.

(a) In nine cases—five in the United Provinces and four in the Central Provinces. The penalties imposed were suspension in one case, censure in three cases and withholding of increments or promotion, including stoppage at an efficiency bar, in five cases.

(b) In four cases in the United Provinces and none in the Central Provinces. In two cases orders were passed by the Central Board of Revenue and in two cases Government of India acted on the advice of the Federal Public Service Commission.

(c) Two were rejected, one accepted and one withheld.

(d) In disciplinary cases which are referred to them for advice, the Federal Public Service Commission have always before them the complete records of the proceedings and all connected documents. These papers include the defence, representation or appeal of the accused officer at each stage of the proceedings. In one or two exceptional cases, in the past, the Commission have heard the accused officer but it is not their usual practice to do so and it was not allowed in any of the cases of the Income-tax Department, Central and United Provinces. Government generally follow the procedure adopted by the Federal Public Service Commission.

(e) The procedure prescribed for such cases in Rule 55 of the Classification, Control and Appeal Rules has been followed.

(f) Government have no reason to believe that the prescribed procedure for imposing penalties is not followed, generally.

(g) The power to impose any of the penalties specified in rule 49 of the Civil Services (Classification, Control and Appeal) Rules on Class II Officers, viz., Income-tax Officers, Assistant Income-tax Officers and Chief Examiner of Accounts has been delegated to Commissioners of Income-tax. No delegation has been made in respect of Class I Officers, viz., Commissioners and Assistant Commissioners of Income-tax.

(h) The procedure for the imposition of penalties is prescribed in rule 55 of the Civil Services (Classification, Control and Appeal) Rules under which adequate opportunity for representation or defence is allowed to the officer against whom penalty proceedings are instituted.

Information promised in reply to starred questions Nos. 127 and 128 asked by Maulvi Abdur Rasheed Chaudhury on the 11th September, 1939.

FEMALE WAITING SHED AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY.

Starred question No. 127.—(a)–(e). The existing waiting shed for ladies at Baramchal is 12' long by 8' wide. The minimum height of the roof above the floor is 7' and the average height 8'. It is walled on three sides with corrugated iron sheets, the remaining side being open. There is one window in the back wall measuring 2' 9" by 2'. There is no arrangement to prevent cattle entering but no complaints on this score have been received.

VERANDAHS AT BARAMCHAL ON THE ASSAM BENGAL RAILWAY

Starred question No. 128.—(a) The minimum height of the roof above the floor of both verandahs is 8'-6", the average height being 10'-6".

(b) No ceiling is provided in the verandahs.

(c) No record of temperature is maintained.

Information promised in reply to starred question No. 146 asked by Mr. Muhammad Nauman on the 11th September, 1939.

APPOINTMENT OF TOOL KEEPERS IN THE SAIDPUR WORKSHOP, EASTERN BENGAL RAILWAY.

A Hindu Tool Keeper was appointed in January, 1937, on Rs. 22. A Muslim Tool Keeper was appointed on Rs. 16 in 1935. The difference in pay was based on an assessment of the capacity of the individuals and not on communal considerations; the pay of Rs. 16 was also fixed for a Hindu who was at first selected for the earlier vacancy.

Information promised in reply to part (a) of starred question No. 180 asked by Mr. Lalchand Navalrai on the 14th September, 1939.

PROMOTION OF LOCOMOTIVE RUNNING STAFF ON THE NORTH WESTERN RAILWAY.

On the Karachi Division, drivers working on what is known as the Rohri link No. 1 earn "overtime" averaging between 70 and 80 days in the month, but not on the Lahore Division. What is described as "overtime" includes (i) the allowance based on mileage, which is given irrespective of the number of hours worked, and (ii) the allowance given for work in excess of eight hours in a day. The former allowance is at the rate of a day's pay for every 100 miles covered. The latter, which is the only allowance for overtime, properly so called, is at the rate of a day's pay for every eight hours on duty in excess of eight hours in any day, and accounts for only about one-tenth of the allowances. The question of the possible effect of the hours on efficiency is being examined.

Information promised in reply to part (a) of starred question No. 195 asked by Mr. H. M. Abdulla on the 14th September, 1939.

RECRUITMENT OF MUSLIMS AS LABOURERS, ETC., ON THE NORTH WESTERN RAILWAY.

	Sub-Divisional Officer, No. 4, Moghalpura.		Sub-Divisional Officer, No. 5, Lahore.	
	Muslims.	Non-Muslims.	Muslims.	Non-Muslims.
Labourers	579	426	184	185
Semi-skilled artisans	65	92	35	24
Skilled artisans	92	81	55	42

These figures relate to the six months, March to August 1939.

Information promised in reply to starred question No. 206 asked by Mr. Lalchand Navalrai on the 18th September, 1939.

DELAY IN DISPOSING OF THE BUILDING PLANS IN THE KARACHI CANTONMENT.

(a) Government have seen the article in the *Daily Gazette* of Karachi, dated the 20th August, 1939, a copy of which was forwarded with this question.

(b) No. The Board has to refer to the Military Estates Officer only those applications which fall within the purview of sub-section (3) of section 181 of the Cantonments Act, 1924.

(c) The answer to the first part is in the affirmative and the second part in the negative. In this connection the attention of the Honourable Member is invited to the proviso to sub-section (6) of the section quoted in part (b) above.

(d) Government have no data on which to admit the statement in the first part, but Government understand that the question of delay in the sanction of building plans by the Cantonment Board, Karachi, was represented to the Director, Military Lands and Cantonments, during his visit to Karachi Cantonment. A copy of the orders issued in the matter is attached. There are only four cases where sanction is still outstanding and further orders are being issued to local authorities to expedite the disposal of these applications.

(e) The answer to the first part is in the affirmative and as regards the second part the amendment of the Cantonments Act has already been noted for consideration when that Act is next amended. Government believe that for the present the instructions referred to in part (d) will considerably ease the situation.

Cantonments/Regulations.

No. 55-B./D-4.

GOVERNMENT OF INDIA.

DEFENCE DEPARTMENT,

New Delhi, the 19th January, 1939.

To

The General Officer Commanding-in-Chief,

Northern Command,

Eastern Command,

Southern Command.

The Commander, Western Independent District,

The Deputy Director, Military Lands and Cantonments,

Northern Command,

Eastern Command,

Southern Command.

The Officer-in-Charge, Military Lands and Cantonments Office, Western Independent District.

The Military Estates Officer, Baluchistan Circle.

The Military Estates Officer, Sind Circle.

Delay in the disposal of applications received by cantonment boards for the erection or re-erection of buildings on sites under the management of Military Estates Officers

Sir,

It has been represented to the Government of India that considerable inconvenience is being experienced by cantonment boards in the disposal of applications for the erection or re-erection of buildings on lands in cantonments under the management of Military Estates Officers, due to the non-receipt by the board concerned of the Military Estates Officer's report within the period of thirty days prescribed in section 181 (3) of the Cantonments Act, 1924.

2. As such applications invariably involve the consultation of the various authorities concerned, it is realized that some delay is inevitable and that there is no effective solution of the problem. The Government of India would, however, be glad if, on receipt, such applications are dealt with by all concerned promptly and with all possible despatch. Some delay could also be avoided if the General Officer Commanding-in-Chief concerned communicated a copy of his orders direct to the Military Estates Officer concerned to enable him to get on with the preparation and the despatch of his report to the cantonment board concerned.

* 3. This disposes of your letter No. 1932/1/61/L. C., dated the 19th December, 1938.

I am Sir,

Your most obedient servant,

(Sd.) G. F. J. PATERSON,

Colonel.

Director, Military Lands and Cantonments.

*To Western Ind. Dist. only.

Cantonments/Regulations.

No. 346-R. D-4.

GOVERNMENT OF INDIA

DEFENCE DEPARTMENT,

New Delhi, the 10th April 1939.

To

The General Officer Commanding-in-Chief,
Northern Command,
Eastern Command,
Southern Command.

The Commander, Western Independent District,
The Deputy Director, Military Lands and Cantonments,
Northern Command,
Eastern Command,
Southern Command.

The Officer-in-Charge, Military Lands and Cantonments Office, Western Independent District.

The Military Estates Officer, Sind Circle.

The Military Estates Officer, Baluchistan Circle.

Applications for the erection or re-erection of buildings in cantonments

Sir,

In continuation of Defence Department letter No. 58-R./D-4, dated the 19th January, 1939, I am directed to say that the Government of India have carefully considered the legal aspect of the question of whether or not, on the expiry of the statutory time limit of 30 days prescribed in sub-section (3) of section 181 of the Cantonments Act, 1924, a cantonment board can sanction a building application without awaiting the report of the Military Estates Officer concerned. They recognize that there is a mandatory period of 30 days fixed in the abovementioned sub-section and that the failure of the Military Estates Officer or of Government to take the required action within this period might give the applicant a cause of action against either or both of them. On the other hand the *terminus a quo* fixed by the proviso to sub-section (6) of the same section, viz., that the period of one month specified shall be reckoned from the date on which the board has received the Military Estates Officer's report referred to in sub-section (3), is equally mandatory and is binding on both the applicant and the cantonment board. The conclusion therefore is that, so far as an applicant's building operations are concerned, he can derive no advantage from the Military Estates Officer's failure to return the application to the board within 30 days nor can the board sanction the application without the Military Estates Officer's report.

*2. This disposes of your letter No. 19104/II/135/L. C-3, dated the 15th February, 1939.

I am Sir,

Your most obedient servant,

(Sd.) G. F. J. PATERSON,
Colonel.

Director, Military Lands and Cantonments.

*To G. O. C. only.

Information promised in reply to parts (a), (c) and (d) to (f) of starred question No. 217 asked by Mr. Muhammad Nauman on the 19th September, 1939.

RECRUITMENT OF MUSLIMS AND NON-MUSLIMS IN CERTAIN POSTS ON THE EAST INDIAN AND EASTERN BENGAL RAILWAYS.

(a) & (e). A tabular statement is attached showing the classification as between subordinate and labour staff of the categories referred to by the Honourable Member. Those classed as subordinate staff are governed by the rules regulating communal representation applicable to subordinates, and those classed as labour staff by rules regulating communal representation applicable to inferior staff and labourers.

(c) & (d). Categories classified as labour staff on the Eastern Bengal Railway in the attached statement have always been treated as such, and Time Keepers in the Engineering Department and Works Sircars on the Eastern Bengal Railway were treated as labour staff prior to December, 1939. As regards recruitment the position is as stated above.

(f) The duties of Tally Clerks and Time Keepers on the East Indian Railway are clerical. The duties of Time Keepers in the Mechanical Department, Time Keepers in the Engineering Department, and Tally Clerks on the Eastern Bengal Railway are not similar.

Statement.

Designation.	Scale of pay.	Classification.	
		Eastern Bengal.	East Indian.
	Rs.		
(i) Time Keeper . . .	30—3—45—5—60	Subordinate .	Subordinate.
(ii) Material Checking Clerk . . .	30—3—45—5—60	*	Subordinate.
(iii) Store Munshi . . .	21—3—45	Subordinate .	*
(iv) Coal Checker . . .	35—3—50	*	*
(v) Coal Munshi . . .	21—3—45	Subordinate .	*
(vi) Works Sircar . . .	30—3—45—5—60	Subordinate .	*
(vii) Store Tindal . . .	24—2—34	Labour . . .	*
(viii) Tally Clerk . . .	20—1—28	Subordinate .	*
(ix) Punching Clerk . . .	30—3—45—5—60	Subordinate .	*
(x) Head Mate . . .	37—3—52	Labour . . .	*
(xi) Store Munshi, Signal Engineering Department.	45—3—50	*	*

* No designation on this scale of pay.

Information promised in reply to starred questions Nos. 253, 254, 255, 256, 257 (d) and 258 asked by Mr. Surrya Kumar Som on the 20th September, 1939.

BLASTING OF ROCKS BY GUN POWDER IN KAROL BAGH, DELHI.

Starred question No. 253.—(a) Yes.

(b) No. The accident was not due to any negligence on the part of the contractor as all precautions necessary under the Blasting Rules were taken by him and the Executive Engineer concerned before the rock was blasted. The place where blasting was done is about 575 feet away from the nearest house.

(c) No.

(d) No. Blasting operations are carried out in accordance with the restrictions laid down in the Blasting Rules.

(e) No.

(f) The rates for rock cutting are higher than those for the excavation of earth but there has been no case of violation of the terms of the contract for rock cutting.

(g) No. Blasting in inhabited areas is not permitted.

INSTALLATION OF SANITARY FITTINGS, ETC., IN KAROL BAGH, DELHI.

Starred question No. 254.—(a) Action is being taken by the Delhi Improvement Trust under the relevant sections of the Punjab Municipal Act, 1911.

(b) The reply to the first part is in the affirmative. For existing houses, attention is invited to the reply to paragraph (a) of this question.

INCREASE IN THE RENTS OF NAZUL LAND IN DELHI.

Starred question No. 255.—(a) The Delhi Improvement Trust is revising the rents payable on leases of land in the Western Extension Area as such leases fall due for renewal. The leases were originally granted on rentals of four annas and eight annas per hundred square yards per mensem without premium, and as land values have risen very considerably since then, the Trust feels justified in taking the full enhancement permissible under the terms of the lease.

(b) Poor class building sites are allotted on a standard rent of rupee one per hundred square yards per mensem, and no change is proposed.

UNSATISFACTORY SANITARY CONDITION OF NAIWARA IN KAROL BAGH, DELHI.

Starred question No. 256.—(a) No.

(b) No; the dumping ground is about one mile from the inhabited area.

(c) No. Karol Bagh lies in the Delhi Municipality and is not part of New Delhi.

(d) No special instructions are required.

(e) The whole of the Karol Bagh area has recently been provided by the Delhi Improvement Trust with a complete sewage system, including public latrines. Day to day conservancy is a matter for the Delhi Municipal Committee and not for the Trust.

(f) No.

(g) Efforts are being made to improve conditions in the area.

CREATION OF THE APPOINTMENT OF ADDITIONAL CIVIL SURGEON FOR DELHI.

Starred question No. 257.—(d) Information is not readily available, and the time and labour involved in compiling a statement of the kind required would not be commensurable with the result. It may be stated however, for the information of

the Honourable Member that owing to certain changes in the incumbency of the post of Chief Medical Officer, which made it necessary for the Additional Civil Surgeon, Delhi, to hold the post of Chief Medical Officer, in addition to his duties, figures for the last 12 months were, if available, would not be typical.

OPENING OF MORE AYURVEDIC AND UNANI DISPENSARIES IN NEW DELHI.

Starred question No. 258.—(a) No.

(b) Government do not consider that any action is required. The existing Ayurvedic and Unani dispensaries are adequate to meet the needs of persons living in the areas mentioned by the Honourable Member.

Information promised in reply to starred question No. 265 asked by Shaikh Rafuiddin Ahmad Siddiquee on the 22nd September, 1939.

COMMUNAL COMPOSITION OF PERSONS RECRUITED IN THE GENERAL MANAGER'S OFFICE ON THE EASTERN BENGAL RAILWAY.

General Manager's office.	Hindu.	Muslim.	Anglo-Indian.
Personnel Branch . . .	8	11	2
Other Branches	11	9	..

Information promised in reply to part (d) of starred question No. 270 and parts (e) and (f) of starred question No. 274 asked by Mr. H. M. Abdullah on the 22nd September, 1939.

REPRESENTATION OF MUSLIMS IN THE TRAFFIC INSPECTOR'S POSTS ON THE NORTH WESTERN RAILWAY.

Starred question No. 270.—(d) Since the candidates were interviewed there have been two officiating vacancies in the grade of Traffic Inspector. One was offered to a Muslim who declined it.

RECRUITMENT OF INFERIOR STAFF ON THE NORTH WESTERN RAILWAY.

Starred question No. 274.—(e) After the issue of the orders to which reference is made in part (d) of the question six luggage porters were recruited by the Station Master, Simla, one of whom was a Muslim. There was no application from any other Muslim till the 10th March, 1939, when one applied and was engaged displacing a Hindu.

(f) The reply to the first part is in the negative. The Divisional order in question was issued in January, 1939, with a view to making up by the 31st March, 1939, a deficiency in the prescribed quota for communal recruitment on the Delhi Division and was not operative after that date. The percentage of actual recruitment of Muslims in inferior service on that Division during 1938-39 was 40.4 against permanent posts and 37.8 against temporary posts as against the prescribed percentage of 37.9. The latter part of the question does not, therefore, arise.

Information promised in reply to parts (a) to (f) of starred question No. 275 asked by Mr. H. M. Abdullah (on behalf of Khan Bahadur Shaikh Fasl-i-Haq Piracha) on the 22nd September, 1939.

PROVISION OF CERTAIN NECESSITIES IN THE MOSQUE ATTACHED TO THE MOGHALPURA WORKSHOP.

(a) and (b). Yes.

(c) No separate record is maintained of the expenditure on repairs, but action has been taken from time to time, when necessary. In September, 1938, a sum of Rs. 370 was sanctioned from the Staff Benefit Fund for repairs, and these repairs were completed in March, 1939.

(d) Government have no information beyond the fact that the platform is surrounded by ordinary wire fencing.

(e) The Government of India understand that three representations were received. No reply was sent to the first two, which were received in May, 1939, but the matter was investigated. As regards the third representation, the General Manager has agreed to receive a deputation of members of the Anjuman-i-Islamia.

(f) In the past considerable sums were so spent by the North Western Railway, but it is not possible to state the exact amount. Such expenditure has now been cut down to a minimum.

Information promised in reply to part (c) of starred question Nos. 280 and parts (b) and (c) of starred question No. 283 asked by Mr. Lalchand Navalrai on the 22nd September, 1939.

APPLICATION OF THE HOURS OF EMPLOYMENT REGULATIONS TO VAN SORTERS ON THE NORTH WESTERN RAILWAY.

Starred question No. 280.—(c) The reply to the first part is in the affirmative, but the increase was not confined to the Karachi Division. The reason for the change is that it is likely to secure a considerable saving.

PROMOTION OF SHUNTING STAFF ON THE NORTH WESTERN RAILWAY.

Starred question No. 283.—(b) There is no Shunting Jamadar on the list of men qualified as Yard Foremen, and there has, therefore, been no case in which promotion to the grade of Yard Foreman has been refused on the grounds mentioned.

(c) No : because there appears to be no necessity for the issue of any instructions.

Information promised in reply to unstarred questions Nos. 8, 12, 13, 18 and 19 asked by Bhai Parma Nand on the 22nd September, 1939.

INTRODUCTION OF THE DESIGNATION OF RAILWAY TICKET COURT INSPECTORS ON STATE RAILWAYS.

Unstarred question No. 8.—(a) There are no posts designated "Railway Ticket Court Inspectors" on any of the railways mentioned,

(b) to (d). Do not arise.

DIVERSION OF THE DELHI-DEHRA DUN EXPRESS ~~to~~ MORADABAD.

Unstarred question No. 12.—(a) No.

(b) There was no reason for introducing from the 23rd June, 1939, the diversions mentioned in the circular, as the conditions precedent to the operation of this circular had not arisen.

(c) Had no train run over the section, obviously there would have been no derailment.

(d) The Senior Government Inspector, who enquired into the accident, found that no responsibility could be attached to Railway staff.

PROMOTION OF ASSISTANT STATION MASTERS AND GUARDS IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

*Unstarred question No. 13.—*The Divisional Superintendent, Moradabad, reports that he issued no circular bearing the number and date cited.

(a) There is no allotment to the lower grade of assistant station masters and to guards of percentages of vacancies arising in a higher grade of assistant station masters.

(b) Yes.

(c) In the absence of an explanation of what is meant by inter-change or *inter se* appointments, it is not possible to furnish a reply.

CONTRACTS GIVEN ON THE NORTH WESTERN RAILWAY.

*Unstarred question No. 18.—*Four contracts for the supply of ice and aerated waters are in operation on the North Western Railway. They are held by the following :

1. Messrs. A. & M. Wazir Ali for the Northern Section.
2. Messrs. Bliss & Co., for the Southern Section.
3. Major Kunwar Deep Chand for the Eastern Section.
4. Messrs. Teplitz Aerated Water Co., for the Central Section.

The appointment of these contractors was made by the Chief Commercial Manager on behalf of the General Manager after calling for applications through the press.

The agreement permits licencees to sell ice and aerated waters to the travelling public and railway employees on station platforms and in all trains carrying passengers from 15th March to 31st October on the Northern, Eastern and Central Sections and from the 15th March to the 15th November on the Southern Section for each of the years 1939, 1940 and 1941.

It fixes the prices and the scale of supplies to be carried, provides for free travelling facilities for salesmen, enables the Railway administration to prescribe where stalls and depots shall be opened and deals with various incidental matters. The agreement is terminable at three months' notice by either party.

RAILWAY ACCIDENT IN THE GHAZIABAD YARD.

*Unstarred question No. 19.—*At 4.35 A.M. on the 27th November, 1938 a shunting engine passed over a set of points in the Down Yard of Ghaziabad station before they had been correctly set for the movement. The points were damaged. No one was injured and no one was punished.

DEATH OF MR. SHAM LAL.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House): Honourable Members must have been grieved to learn, during the recess, of the death of Mr. Sham Lal. Mr. Sham Lal was well-known for the strength and the depth of his feelings, the independence of his views and the courage and persistence with which he always put them forward. He had a deep sense of right and wrong and could never reconcile himself to anything which he thought was wrong. I am sure, the whole House feels the loss of Mr. Sham Lal, and I have to request you that you may be kind enough to convey our very sincere condolences to the members of the bereaved family.

Syed Ghulam Bhik Nairang (East Punjab: Muhammadan): Sir, on behalf of the Muslim League Party, I heartily join in the motion made by the Honourable the Leader of the House. Mr. Sham Lal was a gentleman who always contributed very valuable opinions and views to the various debates and discussions held in this House, and, in doing so, he not only was an exponent of the views of his Party, but he was a gentleman who acted from a high sense of public duty. The House will no doubt miss him. His speeches, apart from being informing, used to create a good deal of liveliness, which indicated the amiable nature of the gentleman making them. He was in great personal touch with me, and I personally feel the loss all the more. I heartily join in the motion of condolence made by the Honourable the Leader of the House.

Mr. A. Aikman (Bengal: European): Mr. President, on behalf of the European Group, I should like to express our grief at the passing of our distinguished colleague and to add our tribute to his great abilities. His passing is a great loss, not only to his Party, but also to this House who will miss the able contributions which he so often made to the many debates in which he took part. I would ask you to include the name of the European Group in any message which you send to his relatives.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): On behalf of the Congress Nationalist Party, I share all the remarks that have been made. It is well-known that Mr. Sham Lal was very useful, both inside and outside this Assembly. One trait in him was that he was very independent. He would give out his feelings without fear or favour. In him we have lost a very able colleague. The House and the country outside, especially the Punjab, are feeling his loss very much. I share all the remarks made by previous speakers, and I heartily join in this motion.

Mr. President (The Honourable Sir Abdur Rahim): I entirely sympathise with the House as regards their sense of loss at the death of Mr. Sham Lal. He was an extremely active Member of the House who never allowed any proceedings to go without making valuable contributions. Among other things, he was remarkable for his observations pregnant with wit on many questions that arose from time to time. I knew him, for a long time, and I entirely agree with the Leader of the House in the tribute

he has paid to the great services that Mr. Sham Lal rendered to the House. I shall convey a message of condolence to the members of the bereaved family.

MOTIONS FOR ADJOURNMENT.

RIOTS IN SIND.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has received notice of a motion for adjournment from Mr. Lalchand Navalrai to the effect that he wants the business of the House to be adjourned in order to discuss a definite matter of urgent public importance, *viz.*, "the failure of the military authorities requisitioned during the recent riots in Sind (which culminated in arson, loot and murders) to assume full control in the disturbed areas and the failure of the Central Government to give the required directions". The Chair has, however, to convey to the House that His Excellency the Governor General has disallowed this motion on the ground that the motion cannot be moved without detriment to the public interest.

The same Honourable Member has given notice of another adjournment motion relating to the same subject, *viz.*, "the failure of the Central Government to exercise its inherent and supervisory power over the Sind Government during the recent riots which culminated in arson, loot and murders and disturbed the peace and tranquillity of Sind, detrimental to the interests of minorities". That motion also has been disallowed by the Governor General on the ground that the motion cannot be moved without detriment to the public interest.

Mr. Lalchand Navalrai (Sind Non-Muhammadan Rural): Sir, I would like to know whether there is any way out of this difficulty so that I can express my feelings with regard to the state of public feeling and apprehension of the people of Sind in this Assembly.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not know. The Honourable Member must find it out for himself.

HAJ PILGRIM TRAFFIC.

Mr. President (The Honourable Sir Abdur Rahim): Sir Abdul Halim Ghuznavi also has given notice of a motion for adjournment to the effect that he wants to move the adjournment of the business of the Assembly in these terms: namely, that "This Assembly do adjourn to discuss a definite matter of urgent public importance, *viz.*, the inequitable share allotted to the Indian Shipping concerns in the Haj Pilgrim traffic".

The Chair understands that no notice has been given to the Secretary as required by the rules. Is that so?

An Honourable Member from the Government Benches: Nor to the Government Member.

Mr. President (The Honourable Sir Abdur Rahim): So it cannot be moved.

PANEL OF CHAIRMEN.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the House that under sub-rule (1) of rule 3 of the Indian Legislative Rules, I nominate Dr. Sir Ziauddin Ahmad, Mr. M. S. Aney, Sir Cowasji Jehangir and Mr. A. Aikman on the Panel of Chairmen for the current Session.

H. E. GOVERNOR GENERAL'S ASSENT TO BILLS.

Secretary of the Assembly: Sir, information has been received that the following Bills which were passed by both Chambers of the Indian Legislature during the Simla Session, 1939, have been assented to by His Excellency the Governor General under the provision of sub-section (1) of section 68 of the Government of India Act, as continued by section 317 of the Government of India Act, 1935:

- (1) The Indian Census Act, 1939,
- (2) The Indian Salt (Amendment) Act, 1939,
- (3) The Code of Civil Procedure (Amendment) Act, 1939,
- (4) The Indian Tea Cess (Amendment) Act, 1939,
- (5) The Medical Diplomas Act, 1939,
- (6) The Indian Tariff (Fourth Amendment) Act, 1939,
- (7) The Commercial Documents Evidence Act, 1939,
- (8) The Indian Carriage by Air (Amendment) Act, 1939,
- (9) The Indian Rubber Control (Amendment) Act, 1939,
- (10) The Indian Railways (Amendment) Act, 1939,
- (11) The Repealing and Amending Act, 1939,
- (12) The Defence of India Act, 1939,
- (13) The Indian Air Force Volunteer Reserve (Discipline) Act, 1939,
- (14) The Indian Aircraft (Amendment) Act, 1939,
- (15) The Panth Piploda Courts (Amendment) Act, 1939,
- (16) The Indian Oaths (Amendment) Act, 1939,
- (17) The Motor Vehicles (Amendment) Act, 1939,
- (18) The Insurance (Second Amendment) Act, 1939, and
- (19) The Workmen's Compensation (Second Amendment) Act, 1939.

HOME DEPARTMENT DECLARATIONS OF EXEMPTIONS LAID ON THE TABLE.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I lay on the table:

- (i) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 21st September, 1939;
- (ii) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 7th October, 1939;
- (iii) a copy of the Home Department Declaration of Exemption, No. 21/68/39-Political (W), dated the 9th November, 1939,

- (iv) a copy of the Home Department Declaration of Exemption, No. 21/68/II/89-Political (W), dated the 17th November, 1939;
- (v) a copy of the Home Department Notification, No. 21/68/89-Political (W), dated the 7th December, 1939; and
- (vi) a copy of the Home Department Declaration of Exemption, No. 21/68/89-Political (W), dated the 18th December, 1939.

No. 21/68/39-Political (W).

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

Simla, the 21st September, 1939.

Registration of Foreigners Act, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, the Governor-General of Portuguese India or the Governor of the French Establishments in India, or to members of their family or staff accompanying them.

H. J. FRAMPTON,

Deputy Secretary to the Government of India.

No. 21/68/39-Political (W).

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

New Delhi, the 7th October, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following persons, namely :—

- (a) the French Trade Commissioner in India, Burma and Ceylon, Calcutta;
- (b) the Senior American Trade Commissioner in India, Burma and Ceylon, Calcutta;
- (c) the Assistant American Trade Commissioner in India, Calcutta, and
- (d) the Italian Trade Commissioner in India, Bombay.

E. CONRAN-SMITH,

Secretary to the Government of India.

No. 21/68/39-Political (W).
GOVERNMENT OF INDIA.
HOME DEPARTMENT.

New Delhi, the 9th November, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the Japanese Resident Officer in India.

H. J. FRAMPTON,
Deputy Secretary to the Government of India.

No. 21/68/II/39-Political (W).
GOVERNMENT OF INDIA.
HOME DEPARTMENT.

New Delhi, the 17th November, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following members of the Japanese Delegation who have arrived in India to participate in the Indo-Japanese trade negotiations, namely :—

1. Mr. Kyuhichi Toyoshima.
2. Mr. Rihichiro Abe.
3. Mr. Taiichiro Matsuo.
4. Mr. Katsuzo Shibata.
5. Mr. Shigeru Kawa.

2. This Declaration will remain valid during the period of stay of these persons in India.

H. J. FRAMPTON,
Deputy Secretary to the Government of India.

No. 21/68/39-Political (W).
GOVERNMENT OF INDIA.
HOME DEPARTMENT.

New Delhi, the 7th December, 1939.

NOTIFICATION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to make the following further amendment in the Declarations published with the notification of the Government of India in the Home Department, No. 21/32/39-Political, dated the 21st June, 1939, namely :—

In the said Declarations—

1. In Declaration 4 for the words "or the Federated Malay States" the words "the Federated Malay States, the Persian Gulf, Makran or Saudi Arabia" shall be substituted.

2. For Declaration 4A the following Declaration shall be substituted, namely :—

"4A. That the provisions of rule 14 of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, any person to whom Declaration 2 or 3 of this Order applies and who is proceeding to, or returning from, the Hedjaz on pilgrimage when such person is staying at a hotel at a port of departure for, or arrival from, pilgrimage."

H. J. FRAMPTON,

Deputy Secretary to the Government of India.

No. 21/68/39-Political (W).

GOVERNMENT OF INDIA.

HOME DEPARTMENT.

New Delhi, the 18th December, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of rule 10 (2) of the Registration of Foreigners Rules, 1939, shall apply to, or in relation to, the following persons, namely :—

1. The Archbishop of Pondicherry (the Most Reverend Augustine Colas).
2. Dr. (Miss) Ida Sophia Scudder, Head of the Women's Medical Mission, Vellore.
3. Dr. Johannes Frimodt-Moller, Head of the Tuberculosis Sanatorium, Madanapalle.

H. J. FRAMPTON,

Deputy Secretary to the Government of India.

EXTERNAL AFFAIRS DEPARTMENT DECLARATION OF
EXEMPTION LAID ON THE TABLE.

Mr. O. K. Caroe (Secretary, External Affairs Department): Sir, I lay on the table a copy of the External Affairs Department Declaration of Exemption, No. F. 207-N./39, dated the 12th October, 1939.

No. F. 207-N./39.

GOVERNMENT OF INDIA.

EXTERNAL AFFAIRS DEPARTMENT.

New Delhi, the 17th October 1939.

Registration of Foreigners Act, 1939.

Declaration of Exemption.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and

visitors who are not foreigners, shall not apply to, or in relation to, the four under-mentioned Officers of the Iraqi Government who are undergoing military training at the Staff College, Quetta :—

- (i) Captain Ghazi Muhammad al Daghistani,
- (ii) Captain Hassan Ali Ghalib,
- (iii) First Lieutenant Abdul Razaq Hammudi, and
- (iv) First Lieutenant Akram Ahmad.

2. This declaration is valid for so long as the Officers named are attached for training to the Staff College, Quetta.

(Sd.) C. A. G. SAVIDGE,

Under Secretary to the Government of India.

THE INDIAN ARBITRATION BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Muhammad Zafrullah Khan (Law Member): Sir, I present the report of the Select Committee on the Bill to consolidate and amend the law relating to arbitration.

THE REGISTRATION OF TRADE MARKS BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I present the report of the Select Committee on the Bill to provide for the registration and more effective protection of Trade Marks.

INSURANCE RULES LAID ON THE TABLE.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I beg to re-lay on the table a copy of the Insurance Rules, 1939.

GOVERNMENT OF INDIA

DEPARTMENT OF COMMERCE

NOTIFICATION

INSURANCE

Simla, the 3rd June 1939.

No. 597-I. (1)/38.—In exercise of the powers conferred by sub-sections (1) and (2) of section 114 of the Insurance Act, 1938 (IV of 1938)), read with section 22 of the General Clauses Act, 1897 (X of 1897), the Central Government is pleased to make the following rules, the same having been previously published as required by sub-section (1) of section 114 of the first mentioned Act, namely :—

THE INSURANCE RULES, 1939.

Preliminary.

1. These rules may be called the Insurance Rules, 1939.
Short title.
2. In these rules,—
Definitions. "the Act" means the Insurance Act, 1938, (IV of 1938) and "the Bank" means the Reserve Bank of India.

Actuaries.

3. For the purposes of the Act, an actuary shall be either :

Qualifications of actuaries.

(a) a Fellow of the Institute of Actuaries London, or of the Faculty of Actuaries in Scotland, or

(b) an Associate of such Institute or Faculty, or any other person having actuarial knowledge, to whom a certificate has been granted under rule 4.

4. An Associate of the Institute of Actuaries, London, or of the Faculty of Actuaries in Scotland, or other person, desiring to obtain a certificate under this rule, shall apply in writing to the Superintendent of Insurance stating his qualifications and the particular duties of an actuary under the Act which he wishes to undertake, and the Superintendent of Insurance may, if he is satisfied as to the applicant's competence, grant him a certificate authorising him to perform all or certain of the duties of an actuary under the Act subject to such conditions and restrictions as may be specified in the certificate.

Deposits with the Bank

5. (1) Sterling securities shall be sent by the depositor with a covering letter to the Manager, Reserve Bank of India, London, and shall be held by the London office of the Bank on behalf of the Calcutta office of the Bank.

(2) Deposits in sterling securities shall not be brought on the books of the Calcutta office of the Bank until that office has received an intimation in Form I from the London office of the Bank that the securities have been received.

(3) Deposits, other than deposits in sterling securities, shall be sent by the depositor with a covering letter to the Manager Reserve Bank of India, Calcutta, and shall be held by the Calcutta office of the Bank.

(4) Securities shall be duly transferred to the Bank by the depositor.

(5) Upon receipt of the intimation referred to in sub-rule (2) or of a deposit under sub-rule (3) the Calcutta office of the Bank shall send—

(a) a certificate in Form II to the depositor; and

(b) a statement in Form III to the Superintendent of Insurance :

Provided that, if the Bank is not satisfied as to the validity of the title of the depositor to the securities, it may return them to him with the request that they shall first be renewed or that such other measures as may be necessary shall be taken to clear the title.

(6) The market value of sterling securities held by the Bank shall be converted at 1s. 6d. to the rupee.

6. When the form or amount of a deposit is changed by reason of a subsequent deposit, a substitution or a payment under sub-section (9) or sub-section (10) of section 7 of the Act, the Bank shall, within two weeks from the entry of such change in the books of the Bank, send a fresh certificate and a fresh statement of the nature, and in the manner, described in clauses (a) and (b) of sub-rule (5) of rule 5.

7. When a security in deposit matures, or when any yield on such a security ceases to accrue, the Bank shall not be bound to inform the depositor; but, upon receipt of a requisition from the depositor made in writing and in accordance with the provisions of the Act, the Bank shall, within six weeks of such a receipt, collect the discharge value and hold the amount in cash to the credit of the depositor or invest it in securities specified by the depositor.

8. (1) No interest shall be paid on cash deposits.
Interest and dividends on deposits.

(2) Interest or dividends on sterling securities shall be remitted by the London office of the Bank to the Calcutta office of the Bank at the Telegraphic Transfer Rate on India prevailing on the date of realisation of the interest or dividends.

(3) The Calcutta office of the Bank shall remit interest or dividends on securities other than sterling securities, and amounts received from the London office of the Bank under sub-rule (2) without delay to the depositor at an office in India to be specified by the depositor,—

(a) if the office so specified is at a place where there is an office of the Bank or a branch of the Imperial Bank of India by means of a Government draft, and

(b) in other cases, by a Security Deposit Interest Payment Draft on the nearest Government Treasury,

after deduction of a commission of annas four on every sum of Rs. 100 or part thereof.

9. (1) Withdrawals and payments from deposits and purchases of securities shall not be made save in accordance with the provisions of the Act and on receipt by the Bank of a requisition in writing and in accordance with the provisions of the Act from the depositor, a liquidator acting in accordance with law or a Court of competent jurisdiction, as the case may be.

(2) The Bank shall not be bound, in pursuance of sub-rule (1), to return securities actually deposited, but may substitute therefor new scrip of securities of the same description and amount.

(3) The Bank shall be entitled to charge, for the purchase of securities, any brokerage payable by the Bank in respect of such purchase.

10. (1) The Superintendent of Insurance shall be entitled, free of any fee, to inspect or to require from the Bank any information relating to any security deposited with the Bank under the Act.

(2) The Bank shall, if so required, furnish the Superintendent of Insurance, or any person authorised by him in that behalf in writing with a copy of any entry in any register or book maintained by the Bank relating to any deposit made with the Bank under the Act.

(3) The Bank shall publish in the *Gazette of India* as soon as may be after the 1st January in each year a list in Form IV of deposits made with it under the Act, as at 31st December of the preceding year

Prospectuses Tables and Proposal Forms.

11. (1) No person shall supply or exhibit any prospectus or table of premium rates to any other person with a view to the issue of a policy of insurance unless such prospectus or table includes—

(a) a description of the contingency or contingencies to be covered by insurance and the class or classes of lives or property eligible for insurance under the terms of such prospectus or table;

(b) a full statement of the circumstances, if any, in which rebates of the premiums quoted in the prospectus or table shall be allowed on the effecting or renewal of a policy, together with the rates of rebate applicable to each case; and

(c) a copy of section 41 of the Act.

(2) The provisions of sub-rule (1) shall be deemed to have been complied with if to every such prospectus or table of premium rates supplied or exhibited after the date of commencement of the Act is attached in the form of an addendum a statement containing so much of the matters referred to in sub-rule (1) as is not already included in the said prospectuses or tables, but every prospectus and table of premium rates printed after the coming into force of the Act shall have the matters referred to in the said clauses incorporated therein.

12. (1) Every proposal form in the case of life insurance or, in the case of any other form of insurance, the document, if any, forming the basis of the contract, shall contain the statement and copy mentioned in clauses (b) and (c) of sub-rule (1) of rule 11.

(2) The provisions of sub-rule (2) of rule 11 shall apply *mutatis mutandis* to proposal forms, except that, where an addendum is attached to a proposal form, it shall also be signed by the person who signs the proposal form.

Election of Directors by Policyholders.

13. (1) A person shall not be eligible for election as a director of an insurance company under sub-section (1) of section 48 of the Act unless—

(a) he holds, otherwise than by way of assignment or transfer, one or more policies of life insurance issued by the company satisfying the following requirements :—

(i) the policies shall be either whole life policies or endowment life insurance policies, and not encumbered in any way; and

(ii) the total sum assured by the policies, including any bonuses that may have attached to them before the date of election is not less than Rs. 2,000, where the company has at that date been carrying on life insurance business for not less than 5 years, and not less than Rs. 1,000 in other cases; and

(iii) where the company has been carrying on life insurance business for more than 2 years, each of the policies shall have been in force for not less than one, two or three years, according as the company has at the date of election been carrying on life insurance business for not more than 5 years, for more than 5 but not more than 8 years, or for more than 8 years; and

(b) he is not a director (other than an elected director of the company), manager, legal or technical adviser, managing agent, insurance agent or employee of any insurer, or an employer of insurance agents.

(2) If at any date after election as a director, a person ceases to hold one or more policies of life insurance satisfying all the requirements specified in clause (a) of sub-rule (1) or begins to hold any disqualifying office or employment specified in clause (b) thereof, he shall forthwith cease to be an elected director of the company.

14. (1) The election of directors under section 48 of the Act shall take place at a meeting of the holders of policies of life insurance issued by the company which shall be held at the place where the principal office of the company is situated.

(2) Not less than 28 days before the meeting is to be held, there shall be inserted in a newspaper published in the English language and in a newspaper published in an Indian language circulating in the place where the principal office of the company is situated and, if there are policy-holders of the company residing in a Province other than that in which the principal office of the company is situated, in a newspaper published in a principal language of, and circulating in, that Province, a notice stating the number of directors to be elected at, and the time and place of, such meeting, which shall be fixed with a view to affording voters the fullest opportunities for attending, and informing policy-holders how to obtain admission to the meeting according to the manner hereinafter described. Such notice shall also set forth the qualifications which a person must possess in order to be eligible for election as a director, and shall invite applications from eligible persons prepared to accept office :

Provided that, where a company prints on its policies the qualifications of elected directors as set forth in rule 13, and issues, at least three months before the election, to all existing policyholders whose policies do not contain a statement of those qualifications, for attachment to their policies a slip setting forth those qualifications, the notice to be published in newspapers in accordance with this sub-rule need not set forth those qualifications :

Provided further that a company may in respect of one or more Provinces, instead of publishing the notice in newspapers, send it by post to every policyholder residing therein.

(3) The application from eligible persons prepared to accept office as elected directors of the company shall be sent by registered post to the principal office of the company so as to reach it not less than 10 days before the date of the meeting. Such applications shall be made in the English language or in a principal language of the Province in which the principal office of the company is situated. If the number of such applicants does not exceed the number of directors to be elected, all such applicants shall be deemed to have been elected as directors, and it shall not be necessary to

hold the meeting of policyholders as previously announced. The company shall in that event inform the policyholders forthwith by notice inserted in newspapers as in sub-rule (2), or by notice sent individually by post or by both methods, of the names of persons elected as directors and of the cancellation of the meeting.

(4) Every policyholder who desires to attend the meeting shall apply to the company for a certificate of admission, such application to reach the company not less than 15 days before the date of the meeting, and the company on being satisfied that the applicant holds a policy of life insurance issued by the company shall issue a certificate at least 6 days before the date of the meeting. Such certificate shall, if applied for by post, be sent only to the address of the policyholder, or if applied for in person, be delivered only on production of the relevant policy. A certificate of admission shall not be transferable.

(5) No person other than those whose presence is necessary for the conduct of the meeting shall be admitted to the meeting unless he produces the certificate of admission granted to him under sub-rule (4).

(6) The meeting shall be presided over by the chairman for the time being of the Board of Directors of the company, or in his absence by any director nominated by him, or in the absence of any such director by a chairman elected by the policyholders present at the meeting.

(7) Votes for the election of directors may be given at the meeting either personally or by proxy and in the manner hereinafter provided in this rule. The instrument appointing a proxy shall be in writing under the hand of the appointor in favour of a policyholder, and shall be presented at the principal office of the company not less than 6 days before the date of the meeting.

(8) Every policyholder present at the meeting shall be given one voting paper on his own behalf and one voting paper in respect of each proxy if any, which he holds. The number of votes to be given on each voting paper shall not exceed the number of directors to be elected and not more than one vote shall be given on each voting paper to any one candidate.

(9) The votes shall be counted by the company's auditors if present in that capacity, or failing them by scrutineers appointed by the meeting and working under the supervision of the Chairman. The result of the ballot shall be announced at the meeting, and in the event of an equality of votes the election shall be decided by lot.

(10) The first meeting of policyholders in accordance with this rule shall be held not later than one year after the commencement of the Act or in the case of a company incorporated after the commencement of the Act, within two years of the date of registration to carry on life insurance business.

(11) An election held in accordance with this rule shall not be invalid merely by reason of the accidental omission to send any notice or other document to, or the non-receipt of any notice or other document by, any policyholder, or of any other accidental irregularity or informality in the observance of the provisions of this rule.

15. (1) A director elected in accordance with these rules shall, as regards retirement from office and all other matters, be subject to the same rules and regulations as the other directors of the company.

(2) In the event of a casual vacancy arising among the directors elected in accordance with these rules the remaining directors may fill the vacancy by appointing a policyholder who is eligible under rule 13 for election as a director, and the person so appointed shall be subject to retirement at the same time as the director in whose place he is appointed.

Insurance Agents.

16. An individual who desires to obtain or renew a licence to act as an insurance agent shall proceed as follows:—

(a) He shall pay into the Reserve Bank of India or where there is no office of that Bank into the Imperial Bank of India acting as the agent of that Bank or into any Government Treasury, a fee of one rupee for credit under the head "XXXVI—Miscellaneous Departments—Miscellaneous—Fees realised under the Insurance Act, 1938", and obtain a receipt therefor.

- (b) He shall also obtain from the officer authorised by the Superintendent of Insurance under sub-section (1) of section 42 of the Act for the Province in which the applicant resides, or, if there is no such officer or the applicant resides outside British India, from the Superintendent of Insurance, a form of application for the licence which shall be as prescribed in Form V.
- (c) He shall then send the completed application form together with the receipt to the aforesaid officer or the Superintendent of Insurance, as the case may be, who shall, after taking all reasonable steps to satisfy himself that the application is in order and that the applicant is not disqualified from holding a licence, issue a licence in Form VI :

Provided that where it appears that a former licence of the applicant has been cancelled by the Superintendent of Insurance on the ground that the applicant has knowingly contravened a provision of the Act the officer shall report the matter to the Superintendent of Insurance.

17. Where the Superintendent of Insurance cancels the licence of an insurance agent under sub-section (5) of section 42 of the Act he shall :—

- (a) inform all the officers authorised by him under sub-section (1) of section 42 of the Act that the licence has been cancelled,
- (b) require the agent to return the licence issued to him, and
- (c) cause the fact of cancellation to be announced in the *Gazette of India*, and in such Provincial Gazette or Gazettes as he deems fit.

Provident Societies.

18. (1) Provident societies which immediately before the commencement of the Act were transacting bond investment business may continue to receive premiums or contributions and to make payments in respect of such business but shall not undertake any new business of that class.

(2) For the purpose of sub-rule (1), 'bond investment business' means the business of effecting contracts by the issue of bonds, endowment certificates or other documents, whereby in return for one or more premiums paid to the provident society, the payment is insured of a sum or series of sums, at a future date or dates, whether fixed beforehand or determined by chance.

19. (1) Every provident society shall in addition to the matters specified in clauses (a) to (o) of sub-section (1) of section 74 of the Act set forth in its rules :—

- (i) that where a policy is applied for on the life of a person other than the person paying the premiums on such policy, the name of the person paying the premiums and his relationship to the life insured shall be inserted in the policy, the policy shall not be issued till the life insured (or if he be not of age his legal guardian) has given his consent in writing to the insurance being effected, and the amount secured shall not be excessive having regard to the interest of the person paying the premiums in the life insured;
- (ii) the disqualifications, if any, due to change of occupation, residence, or other specified cause;
- (iii) the terms upon which any policy may be kept in force for a reduced benefit without liability to payment of further premiums;
- (iv) a statement to the effect that all policies issued after the commencement of the Act shall have clearly set out therein the matters referred to in section 68 and in clauses (f), (g), (h), (i) and (j) of sub-section (1) of section 74 of the Act and those referred to in clauses (ii) and (iii) above;
- (v) the method of voting at the meetings of the managing body and the number constituting a quorum;

- (vi) a statement that no dividend shall be declared except as a result of a valuation under sub-section (1) of section 81;
- (vii) a statement that no bonus other than an interim bonus shall be declared except as a result of a valuation made in accordance with sub-section (1) of section 81, that the rate of such bonus shall not exceed that recommended by the actuary, and that no interim bonus shall be declared at a rate exceeding that approved by an actuary; and
- (viii) a statement that the paid-up capital shall not be treated as part of the society's assets for the purpose of showing a divisible surplus at the time of any investigation made under sub-section (1) of section 81, and that where assets of the nature of organisation or preliminary expenses exceed the paid-up capital the fund shall be diminished by the amount of such excess for the purpose of ascertaining the financial condition of the society.

(2) All rules made by a Local or Provincial Government under section 24 of the Provident Insurance Societies Act, 1912, are hereby repealed.

20. (1) The revenue account and balance sheet of a provident society shall be prepared in accordance with Forms VII and VIII respectively, and in their completion regard shall be had to the notes appended thereto.

(2) If it so desires a provident society may submit a profit and loss account in addition to a revenue account and balance sheet.

(3) The statements required under clauses (a) (i) and (b) of sub-section (2) of section 80 of the Act shall be prepared in accordance with Forms IX and X respectively.

21. (1) Whenever an investigation is made into the financial condition of a provident society under section 81 of the Act the report of the actuary—

(a) shall, so far as practicable, be prepared in accordance with the regulations and requirements contained in the Fourth Schedule to the Act except that it shall not be necessary to supply a consolidated revenue account in Form G, a statement in Form DDD of additions to and deductions from policies and a statement in Form DDDD of particulars of policies forfeited or lapsed;

(b) shall contain in the appropriate places the information required in clauses (a) to (e) of sub-section (2) of section 81;

(c) shall state the proportion of the renewal premium income spent in payment of commission and other expenses in each year during the period since the last investigation after allowing, as the cost of the new business of the year, $7\frac{1}{2}$ per cent. of single premiums and 90 per cent. of first year's premiums falling due in the year after deduction of those unpaid under policies allowed to lapse in the year;

(d) shall state whether the actuary has taken steps to prevent the policy reserve values from being less than the minimum surrender values;

(e) shall have appended to it a certificate as prescribed in sub-section (2) of section 81; and

(f) shall contain a statement that in no case where a policy has been written off as a lapse does there exist any further liability actual or contingent.

(2) Where an investigation into the financial condition of a provident society is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by the Act and these rules.

22. Every document submitted to the Superintendent of Insurance under section 82 of the Act shall be signed by two or more directors where the Society is a company incorporated under the Indian Companies Act, 1913, or under the Indian Companies Act, 1882, or under the Indian Companies Act, 1866, or under any Act repealed thereby or by the proprietors in any other case, and in addition, in all cases, by the principal officer of the society.

23. The notices referred to in sub-section (6) of section 92 of the Act shall be sent by post to the last known addresses of the persons concerned as recorded in the society's books, and certificates of posting shall be obtained therefor :

Notices under section 92 (6).
 Provided that the liquidator may at his discretion send all or any of the notices by registered post.

Fees.

24. (1) The fee for registration under section 3 of the Act shall be one hundred rupees for each of the following classes of insurance business done or to be done by the insurer, namely :—

- (i) life insurance,
- (ii) fire insurance,
- (iii) marine insurance,
- (iv) accident and miscellaneous insurance, including workmen's compensation and motor-car insurance :

Provided that where the business done or to be done is marine insurance business relating to country craft or its cargo and no other form of marine insurance the fee for registration shall be fifty rupees for that class of business and provided further that where an insurer who has obtained a certificate of registration for carrying on marine insurance business relating to country craft or its cargo subsequently applies for registration to carry on any other class of marine insurance business the fee for such registration shall be fifty rupees only.

(2) The fee for registration shall be paid into the Bank or where there is no office of the Bank, into the Imperial Bank of India acting as the agent of that Bank or into any Government Treasury for credit under the head "XXXVI-Miscellaneous Departments—Miscellaneous—Fees realised under the Insurance Act, 1938", and the receipt shall be sent along with the application for registration.

(3) The fees payable under sub-section (1) of section 20 of the Act shall be paid in the manner provided in sub-rule (2).

Miscellaneous.

25. An actuary investigating the financial condition of an insurer shall, in addition to the reports, statements and abstracts required to be furnished under section 13 of the Act, furnish statements with regard to the following matters :—

- (a) whether he has taken steps to prevent the policy reserve values from being less than the minimum surrender values;
- (b) the proportion of the renewal premium income spent in payment of commission and other expenses in each year during the period since the last investigation after allowing, as the cost of the new business of the year, 7½ per cent. of single premiums and 90 per cent. of first year's premiums falling due in the year after deduction of those unpaid under policies allowed to lapse in the year.

26. The declaration referred to in clause (d) of sub-section (2) of section 16 of the Act shall be in Form XI and one copy of the declaration shall be signed in the manner described in sub-section (2) of section 15 of the Act.

27. Every insurer, so long as he has policies on the dividing principle remaining in force, shall submit all returns required under the Act or these rules in respect of such business separately from the corresponding returns in respect of other insurance business, and along with the revenue account shall also furnish in respect of such business returns in Forms XII, XIII and XIV respectively. Four copies shall be submitted of each of these three last mentioned returns, of which one of each shall be signed in the manner described in sub-section (2) of section 15 of the Act.

Securities Department.

No. $\frac{L. T.}{S. T.}$

Calcutta,.....19 .

Certified that the.....
have made the undernoted deposits in terms of the Insurance Act, 1938.

Manager.

1	Cash.	Approved Securities.					Remarks.
		Number.	Loan.	Face Value.	Interest or Dividend paid up to	Market Value.	
2	3	4	5	6	7		

Grand Total of columns 2 and 7 Rs.....

Form III

(See Rule 5)

RESERVE BANK OF INDIA

Securities Department, Calcutta.

Dated the.....19 ..

Reference No. Sec./

Statement showing the particulars of deposits held on behalf of the.....
.....of the Insurance Act, 1938.

Existing deposits (excluding deposits withdrawn).				New deposit.			Total.		
Cash.	Securities.		Cash.	Securities.		Cash.	Securities.		Total.
	Loan.	Face Value. Book Value.		Loan.	Face Value. Book Value.		Loan.	Face Value. Book Value.	
Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
Total									

Certified that the above agrees with the entries in the Books maintained by the Bank.

Manager.

Form IV

(See Rule 10)

List of deposits under the Insurance Act, 1938, held in the custody of the Reserve Bank of India on the 31st December 19

Nature of deposits.

Securities (Face values).

Cash.

Name of the depositor.

Total

Form V

(See Rule 16.)

Application for a licence to act as an Insurance Agent for the year ending 31st March, 19 .

(1) Full name of the applicant	(1)
(2) Father's name	(2)
(3) Permanent home address	(3)
(4) Present postal address	(4)
(5) Age and date of birth	(5)
(6) Does the applicant hold a licence and if so since when has he been holding a licence?	(6)
(7) What is the number of the licence held, if any?	(7)
(8) Has the applicant been found to be of unsound mind by a Court of competent jurisdiction?	(8)
(9) Has the applicant been found guilty of criminal misappropriation or criminal breach of trust or cheating by a Court of competent jurisdiction?	(9)
(10) In the course of any judicial proceedings relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer has the applicant been found guilty of or to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an assured?	(10)
(11) Has the applicant's licence been cancelled at any time by the Superintendent of Insurance and if so when?	(11)
(12) Has an application for a licence ever been refused? If so, when and by whom?	(12)

Declaration.

I, the applicant, declare that the above answers are true and that the licence for which I hereby apply will be used only by myself for soliciting or procuring insurance business.

Signature.

Date 19

N.B.—The attention of the applicant is drawn to section 104 of the Insurance Act, 1938, which provides that whoever in any document required for the purposes of any of the provisions of that Act wilfully makes a statement false in any material particular knowing it to be false shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to one thousand rupees, or with both.

Form VI

(See Rule 16.)

No. of Licence.....

Licence to act as an Insurance Agent under Part II of the Insurance Act, 1938.

of

having paid the prescribed fee and having made the necessary declaration is hereby authorised to act as an Insurance Agent up to 31st March, 19 .

Dated the

day of

19 .

Officer authorised under sub-section (1) of section 42 of the Act.
Superintendent of Insurance.

Signature of Licence-holder

to be made as soon as licence is received.

NOTE.—If it is desired to renew this licence for a further period the procedure laid down in rule 16 of the Insurance Rules, 1938, shall be followed and applications for renewal should reach the issuing authority at least two months before the existing licence expires.

Form VII

(See Rule 20)

Revenue Account of the

(here insert name of provident society) for the year ending.....19

Rs. A. P.	Rs. A. P.	Rs. A. P.
<p>Dividends to shareholders payable on for the year ending</p> <p>(This is to be stated here by Societies not supplying a Profit and Loss Account).</p>	<p>Balance of Funds at the beginning of the year—</p>	
<p>Claims under policies (including provision for claims due or intimated)—</p>	<p>Funds, specified separately according to the classes of contingency set forth in section 65.</p>	Rs. A. P.
<p>To be specified separately according to the classes of contingency set forth in section 65.</p>	<p>Investment Reserve Fund</p> <p>Dividend Reserve Fund</p>	
<p>Other classes (to be separately specified).</p>	<p>Other Funds (to be separately described)</p>	
<p>Annuities</p> <p>Surrenders including Surrenders of Bonus</p>	<p>Shareholders' capital paid up at the beginning of the year.</p> <p>Shareholders' capital paid up during the year .</p>	

Premiums—

1st year premiums.	Renewal premiums.	Single premiums.
Rs. A. P.	Rs. A. P.	Rs. A. P.
to be specified se- parately accord- ing to the classes of contingency set forth in sec- tion 85.		
insuring other bene- fits (to be separ- ately specified).		
Total premiums		

- Bonuses in cash
- Bonuses in reduction of premiums
- Expenses of management—
1. Commission to agents
 2. Commission and allowances other than those payments contained in item 1.
 3. Salaries, etc. (other than those contained in items 1 and 2).
 4. Travelling expenses
 5. Directors' fees
 6. Auditors' fees
 - 7 Actuarial fees
 8. Law charges
 9. Advertisements
 10. Printing and stationery
 11. Rents for offices belonging to and occupied by the Society.
 12. Rents of other offices occupied by the Society .
 13. Other expenses of management (to be specified)

Form VII—contd.

Rs. A. P.	Rs. A. P.	Rs. A. P.
Bad debts		Consideration for annuities granted
Other payments (accounts to be specified)		
Shareholders' capital paid up at the end of the year as per balance sheet		Rs. A. P.
[Profit transferred to Profit and Loss Account if a Profit and Loss Account is submitted.]		Interest, dividends and rents
Balance of funds at the end of the year as per balance sheet —		Less income-tax
		Entrance fees
		Fines
Funds, specified separately according to the classes of contingency set forth in section 65.	Rs. A. P.	Other income (accounts to be specified)
Investment Reserve Fund		[Loss transferred to Profit and Loss Account if a Profit and Loss Account is submitted.]
Dividend Reserve Fund		
Other funds (to be separately described).		

Total

Total

Notes relating to the Revenue Account—(Form VII).

1. All items in this account shall be net amounts after deduction of the amounts paid and received in respect of re-assurances of the society's risk.

2. A society transacting more than one class of business shall show in its accounts the premium income, the claims and the funds separately for business under each class of contingency prescribed or authorised under section 65. (See rule 18.)

3. If any sum has been deducted from the expenses and credit has been taken for it in the balance sheet as an asset the sum so deducted shall be shown in a separate statement, as follows :—

Statement regarding preliminary expenses, etc., submitted by the *for the year*
ending *19*

Balance at beginning of year either of the adverse balance of any profit and loss or revenue account or such bad debts and preliminary and other expenses as may not have been included in the profit and loss or revenue account either as loss or outgo but for which credit is taken in the balance sheet as assets Rs.

Addition thereto during the year not shown as loss or outgo in either the profit and loss or revenue account Rs.

Total Rs. _____

Less amount written off during the year as per profit and loss or revenue account Rs.

Balance at the end of year still shown as assets in the balance sheet Rs.

4. The society may, if it so desires, show in this account the amount of commission on new business separately from commission on renewal premiums.

5. The items on the income side shall relate to income whether actually received or not and the items on the expenditure side shall relate to expenditure whether actually paid or not.

6. Any office premises which form part of the assets of any fund of the society shall be treated as an interest earning investment and accordingly in the revenue account a fair rent for the premises shall be included under the heading "Interest, Dividends and Rents" and a proper charge for the use thereof shall be included in the appropriate place in the expenses of management.

7. The following information shall be supplied in addition, namely, the gross premium income for each class of contingency for which the net premium income is shown separately in the revenue account. (See note 1.)

Form VIII

(See Rule 20)

Balance Sheet of

as at

day of

19 .

	Rs. A. P.	Rs. A. P.
Shareholders' capital (each class to be stated separately)—		
Authorized—		
shares of Rs. each Rs.		
Subscribed—		
shares of Rs. each Rs.		
Called up—		
shares of Rs. each Rs.		
Less unpaid calls		
Rs.		
Balances of Funds—		
To be specified separately as shown in the Revenue Account (Form VII).		
Balance of Profit and Loss Account		
Loans—		
On mortgages of property		
On security of municipal and other public rates .		
On stocks and shares		
On society's policies within their surrender value.		
On personal security.		
To other provident societies and insurers.		
Investments—		
Deposit with the Reserve Bank of India (Securities to be specified).		
Indian Government Securities		
Provincial Government Securities		
British, British Colonial and British Dominion Government Securities.		
Foreign Government Securities		

Form VIII—*concd.*

Rs. A. P.	Rs. A. P.
	<p><i>Investments—concd.</i></p> <p>Other guaranteed and preference Stock and Shares of Companies incorporated (i) in India, (ii) out of India.</p> <p>Other ordinary Stocks and Shares of Companies incorporated (i) in India, (ii) out of India.</p> <p>Holdings in Subsidiary Companies . . .</p> <p>House property (i) in India, (ii) out of India.</p> <p>Other investments (to be specified)</p> <p>Agents' Balances . . .</p> <p>Outstanding premiums (b) (d) . . .</p> <p>Interest, dividends and rents outstanding (b) . . .</p> <p>Interest, dividends and rents accruing but not due (b).</p> <p>Sundry debtors</p> <p>Bills receivable</p> <p>Cash—</p> <p>At bankers on Deposit Account . . .</p> <p>At bankers on Current Account and in hand</p> <p>Other Accounts to be specified (c) . . .</p>

Footnotes to Balance Sheet—(Form VIII).

(a) If the society has deposited security as cover in respect of any of these items the amount and nature of the securities so deposited shall be clearly indicated on the face of the balance sheet.

(b) These items are or have been included in the corresponding items in the revenue account or profit and loss account. Outstanding and accruing interest, dividend and rents shall be shown after deduction of income-tax or the income-tax shall be provided for amongst the liabilities on the other side of the balance sheet.

(c) Such items as amount of liability in respect of bills discounted uncalled capital in respect of other investments, etc., shall be shown in their several categories under the heading "contingent liabilities" or the appropriate items on the assets side shall be set out in such detail as will clearly indicate the amount of uncalled capital.

(d) Either this item shall be shown net or the commission shall be provided for amongst the liabilities on the other side of the balance sheet.

(e) Under this heading shall be included such items as the following which shall be shown under separate headings suitably described :—

Office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future years, adverse balance of profit and loss account, etc. The amounts included in the balance sheet shall not be in excess of cost.

Statement and Certificates relating to the Balance Sheet.

I. There shall be appended to the balance sheet a statement showing separately for every asset which is included in the balance sheet, the full title and particulars of the asset, and the value at which it is included in the above balance sheet, and in the case of assets being stock exchange securities, the nominal value and the market value as at the date of the balance sheet. In stating the market value of a stock exchange security no credit shall be taken in the statement for accrued interest.

II. To the balance sheet shall be appended :—

(a) A certificate signed by the same persons as are required to sign the balance sheet certifying that the values of all the assets have been reviewed as at the date of the balance sheet and that in their belief the assets set forth therein are shown in the aggregate at amounts not exceeding their realisable or market value under each of the several headings "Loans", "Investments", "Agents' Balances", "Outstanding premiums", "Interest, dividends and rents outstanding", "Interest, dividends and rents accruing but not due", "Sunday debtors", "Bills receivable" and the items entered under "other accounts".

Provided that if the persons signing the certificate are unable to certify without reservation that the assets set forth in the balance sheet are so shown as aforesaid, a full explanation shall be given.

(b) A certificate signed by the auditor (which shall be in addition to any other certificate or report he is required by law to give with respect to the balance sheet) certifying that he has verified the cash balances, the loans and investments.

Form IX

(See Rule 20)

Statement under clause (a) (i) of sub-section (2) of section 80 in respect of (here insert name of provident society)
for the year ending.....19.....

Contingencies on which sum assured or other benefit is payable.* (Classified according to the contingencies separately specified in section 65.)	New policies effected.			Existing policies discontinued.				
	Number of policies.	Total full sums insured.	Total premium income received.	By happening of contingency insured against.		Surrenders, forfeitures and lapses.		For other reasons.
				No.	Sum insured and Bonus.	No.	Sum insured and Bonus.	
		Rs.	Rs.		Rs.		Rs.	Rs.

*Where the provident society issues annuities either immediate or deferred the statement shall show the number of each class of such annuities, the annual sums payable, and the consideration received or the annual premium in the case of deferred annuities.

Form X

(See Rule 20)

Statement under clause (b) of sub-section (2) of section 80 in respect of
(here insert name of provident society) for the year ending.....
.....19.....

	No.	Sum insured.
Policies effected—		Rs.
By husband or wife		
„ son		
„ daughter		
„ father		
„ mother		
„ brother		
„ sister		
„ grandson		
„ grand-daughter		
„ nephew		
„ niece		
„ any other person		
Total		

Form XI

(See Rule 26)

It is hereby certified that all amounts received directly or indirectly at credit of the revenue account in respect of business transacted in India referred to in clause (b) of sub-section (2) of section 16 of the Act, whether from the head office of the insurer or from any other source outside India, have been shown in the afore-mentioned revenue account except such sums as properly appertain to the capital account, and it is further certified that all expenditure, including claims, attributable to business in India, met during the year in question from sources arising outside India, has been shown in the said revenue account except such sums as properly appertain to the capital account.

Form XII

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending

19

	Dividing insurance policies insuring money to be paid on death or survival.		Dividing insurance policies insuring money to be paid on marriage.		And so on for each other class of dividing insurance business for which a separate revenue account is submitted.
	No.	*Minimum sum insured guaranteed.	No.	*Minimum sum insured guaranteed.	
		Rs.		Rs.	
1. Policies at beginning of year	
2. New policies issued	
3. Old policies revived	
4. Old policies changed and increased	
5. Bonus additions allotted	
<i>Discontinued during year—</i>					
6. By death	
7. By survival or the happening of the contingencies insured against other than death.	
8. By expiry of term under temporary insurances	
9. By surrender of policy	
10. By surrender of bonus	
11. By forfeiture or lapse	
12. By change and decrease	
13. By being not taken up	
Total	
Total discontinued	
Total existing at end of year	

*If there be no minimum amount guaranteed to be paid on the happening of the contingency insured against, the column may remain blank.

Form XIII

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending
19

	Number of dividing insurance policies effected in the year under review insuring sums payable at death or survivorship.		
	Under table No. 1.	Under table No. 2.	And so on for each other table of dividing insurance business insuring sums payable at death or survivorship.
(1) Number of Policies insuring money to be paid on the death of a male life— Effected during the year by— the life insured his wife „ son „ father „ daughter „ mother „ brother „ sister any person other than the above relations			
(2) Number of Policies insuring money to be paid on the death of a female life— Effected during the year by— the life insured her husband „ son „ daughter „ father „ mother „ brother „ sister any person other than the above relations			
Total number of Policies effected in the year			

If the different tables be not distinguished from one another by numbers, as assumed in the above Form, the headings to the Form may be altered accordingly.

FORM XIV

(See Rule 27)

Submitted by the (here insert name of insurer) for the year ending
19 .

Age of life on the death of whom the policy monies become payable.	Number of dividing insurance policies effected in the year under review insuring sums payable at death or survivorance.			
	Under table No. 1.	Under table No. 2.	Under table No. 3.	And so on for each other table of dividing insurance business insuring sums payable at death or survivorance.
Under 5 years				
Over 5 and under 10				
„ 10 „ 15				
„ 15 „ 20				
„ 20 „ 25				
„ 25 „ 30				
„ 30 „ 35				
„ 35 „ 40				
„ 40 „ 45				
„ 45 „ 50				
„ 50 „ 55				
„ 55 „ 60				
„ 60 „ 65				
„ 65 „ 70				
„ 70				
Total number of policies effected in the year.	(These totals should agree with the totals in Form XIII.)			

If the different tables be not distinguished from one another by numbers, as assumed in the above Form, the headings to the Form may be altered accordingly.

A. H. LLOYD

Addl. Secy. to the Govt. of India.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

The Honourable Sir Andrew Olow (Member for Railways and Communications): Sir, I move:

"That this Assembly do proceed to the election, in such method as may be approved by the Honourable the President, of two members to serve on the Standing Committee for Roads during the remainder of the financial year 1939-40, in place of the late Mr. Sham Lal and of Sardar Bahadur Captain Dalpat Singh, whose seat on the Legislative Assembly became vacant prior to his re-nomination thereto."

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

"That this Assembly do proceed to the election, in such method as may be approved by the Honourable the President, of two members to serve on the Standing Committee for Roads during the remainder of the financial year 1939-40, in place of the late Mr. Sham Lal and of Sardar Bahadur Captain Dalpat Singh, whose seat on the Legislative Assembly became vacant prior to his re-nomination thereto."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim). I may inform Honourable Members that for the purpose of election of two Members to the Standing Committee for Roads the Notice Office will be open to receive nominations up to 12 noon on Thursday the 8th February, 1940, and that the election, if necessary, will, as usual, take place on Monday, the 12th February, 1940, in the Assistant Secretary's Room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE DRUGS BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I beg to introduce the Bill to regulate the import, manufacture, distribution and sale of drugs.

THE OFFENCES ON SHIPS AND AIRCRAFT BILL.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I beg to move for leave to introduce a Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be.

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

"That leave be granted to introduce a Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be."

The motion was adopted.

The Honourable Sir Reginald Maxwell: Sir, I introduce the Bill.

THE INDIAN COINAGE (AMENDMENT) BILL.

The Honourable Sir Jeremy Bentham (Finance Member): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Coinage Act, 1906.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill further to amend the Indian Coinage Act, 1906."

The motion was adopted.

The Honourable Sir Jeremy Raisman: Sir, I introduce the Bill.

THE RESERVE BANK OF INDIA (AMENDMENT) BILL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I beg to move for leave to introduce a Bill further to amend the Reserve Bank of India Act, 1934.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934."

The motion was adopted.

The Honourable Sir Jeremy Raisman: Sir, I introduce the Bill.

THE ROYAL INDIAN NAVY (EXTENSION OF SERVICE) BILL.

Mr. C. M. G. Ogilvie (Defence Secretary): Sir, I beg to move for leave to introduce a Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy."

The motion was adopted.

Mr. C. M. G. Ogilvie: Sir, I introduce the Bill.

THE REGISTRATION (EMERGENCY POWERS) BILL.

The Honourable Sir Muhammad Zafrullah Khan (Law Member): Sir, I beg to move for leave to introduce a Bill to provide for the registration of certain European British subjects.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to provide for the registration of certain European British subjects."

The motion was adopted.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I introduce the Bill.

THE FOREIGNERS BILL.

The Honourable Sir Reginald Maxwell (Home Member): Sir, I beg to move for leave to introduce a Bill to provide for the imposition of restrictions on foreigners.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to provide for the imposition of restrictions on foreigners."

The motion was adopted.

The Honourable Sir Reginald Maxwell: Sir, I introduce the Bill.

THE EXCESS PROFITS TAX BILL.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I beg to introduce the Bill to impose a tax on excess profits arising out of certain businesses.

Sir, with your permission, I should like to make a change in the date which appears in the next motion opposite my name, the reasons for which I shall explain in the course of my speech. The date I wish to insert is the 6th March, 1940.

Honourable Members: Make the motion first.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That the Bill to impose a tax on excess profits arising out of certain businesses....."

Mr. M. S. Aney (Berar: Non-Muhammadan): The motion for introduction has not been put to the House.

Mr. President (The Honourable Sir Abdur Rahim): There is no motion for leave to introduce the Bill. The Bill has already been published in the Gazette.

The Honourable Sir Jeremy Raisman:

".....be referred to a Select Committee consisting of the Honourable Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdoola Haroon, Dr. Sir Ziauddin Ahmad, Babu Baijnath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Maulvi Abdur Rasheed Chaudhury (Assam: Muhammadan): Sir, I have got an objection to allow this motion to be taken up today. My objection is that it is illegal to allow this motion to be taken up today. The reason is that, under rule 80, page 88, of the Manual of Business and Procedure, before a motion for Select Committee or any other motion is allowed to be moved, it is absolutely necessary that the Bill must be in the hands of the Honourable Members for at least three days before the motion is allowed to be moved.

Mr. President (The Honourable Sir Abdur Rahim): When was this Bill circulated?

Maulvi Abdur Rasheed Chaudhury: It was only yesterday that the Bill came into my hands. Therefore, under the rules, this motion should not be allowed to be taken up. I know that the President has got power to over-rule this objection. But, Sir, I may bring to the notice of the Honourable the President that the Bill is of such a complicated nature that I hope the President will not allow his prerogative to be used.

Mr. President (The Honourable Sir Abdur Rahim): The Chair understands that some time ago copies of the Bill were sent to the addresses of the Honourable Members as known in the Department. Again, the notice of the Bill was circulated yesterday, and whenever any Honourable Member wanted a copy of the Bill, it was supplied to him.

Maulvi Abdur Rasheed Chaudhury: The Bill did not come into our hands till yesterday.

Mr. President (The Honourable Sir Abdur Rahim): It was published in the Gazette. The Chair rules that the point of order is not valid.

The Honourable Sir Jeremy Raisman: There are, broadly speaking, two main types of argument which can be adduced in support of the principle of an excess profits tax. The first of these rests on what may be called the principle of social justice. It is, briefly, that war is a time which brings to the vast majority of people in the countries affected by it great trials and tribulations accompanied usually by rising prices of the necessities of life and by increasing difficulty in obtaining supplies of these necessities. In addition, there are, of course, members of the community who are called upon to face danger and death in warding off the perils of such a time and there are relations and dependants of those actively engaged in the defence of the country to whom the period of war is a time of the most harrowing anxiety. In this general background of strain and distress there are a few more fortunate individuals to whom war brings great opportunities to increase their wealth and to derive abnormal profits from the circumstances which are inevitably attendant upon war. Now, the advocates of the principle of basing taxation of this character upon the conception of social justice call upon the State to intervene in order to rectify to some extent the gross inequalities which result from the hazards of war and to make available for the community as a whole a substantial share of the windfall which has accrued to the more fortunate few. They point out that the principle which underlies all taxation of income is a principle of justice of this kind and that in the case of war profits the principle acquires its highest validity. Now, Sir, whatever moral re-inforcement I might draw for my task today from that principle, I wish to take my main stand upon a narrower and more concrete footing. I shall, in fact, appeal to the second of the main types of argument which are usually adduced in justification of such a tax; namely, that a country which is engaged in war is inevitably involved in additional expenditure mainly on defence and that it is just that in raising the additional revenue necessary to cope with this increased expenditure Government should resort first to the taxation of those increased profits which like the increased expenditure have arisen out of the war. I venture to state, Sir, that this is a principle which no right-thinking man can controvert or even oppose, for, to refrain from the special taxation of such additional profits and to have recourse entirely to general taxation which takes no account of the economic effects of the war but the ability of individuals to bear the extra taxation is not merely to refrain from any attempt at correcting the inequality produced by war conditions but is tantamount to aggravating that inequality. I do not think, Sir, that I need labour this point. It is one which comes home immediately to the heads and hearts of men as soon as they begin to think about the problem. I would even claim that great support for this principle could be drawn from the voiceless consciences of large numbers of those who have recently protested publicly against the imposition of this tax.

Those, Sir, are the broad moral and fiscal grounds on which I rest the justification of the principle of this measure. I would also add something more and that is this. It is admitted that in time of war the prices which should be paid for those supplies which are vital to the conduct of war and to the activities ancillary to the prosecution of the war should be controlled in the general interests of the community in a manner which will ensure that excessive profits do not accrue to individual concerns. While this ideal is admitted on all hands, there are the greatest difficulties in producing such a result. It is a very hard thing indeed to calculate in advance the price which will insure the producers of commodities against loss and will at the same time protect the community from undue exploitation. The machinery for such a method of control may be exceedingly elaborate and yet it may fail to achieve its purpose. Must we then be entirely dependent on our ability to calculate in advance the exact rates which are just for contracts extending far into the future? Is it reasonable that we should look at the results of these transactions and if we find that those results represent a standard of profit far higher than the normal standard which has been earned in previous years, is it not reasonable, I ask, that when this is so, the State should claim its share of the surplus?

I said a few moments ago that the main ground on which I rested my case was the additional expenditure resulting from the war and the necessity for additional revenue to meet that expenditure. That being so, Sir, I am conscious that the House will be entitled to know before it is asked to enact this measure what the financial position of Government will be in the coming year. I am, of course, not in a position to anticipate my Budget speech, but I am prepared to accept the position that not only the House but the Select Committee, before it makes its report, should be in a position to see the financial picture. It is for that reason that I am moving that the date by which the Select Committee shall report should be the 6th of March, which is six days later than the day on which I shall have made my Budget speech and presented the information to the House. I hope that this modification of the original motion will go far to meet the objections of those who, while they accept the principle of an excess profits tax at the present time, nevertheless feel that they should be in a position to judge the actual financial necessity of such a measure at this stage.

It is perhaps suitable that I should deal at this point with the frequently expressed criticism that this measure is premature. If what is meant is that the measure has been introduced before the Budget speech, then I trust that what I have just said is sufficient to meet that criticism. The reason why this motion has had to be put down on the first day of the Session is that the nature of the measure is such that it was necessary to allow adequate time for the clauses to be fully dealt with in the Select Committee stage. The programme of this Legislative Session is so full and the holidays which intervene are so numerous that unless the first fortnight of the Session were available for the work of the Select Committee it would be exceedingly difficult to make the necessary progress with the measure. Moreover, although I rest my case on the necessity for raising additional revenue at once, it is clear that a tax of this nature cannot, in fairness both to Government and to the assessee, be related strictly to the finance and budget of a single year.

But there are some critics who, while not opposing the principle of an excess profits tax, declare that it is being brought forward too early in the present emergency and they point out that in the last war the tax was imposed after the end of the war. If these critics will refer to the debates

[Sir Jeremy Raisman.]

which took place at that time they will see that one of the main grounds of objection to the measure was that it had come too late, that the profits had already been made and to a large extent appropriated or dissipated before the taxpayer was able to realise that he would have to pay a large sum to Government. The objectors then said, "The war is over and surely the time for war levies and taxes has gone?" That reminds me of King Agag in the Biblical story who, when summoned to his last account, came walking delicately and said, "Surely the bitterness of death is past!" But the taxpayers of 1919 like King Agag had misjudged the situation and had to take the bitter remedy for a state of affairs which they had begun to dismiss as past history. If now, I would ask, it is too early to impose this tax when the war has been in progress for six months, and if it is too late to impose the tax when the war is finished, when, I ask, is the time when a tax, the justice of which is so widely admitted, should be imposed?

Mr. M. S. Aney: When the war is really being fought.

The Honourable Sir Jeremy Raisman: And do the critics seriously suggest that throughout the period of the war or any considerable part of it this measure of admitted justice and necessity should be kept hanging like a Sword of Damocles over the neck of commerce and industry? Would that uncertainty really be more welcome to them and more conducive to confident and prosperous trading? I submit, Sir, that once the justice and desirability of a measure of this kind is accepted by the country it is infinitely better that it should be enforced at the earliest practicable stage and should enter as a definitely known item into the plans of those who wish to invest their money in trade and industrial enterprises.

I shall now deal briefly with a few of the main features of the Bill. In the first place I would point out that by fixing a minimum of Rs. 20,000 for the definition of "standard profits" the Bill entirely excludes from its scope a vast number of small businesses. I believe that the effect of this exemption is to reduce the total number of assesses to something less than five thousand. I hope that this will dispose at once of any suggestion that this is a tax on the poor or even on the relatively poor, for one at least of the numerous telegraphic protests I have received has accused me of penalising the dumb millions by this Bill. As regards the definition of "standard profits", this has, in the case of businesses which were in existence before the 1st April, 1936, been related to the profits of certain years of which the assessee will have the option of choosing the one which suits him best. Thus, supposing that his accounts are kept by the calendar year he has the option of 1935 or 1936 or the average of 1936 and 1937 or the average of 1935 and 1937. When the assessee has chosen the standard period which suits him best, the excess profits will be determined by ascertaining the amount by which the profits of the year under assessment exceeded the profits of the standard year. Thus, to take a simple case, if the profits of the standard year ending 31st March, 1940, are 12 lakhs and the highest profit made in any of the standard periods which the taxpayer can choose is 10 lakhs, excess profits tax will be payable on the excess of 2 lakhs, so that the Government would take away in excess profits tax exactly one lakh in this case. There has been so much misrepresentation of the nature of this tax that I think it necessary to emphasise that what will be taken by the Government in a case like this is half the difference between 10 lakhs and the 12 lakhs and not, as some people appear to have imagined, half of the 12 lakhs.

There is a further point about the amount of tax payable. Income-tax and super-tax will be payable only on the net profits remaining after the deduction of the excess profits tax. Thus, in the example I have just given, income-tax will be payable on 11 lakhs instead of upon 12 lakhs, and if we take into account the reduction in the income-tax payable, the net extra tax payable under the Bill is less than 1 lakh: it would be about Rs. 80,000, which of course is considerably less than 50 per cent. of the extra profits. The example I have just given is of course an unduly simple type of case. If in that example the capital had been increased by 40 per cent. since the standard period, then the 12 lakhs profit would represent a smaller return on the capital employed in 1939-40 than the return which the 10 lakhs represented on the capital employed in the standard period: so that it may be said that the concern as a whole is not really doing better than during the standard period because the extra profits are merely a fair return on the extra capital. The Bill, therefore, provides for an adjustment, whenever the capital in the business is increased or decreased, and the taxpayer is allowed to add to the profits in the standard period a fixed percentage on the additional capital employed since the standard period. That percentage is, broadly speaking, 8 per cent. for companies and 10 per cent. for individuals. But for decreases in capital a flat 6 per cent. is to be used. Now, it may happen that the profits made during each of the possible standard periods were abnormally low. In such cases the Bill provides for a Board of Referees to which the assessee can make an application, and if the Board is satisfied that during the standard period the profits of the business were less than might have reasonably been expected, it can fix the standard profit higher than that which was actually made in the standard period. It will be noted that more than half of the members of the Board of Referees must be non-officials of business experience.

For businesses which started after the 31st March, 1936, the standard profit fixed by the Bill is a statutory percentage on capital amounting to 8 per cent. in the case of companies and 10 per cent. in the case of individuals. It may be asked why a distinction is made between new and old businesses. In the first place, for very recent businesses there could of course be no standard period at all. But even for the others, the profit made in the first year or so would clearly be an unsatisfactory basis for determining excess profits from 1939-40 onwards. On the other hand in the case of old businesses it would be a matter of the utmost difficulty to work out percentages of capital. In such cases the percentage on the original capital invested in the business a long time ago is not such a suitable basis for determining excess profits as the actual profits made in one or other of the years which can be adopted as the standard period.

I turn now to a very important feature of the Bill which is embodied in clause (7). The effect of this clause is that if the profits in any period after the first April, 1939, called a "chargeable accounting period" are less than the standard profits, then that deficiency can be set against the profits of any other chargeable accounting period. This may involve a refund of excess profits tax already paid or the carrying forward of the deficiency to be set against the profits of a subsequent period. In this way the Bill seeks to tax only the net excess profits made during the whole period for which the tax will be in force.

There are various other features of the Bill with the details of which I do not think I should weary the House at this stage. They are intended to

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deal equitably with the complexities of individual circumstances. In particular clause (8) deals with cases of successions and amalgamations and the object is to ensure that we are comparing like with like and not comparing the profits of one business with the profits of two businesses or the profits of part of a business with the profits of a whole business.

Now, one of the main objections that has been raised against this measure is that it will interfere with the normal process of accumulation of capital and will thus place a severe check on industrial development. I will not endeavour to anticipate the arguments of Honourable Members on this point; but I feel that I must point out that what will be available for capital accumulation and reinvestment in industry will be an amount of profits equal to the highest profits in any of the standard periods plus in addition half of the abnormal profits earned during the war period. I find it difficult to be deeply impressed with the arguments of those who represent that the sum remaining for investment in business is likely to be utterly inadequate for industrial expansion.

In conclusion, Sir, I wish to say that in asking the House to accept this motion and to refer the Bill to a Select Committee, I am fully conscious that some of the details of the measure may be found to be imperfect or perhaps inappropriate to the conditions of India. I am ready and indeed anxious to give full consideration to all points of view in the Select Committee stage, and I have no doubt that much useful work will be done by the Committee to ensure that this Bill will be a suitable instrument for the important purpose which it is intended to serve and at the same time to lessen any inequalities and hardships which it might otherwise cause to individuals and concerns. In giving this assurance to the House I would ask in return for a generous measure of support to the principle embodied in the Bill. Sir, I move.

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

"That the Bill to impose a tax on excess profits arising out of certain businesses be referred to a Select Committee consisting of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. J. F. Sheehy, Mr. S. P. Chambers, Mr. A. Aikman, Sir H. P. Mody, Seth Haji Sir Abdulla Haroon, Dr. Sir Ziauddin Ahmad, Babu Baijnath Bajoria and the Mover, with instructions to report on or before the 6th March, 1940, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian Urban): Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

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

"That the Bill be circulated for the purpose of eliciting opinion thereon before the 15th March, 1940."

The next amendment is in the name of Maulvi Abdur Rasheed Chaudhury. But he does not mention the date by which opinion is to be elicited.

Maulvi Abdur Rasheed Chaudhury: My Honourable friend, Dr. P. N. Banerjee, has moved his amendment giving 15th March as the date by which opinion is to be elicited. I do not want to move my amendment. I shall speak on his amendment later on.

The President (The Honourable Sir Abdur Rahim): The next amendment is in the name of Babu Baijnath Bajoria. The Chair does not find him in his seat. Moreover, the date "10th March", which he wants to substitute, has already been agreed to by Government.

The original motion as well as the amendment of Dr. Banerjea will now be open for debate.

Dr. P. N. Banerjea: Sir, it is the practice in every democratic country to place before the Legislature all proposals for expenditure first, and then, subsequently, to ask for resources to meet those items of expenditure. This procedure is followed in the British House of Commons where the different departments make their proposals and the Ministers in charge of them place them before the committee when the House of Commons goes into the Committee of Supply. When the items of expenditure have been voted upon, then the House of Commons goes into the Committee of Ways and Means. This is the procedure which is followed in every country, including India.

Now, a different procedure is sought to be introduced in connection with this Bill. What is the ground on which this procedure is sought to be justified? It is this. In the Statement of Objects and Reasons it is mentioned that "the outbreak of war, while it has necessitated greatly increased expenditure by the Government on defence and other services, has simultaneously created opportunities for the earning by companies and persons engaged in business of abnormally large profits". Sir, the words in the Statement of Objects and Reasons are extremely vague and indefinite. "Necessitated greatly increased expenditure"—what do these words signify? No estimates have been placed before us. The Honourable the Finance Member has not attempted to show under what heads or sub-heads defence expenditure has increased or is likely to increase; nor has he given us any indication as to the heads or sub-heads under which other kinds of expenditure are increasing or are likely to increase in future. Therefore, I must say that it is an unusual procedure for the Government to adopt. The slight amendment which the Honourable the Finance Member has just now made in his motion does not go far enough. He says in effect, "We shall place proposals of the budget before you on 29th February and a week later the report of the Select Committee will be placed before the Legislature"; but in the meantime he asks us to give our assent to the principles underlying this Bill. This is not at all satisfactory. We do not know what is the amount to be spent, we do not know what the present resources of the Government are; and to ask us to give our assent to the proposals contained in this Bill without knowing the commitments, without knowing the necessary expenditure, and without even knowing the amount which will be derived from this new source of revenue is extremely unsatisfactory.

The Honourable the Finance Member referred to the Excess Profits Duty Bill of 1919. At that time Sir James Meston was the Finance Member. He placed very definite and concrete proposals before the Legislature. He pointed out in his speech that India had contributed in the first instance a sum of one hundred million pounds for the prosecution of the war and that in the second instance India had promised to pay a further sum of £45 millions for the same purpose. In order to meet the expenditure for the year 1919 under the second gift he estimated a sum of £6 millions would be required. His estimate was that the Excess

[Dr. P. N. Banerjee:] Profits Duty Bill which he introduced at the time would bring in that amount of revenue. So there was no indefiniteness in his proposal, whereas the proposal of the Honourable Sir Jeremy Raisman is extremely indefinite.

Sir, this brings me to the purpose of the proposed imposition. What has the Honourable the Finance Member in his mind? In what way is India going to assist in the prosecution of the war? Is it his intention to find resources first and then come to the House and ask the House to vote a contribution, similar to the contributions which were made in 1917 and 1918? I pause for a reply. No reply is forthcoming. Then, may I take it that it is the intention of the Government to make a contribution for the war?

The Honourable Sir Jeremy Raisman: Will the Honourable Member kindly repeat his question?

Dr. P. N. Banerjee: During the last European War, India was asked to contribute in the first instance one hundred million pounds, and then, in the second instance, another £45 millions. Are you going to ask us to make a similar contribution on the present occasion?

The Honourable Sir Jeremy Raisman: No, Sir.

Dr. P. N. Banerjee: The reply is 'No',—no contribution is to be made by India.

The next question is, what is this demand for, then? Why do you put before us a measure of taxation by which you want to raise money?

The Honourable Sir Jeremy Raisman: To meet the expenditure of India.

Dr. P. N. Banerjee: Is it then contended that the ordinary revenues of India are unequal to the ordinary expenditure of the country? Or is it necessary to increase the defence force for which you require more money? Are you going to increase the Indian or the European portion of the army? Or are you going to pay greater emoluments to the army? All these points have to be made clear before we can be expected to give our consent to the increase in expenditure. In what way are you going to increase the military expenditure? Civil expenditure is also to be increased. But it will have to be made clear in what different ways this expenditure is going to be increased before we are asked to place in your hands additional resources. Sir, as no reply is available, I will pass on to the next point in the Objects and Reasons. It is mentioned here—“further, the object of the Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war”. The Honourable the Finance Member says that the war has given us opportunities for making abnormal profits and a portion of these abnormal profits should go towards the prosecution of the war. But in what way are we prosecuting the war? You refer to the war, but you do not say in what way the war affects us.

Again, in his introductory speech, the Honourable the Finance Member said that it was a measure of social justice . . .

Mr. N. M. Joshi (Nominated Non-Official): Once in a lifetime.

Dr. P. N. Banerjee: I am very glad that at least once in his lifetime he thought of social justice. Sir, I am one of those who think that the industrialist should not make abnormal profits. The profits of industry should not be too high. It is the bane of capitalism that the profits of industry are very high; and if my friends from Bombay, Sir Homi Mody and Sir Cowasji Jehangir, had remained satisfied with normal profits, then the outcry against capitalism would not have been so great as it is now. Therefore, Sir, I hold the opinion very strongly that excessive profits should be curtailed; but when the excessive profits are curtailed, to whom should the excess over the normal profits go? This excess over the normal profits should go in the first place to the consumer who pays the price for the articles which are manufactured by industry, and in the second place to the labourer who helps to create those profits

Mr. N. M. Joshi: Wages should be increased.

Dr. P. N. Banerjee: Certainly. But our Finance Member thinks that this excess should go to the Government. Why should it go to the Government? How do the Government wish to spend this excess amount which they get? If the Government in this country were a responsible Government, I would not have had any hesitation in entrusting the excess revenue to the executive. But there is no real responsible Government in this country; there is no popular control in the central sphere as yet. Therefore, we are not willing to entrust this additional revenue to the Government. We do not know how the Government are going to spend this amount. Mere mention of social justice will not do. Have the Government any scheme on hand by which they want to make a better distribution of the wealth of the country as between the rich and the poor?

Mr. F. E. James (Madras: European): This Bill.

Dr. P. N. Banerjee: The Bill will take from the rich and will put the money into the hands of the Government,—not of the poor. If there were any proposal to that effect, I would have strongly supported this measure. As a matter of fact, Sir, it is the apprehension of everybody that when Government have in their hands moneys which are not required for ordinary purposes, they will spend them in expenditure which will amount to waste. There is a rumour that in some Departments of the Government salaries and emoluments are going to be increased on account of the war. I do not know whether there is any justification for this rumour

Mr. M. S. Aney: Government servants also make a profit out of that.

Dr. P. N. Banerjee: They come first. So far as social justice is concerned, I am strongly of opinion that we should all accept this principle and we should ask the Government to give effect to it. But a mere vague allusion to this principle will not serve our purpose.

Sir, it is mentioned here that this Bill follows closely the Excess Profits Bill imposed in the United Kingdom by the Finance Act of 1939,

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but we should remember the differences in the circumstances of the two countries. In the first place, in the United Kingdom both the revenue and the expenditure of the Government are under popular control. Here, in India, at least at the Centre, neither the expenditure nor the revenue is under popular control. Therefore, we should hesitate, not once but twice or thrice, before we give power to the executive. Secondly, in the United Kingdom industry has made great progress, whereas in India we are on the eve of industrial development. We have just begun our career of industrialisation. In the third place, I should point out that the courses of the late depression and recovery have not been the same in India as in the United Kingdom. The depression affected India to a much greater extent than it did the United Kingdom; the recovery took a longer time to commence, and the course of the recovery has been very slow in this country. Lastly, coming to profits, I must say that there is a great deal of difference in the indices of profits between India and the United Kingdom. We must bear in mind all these things before we imitate the provisions of the United Kingdom Excess Profits Duty Act.

The most important point is that a case should be made-out first for further expenditure. If it is proved that additional taxation is essential, then we should consider what is the best way to meet that additional expenditure,—whether we should meet this additional war expenditure by additional taxation or by loan or by both measures. In my own opinion, war taxation is better than a war loan, because taxation does not impose a burden on posterity as a loan does. But if the expenditure is very heavy, then it is necessary to combine a loan with a tax for meeting the additional expenditure. When additional taxation is found inevitable, then will come the time to consider what form this additional taxation should take. I confess at once that an Excess Profits Duty is one of the eligible sources of revenue in war time, and this resource has been tapped in most of the advanced countries in times of war. But there are also alternative sources, there are also other forms of taxation. In any case, we should adopt a certain number of principles in order that we may be guided as to the particular form of taxation best suited to the needs of the country. In the first place, I should lay down that the taxation should be such as would fall on shoulders which are well able to bear the burden of it. In the second place, I should say that industrial development of the country should not be hampered. Keeping in view these two important principles, if we find that the Excess Profits Duty Bill is a measure which is consistent with these principles, I will not object to that Bill. But just at the present moment we are unable to commit ourselves to the provisions of this Bill.

Sir, there is another aspect of the question which I may call the constitutional aspect. A few days ago, the Government of India Act was amended by Parliament. Did Parliament take up this amendment on its own initiative, or did the Government of India approach Parliament for the purpose? There is an important point involved in this question. The Legislatures in India have been given certain powers by the Government of India Act, 1935. These powers are restricted and limited in their scope, and we are not satisfied with the provisions of the Act; but it seems to me that even these limited powers have been invaded by Parliament in regard to the amendment which has recently been made in the Government of India Act. This is my view, but I am supported in

this regard by the views of eminent parliamentarians. Mr. Sorensen, for instance, said in the House of Commons:

"In clause 2 there was a significant suggestion regarding the present powers enjoyed by Legislatures in India. We certainly were not increasing the powers granted to India. We were actually decreasing them."

I hope there cannot be any doubt in the mind of any Member of this House that when Parliament takes upon itself to legislate on this question, it is taking away the powers which were granted to the Indian Legislatures by the Government of India Act, 1935. Was it wise on the part of Parliament to have done so? Mr. Wedgwood Benn—he, at least is a responsible person, he was a Secretary of State for India—said:

"It clearly shows the extremely weak position in which we stand here, attempting to govern India without a proper and responsible Assembly in India to do the work themselves."

Mr. President (The Honourable Sir Abdur Rahim): This question does not come within the purview of this Bill. The Honourable Member had better confine himself to the motion before the House.

Dr. P. N. Banerjee: Sir, I bow to your decision; but it is relevant in this way. This Bill has been brought forward under the amendment to the Government of India Act, 1935, which was made by Parliament.

Mr. President (The Honourable Sir Abdur Rahim): That does not make it relevant at all.

Dr. P. N. Banerjee: There is another important point involved in this. Here is an infringement of the rights of the provinces. If this Bill had not been brought forward before us under the amended Act, the revenue derived from the Excess Profits Duty would have gone partly to the provinces and would have come only partly to the Centre. That has an important bearing on the financial resources of the country. I wish to ask, did the Government of India approach the Home Authorities with the request that the Government of India Act should be amended, or did the Parliament amend it of its own motion?

Mr. President (The Honourable Sir Abdur Rahim): We have got the Act as amended and the Honourable Member cannot discuss the merits of that now.

Dr. P. N. Banerjee: We are entitled to express our resentment at this amendment, and we are entitled to censure the Government of India if the Government of India

Mr. President (The Honourable Sir Abdur Rahim): Not on this motion.

Dr. P. N. Banerjee: I will not pursue the point; but I must mention the fact that this Excess Profits Duty Bill is an encroachment on the financial powers and resources of the provinces.

It seems that there is a desire on the part of the Government to proceed with this measure with undue haste and they wish to take advantage of the absence of the Congress Party from the Assembly. I do not agree with the Members of the Congress Assembly Party in the view which they

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have taken with regard to their absence from this Assembly. I do not agree with them in the view that mere association amounts to co-operation. We are here mainly to oppose the Government.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss that. It has nothing to do with the motion really.

Dr. P. N. Banerjee: But the fact remains that 45 Members of this Assembly are absent from this House and in the absence of such a large number of Members it is not desirable that such an important Bill which affects the country in many vital respects should be proceeded with. It is quite possible that the Congress Members will join us later on and for that purpose some time should be given before the principles of this Bill are finally accepted.

An Honourable Member: Wait for them?

Dr. P. N. Banerjee: No, there are other considerations, but this is one consideration.

An Honourable Member: Can you tell us when they are coming back?

Dr. P. N. Banerjee: I cannot, but I have urged other important grounds on which the consideration of the Bill should be deferred and this is only an additional ground.

I will not discuss the merits of this Bill. But I must make it clear that when the Finance Member refers to the profits of industry, he should bear in mind the fact that in India capital is still shy. Until recent years, capital was very shy in India; during the last quarter of a century capital had been overcoming its shyness and, but for the late depression, it would have overcome this shyness even to a greater extent. But since the depression, there has been again a reluctance on the part of the owners of capital to invest it in industry, therefore, when we speak of normal profits we should not use that term in the same sense as the term is used in England. There, capital is not at all shy. In that country industrialisation has proceeded very far, and people are anxious to invest. In India we have to draw out capital and in order that capital may be invested in industry, industrialists will have to be paid somewhat larger profits than would be regarded as normal in other countries. I have already said that I hate profiteering. I do not think that abnormal profits should be enjoyed by industrialists in this country. But in computing abnormal profits we should be very careful and we should not imitate the example of other countries. There is a further point with regard to standard profits. Which of the particular years should we take as the standard year? Besides, should we not consider also the losses during the late depression which many of the industries incurred? Should not these losses be taken into account?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is trying to discuss in detail the provisions of the Bill.

Dr. P. N. Banerjee: No, Sir. I am only referring to some general principles. Unless we are very careful in regard to these essential points we may be led astray by the reference to the conditions which prevail in other countries. That is my submission. I will not enter into the merits of the question.

At the present moment I am unable to accede to the principles of this Bill. I will not commit myself to the principles of this Bill because at the present moment we have no data before us by which to judge the provisions of this Bill. I, therefore, oppose the reference of this Bill to the Select Committee and I propose that some time should be allowed to lapse during which all the different points will be made clear, so that we may be able to discuss this Bill in a proper atmosphere.

Mr. A. Aikman (Bengal : European): Mr. President, may I in the first instance congratulate the Finance Member not only upon his speech but upon the very practical attitude which he has adopted right at the beginning in meeting his critics. Well, Sir, the Bill that is before the House is one that ranks in importance with the Income-tax Bill which this House passed just a year ago. Income-tax is not a simple problem and the proposal to levy an excess profits tax is not a simple one either, though it appears to be merely the taking of a stated amount of revenue from the pockets of certain groups or classes. It goes far beyond that. The Honourable the Finance Member has told this House that he needs more money, and we gather he considers that a tax of this kind is the fairest in the circumstances.

As is well known, the Bill has been widely criticised because, as is alleged, the imposition of this tax will inevitably act as a deterrent to new enterprise. It has also been criticised on other grounds that I shall come to in a moment, but before I deal with some of the more important details of the Bill and the criticism that has been expressed of these details, I propose very briefly to examine its main principle.

Broadly speaking, that main principle is, as contained in the Statement of Objects and Reasons, the appropriation by Government of a large share in the additional profits of commerce and industry which accrue as a result of war conditions. In so far as the tax seeks to provide additional funds required for the purposes of the Government in the prosecution of the war, no one can reasonably complain. To quote from a supplement to *Indian Finance* which appeared on the 1st February, "It cannot be gainsaid that the abnormal expenditure caused by the war should be met primarily by the abnormal profits which the war makes possible". In common with every country in the world, India cannot afford to ignore the life and death struggle which is being waged in Europe today. In almost every country in the world, both belligerent and neutral, increased expenditure on defence is inevitable. Those of us who have endeavoured to appraise the financial prospects of the coming year cannot but recognise that more money will be required by Government. At the same time I should be failing in my duty to my constituents if I did not express the view which I know many Honourable Members feel, viz., that before a final expression of opinion is given by this House on the very important taxation proposals now before us, we should have an opportunity to see as far as possible a complete picture of the financial year that lies ahead. That picture can be presented only by the Finance Member in his budget

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speech and I am, therefore, grateful to him for the undertaking that he has just given that he will not now ask the Select Committee to report by the 15th February; that instead he will extend the time to a date in March and that he will not expect the Select Committee to express an opinion on the clause relating to the rate of tax—and on certain clauses that must inevitably be bound up with it—until this House has had an opportunity of seeing the financial picture of the country as a whole. What the Honourable Member has said on this point will enable many of us to approach this debate with much less misgiving.

Sir, after a careful consideration of the views of their constituents, or the Members of the Group for whom I speak have come to the conclusion that they are not opposed to the principle of taxing excess profits arising from war conditions, but they are not prepared to agree to support any particular rate at which such a tax should be levied until the whole budgetary position is before them. Nevertheless, in view of the assurances expressed by the Finance Member, we, in this Group, are prepared to support the motion before the House, *viz.*, that this Bill be committed to a Select Committee that will report by the 6th of March, that is to say, they are agreeable that a Select Committee should proceed with the consideration of the machinery necessary for the levy and collection of the tax. This in itself is a complicated technical problem and it should not be delayed if the implications of the various clauses are to be fully appreciated and adjustment agreed to meet the difficulties and anomalies which it is already known arise in the application of the provisions of the Bill to different businesses. Now, Sir, at this stage though I wish to deal only with the principles of the Bill, I should say that in Select Committee our representatives would desire to move certain amendments dealing with what I have called the machinery of the Bill so that this may be made as convenient as possible not only to the officers of Government who have to collect the tax but to the assesses who will have to pay.

A point I would like to make related to the rate of tax that is sought to be imposed. In the view of many people, this rate is very high and before expressing our views upon it, my Group will require to be satisfied not merely that so much money is required to balance the budget of 1940-41, but also that in the matter of control of expenditure and more especially the control of war-time expenditure, the Government are taking every precaution to ensure that there is a minimum of waste. Tax-payers, in fact, want to be satisfied that, in these times when they are called upon to make large sacrifices, the strictest economy is being observed and that they are getting full value for their money.

But, Sir, having said that we are agreeable to the committal of this Bill to a Select Committee, it is necessary for me to make it clear to this House the views of my Group on a number of important points in the Bill itself.

In the first place, there seems to be no provision for any annual review of this tax such as there is in the case of other taxes, *e.g.*, the income-tax and the salt tax. To us it appears important that some provision should be made whereby this tax comes up for re-consideration. It may be that my Honourable friend has in mind that the Bill should be enacted for a special period, say up to the end of the first or second financial year after hostilities shall have ceased, but we feel that there should be given to this House some opportunity for a further review of this important

measure and the effect it produces either at the close of the next financial year or at the end of some other period yet to be determined. I feel sure that the Honourable the Finance Member's views on this matter will be welcomed not only in this House but throughout the country.

The second point to which I refer is the rate of statutory percentage and "standard profit". This appears to be the same as selected in the United Kingdom, but with due respect to the views of my Honourable friend, the Finance Member, I would suggest that conditions in the two countries are by no means parallel and in many respects are so different as to justify a higher rate of dividend than 6 per cent. on ordinary share capital. Many preference shares in Indian companies with first class security behind them are entitled to 6, 7, and even 8 per cent., and though it is perfectly true that today many of these shares stand well above par, that is not to say that these rates are unreasonable. Consequently, it must be held that a higher rate should be allowed in the case of ordinary share capital which, from its very nature, bears a greater risk.

Then, Sir, closely allied to this question is that of the standard period. The years chosen appear to us to have been based rather on conditions obtaining in the United Kingdom than to the conditions obtaining in this country. It seems to us important to remember that there were factors at work in the United Kingdom, such as the rearmament programme, that had already been undertaken some years before the war—that were in no way operative in India. In our view great hardship and much injustice will result if the standard period as determined under clause 6 of the Bill remains in its present form. If, for example, it can be shown that by reason of prolonged strikes or owing to prolonged unfavourable trade conditions in any particular industry that some better alternative is desirable and possible, then provision should be made for this purpose.

Then, Sir, there is the question of depreciation. The Honourable the Finance Member will not have forgotten that the whole question of depreciation rates in industry is at present under review as a result of the Income-tax Amendment Act of last year. To avoid hardship it is, therefore, most important that in arriving at assessment for excess profits care should be taken to see that as a result of the change-over from one basis of depreciation to another, the assessee is not penalised.

In conclusion, Sir, may I again emphasise how important it is in legislation of this kind to remember that its efforts may be not merely the creation of burdens that are by no means equal in their incidence but the setting in motion of forces that may react upon industry and upon the trade of this country in a way that no man can foresee. It is evident, therefore, that not only is it desirable that every clause of this Bill should receive the most careful and weighty consideration and that its full significance and implication shall be appreciated by Honourable Members; that proper place for such consideration is in the first instance in Select Committee, and therefore, Sir, I commend to the support of the House the motion for Select Committee and oppose the motion for circulation.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Sir, my Honourable friend, the Finance Member, in urging the House to take into consideration his motion, pleaded for the recognition of the principle of social justice. I noticed then, as I notice now, my Honourable

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friend, Mr. Joshi, warmly applauding that sentiment. Mr. Joshi's idea of social justice is to put his hand in everybody else's pocket, and I am not concerned really with his reactions to the Bill. I am content with pointing out that those who have criticised this measure most definitely do not set their face against the recognition of social justice in the relations of men. What we do say, however, is that Indian industries had just started recovering from a long period of depression, and that before they had time to consolidate their position, the Honourable the Finance Member has thought it necessary to put up a Bill which has the effect of very seriously crippling their earning power and their ability to consolidate their position. My Honourable friend stated as one of the reasons why he brought up this Bill at the present stage that he did not want the Sword of Damocles hanging over the heads of industrialists and businessmen. The sentiment does credit to my Honourable friend, but his way of preventing the Sword of Damocles hanging over the heads of businessmen appears to be to chop off the heads at once, so that there may be no suspense left.

Now, Sir, in placing this Bill before us, the Honourable Member, though probably he may not like to admit it, has been moved principally by the consideration that such a measure has been found necessary in the United Kingdom. Well, the conditions are vastly different. Though I am not prepared to say that this country can be an idle spectator of the conflict that is raging, it has to be admitted that it cannot possibly affect this country in the same way as it can Great Britain. But, Sir, apart from that, I would like to point out to my Honourable friend that economic conditions in the two countries are very different. Taking the figures given in a recent issue of the *Economist*, while the index figure of business activity in 1935 was 100, it was 114 in 1936, 129 in 1937, and 120 in 1938. Taking the same years, so far as this country is concerned, and taking 100 to be the index number for 1928, the figure was 69 in 1935, 63 in 1936, 60 in 1937, and 70 in 1938. In other words, it was a period of recession in India, whereas, in the United Kingdom, it was an era of rising profits. But there is another and even more important consideration which ought to be borne in mind by Government in deciding, upon what is fit and applicable to this country. All these years in India business has contributed to the coffers of Governments not merely out of its profits but also out of its capital. For many years the principle of carry-forward of business losses has been recognised in the United Kingdom, it has only received recognition in this country in the last Income-tax Act. The result has been that, to give an example, if a concern has made 2 lakhs of loss in one year and one lakh of profit in the subsequent year, on the average of the two years it has actually made a loss of one lakh, and yet it has paid income-tax on one lakh of rupees. Now, I say that that constitutes a material distinction. It is tantamount to Indian business contributing year after year not merely out of its profits but also out of its capital.

Now, Sir, one of our principal difficulties is that the budgetary position is not known to us. My Honourable friend, the Leader of the European Group, regarded with satisfaction the declaration of the Finance Member that he was not going to ask the Select Committee to decide upon the percentage of excess profits which would be taxed until it had had an opportunity of knowing what the needs of the Government were. So far so good and I certainly feel that to that extent the Finance Member has made

a concession. But even then we shall have to decide upon a great many matters of importance before the stage is reached at which we know the financial position of the Government of India. A bachelor has been described as one who looks before he leaps, and then does not leap. We are asked to leap even before we have had an opportunity of looking.

An Honourable Member: You are not a bachelor.

Sir H. P. Mody: Unfortunately I ceased to be that a long time ago!

Dr. P. N. Banerjee: Why unfortunately?

Sir H. P. Mody: That I will explain to you afterwards!

Sir, there are a great many points, and if you will give me a little extension of time before lunch, I shall be able to finish my speech.

In the Select Committee, it will be necessary to place before Government the position of certain industries like life assurance, investment companies, motion pictures, to whom it would be inequitable to apply this measure for various reasons. Before passing on to other matters, I would say that taking industries all round, the position is being made still worse *vis-a-vis* conditions in the Indian States. Advanced labour legislation has already tended to drive industries to the Indian States, and if additional burdens continue to be placed upon industries in British India, then it is natural to assume that the drift towards Indian States will become more and more pronounced.

Sir, the assumption underlying the Bill is that there are excess profits. The Statement of Objects and Reasons says:

"The object of the Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war."

and yet the preamble merely states "whereas it is expedient to impose a tax on excess profits arising out of certain businesses". Now, Sir, with regard to this question of excess profits, it seems to me that the activities of speculators on the exchanges in Calcutta and Bombay have given the impression that India was experiencing a regular boom. It is rather unfortunate that such an impression should prevail. But I should like to remind my Honourable friend of what the compilers of the Reserve Bank report have stated in their last publication:

"On the whole therefore the economic outlook at the end of the year appeared to be brighter than at any time during the past ten years, although memories of the aftermath of the last war were sufficiently recent to lead to a fairly general realisation of the fact that war profits are essentially artificial and transient, and that in a major conflict of this nature no country can hope to escape the inevitable strain on her economic resources."

That, Sir, should have been regarded as a very strong reason why this measure should not have been brought in at this stage before the position is consolidated, and before we know how long the war is going to last, and how it is going to affect the economic situation of this country.

There is another consideration, and it is this: how do you ascertain what profits have been made as a consequence of the war? There are many industries which by a process of prudent husbanding of their resources or by the increasing efficiency of their management have been creating

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for themselves a favourable position. Are you going to tax their increased profits as profits arising out of the war, even though it may happen that in some cases the profits which these concerns are making have nothing whatever to do with the war? Certain provisions have been made for exceptional cases. I want to ask, what happens in the case of increased production? I happen to be intimately connected with an organisation which has put up three new factories in the course of the last year or two, and the production has gone up by something like 250 thousand tons. Are the profits arising out of this production to be regarded as excess over the normal?

These are some of the very strong objections to the general features of the Bill. Coming to individual items, I would like to say, what has been said so often in the course of the last few days, that the standard year has been taken on a basis which would work very great hardship to industries. There was a far wider choice given to industries under the Act of 1919. If you take years of depression as your standard years, you are crippling Indian industries in a manner which you do not appreciate at this stage.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

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.

Sir H. P. Mody: Sir, before the Lunch interval, I was saying that with regard to the standard year a sufficiently wide range of choice has not been given to the assessee. In particular I object to the exclusion of the period 1938-39 and I do not see how it could be said that that was a war period. As a matter of fact it definitely was not, as I shall prove to you a little later.

In the Bill, provision has been made for appeal to a board of referees, and from that point of view there is some hope that in very hard cases justice may be done. But I should like the House to understand precisely the scope of the powers of the board of referees. In most cases if it is established by the assessee that the abnormally low profits of the standard year were brought about by abnormal causes, then the Board can put the matter right only to this extent that they will concede not more than 6 per cent. on the capital of the concern. Now, what is the capital of a concern? In most cases, and it is common knowledge, the original capital with which a concern starts bears no relation whatsoever to the capital actually employed in it. I know of a great many concerns personally in which the original capital is of a negligible character. One concern which has a capital of 18½ lakhs of rupees has a block of well over a crore and a half. Over a period of years, such a position has been built up. There is a jute company whose capital is only 4,20,000, whereas the block is many many times that figure. Therefore, if you allow only 6 per cent. on the nominal capital, then you are not affording any relief to the assessee who has been hit by abnormal circumstances during the standard period.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): What about expansion with borrowed money which are not debentures?

Sir H. P. Mody: That, of course, is another point, and I am glad my Honourable friend has drawn my attention to it. Expansion has often taken place with borrowed monies, and that really means that while the capital is kept at a very low figure, the actual capital employed is very much more.

Coming to the question of the percentage, while I was glad to note the assurance of the Finance Member that the matter would be fully gone into after the Select Committee had had an opportunity of considering the financial position of Government, and while, therefore, I shall not pursue the point in great detail here, what I would like to point out at this stage is that if you make it as substantial a percentage as you have in the Bill, then you are preventing industries from consolidating their position. Here is one of the few opportunities given to industries to recover from a period of depression and to make some provision for the future, which from our experience we know will be inevitably facing us as soon as the war and its aftermath are over, and you lay your hands on as much as 50 per cent. of the excess profits and thereby administer a very considerable hardship to industries generally. There is one concern, I know, which need not be named, whose success after many years of depression has been of a spectacular character, and which was hoping to set aside substantial sums to reserve for the first time in its history. It is a very big concern, and yet apart from laying aside proper sums for depreciation it has had no opportunity of building up reserves. That position was going to be rectified in this year of profits, but now half of the excess profits will be taken away. Therefore, as I say, the position is that while 50 per cent. may look all right, when you take it in relation to the 60 per cent. imposed upon British industrialists, if you take it in relation to Indian conditions, it constitutes a gross injustice. My Honourable friend, the Finance Member, has combined a very fat percentage with a very lean basic year.

The next question that arises for consideration is the currency of this measure. It is of an indefinite duration. There may be substantial reasons for it, but we are not able to appreciate them today. One thing I know, that if this measure were up for review by the Legislature from year to year, it is quite conceivable that a great many anomalies and injustices which may come to light in its actual operation would have an opportunity of being rectified. That opportunity will be denied to us. This Bill, once it has got through this House, will be a more or less permanent thing, for the period for which at any rate Government intend it to be. I am also afraid of another thing. I am doing no injustice to the Finance Member or to the Government of India when I say that once a taxing measure is on the Statute book it takes a very great deal of persuasion to induce Government to take it off. As I have had occasion to remark on a previous occasion, "a thing of duty is a joy for ever", so far as the Finance Member is concerned.

I come to the question of the chargeable period in the Bill. What I want to know is by what process of reasoning are profits made before the actual start of hostilities brought within the chargeable period? The Statement of Objects and Reasons refers to profits which accrue as a result of the conditions prevailing during the war. How can you bring profits accruing before the outbreak of hostilities within the purview of this Bill? It is:

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against the principle of the Bill, and I should like again to quote from the Reserve Bank report to which I referred this morning:

"The growing tension in the international situation militated against any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as jute and sugar . . .

The declaration of war, however, radically altered the situation and led to a sharp rise in commodity prices and an improvement in the prospects of Indian agriculturists and industries generally."

In other words, an improvement came about on the outbreak of the war, and, therefore, it is very unjust that it should be sought to tax any profits which arose before the actual start of hostilities.

There is another point and that is with regard to the change recently made in the system of depreciation allowances. All these years we were allowed a rate upon the original value. By the recent amendment of Income-tax Act, depreciation is now to be allowed on the written down value. If the profits for the chargeable years are based upon depreciation calculated on this basis, then they are bound to show higher as against the lower profits on the old basis of the standard years. I have every hope that this anomaly will be set right. In the case which I led before the Central Board of Revenue recently on behalf of industrial interests, I pointed this anomaly out, and I was told, and perhaps properly, that that was a matter which was to be threshed out when the Excess Profits Duty Bill was under consideration. I am taking this early opportunity . . .

Sir Cowasji Jehangir: May I ask why the depreciation rate should be so fixed that it should be less? Was any undertaking given that it would make no difference to us?

Sir H. P. Mody: That is just the point. My friend was in the Select Committee and I was not. We were told that an assurance was given that the result would work out more or less the same.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): It was given on the floor of this House too.

Sir H. P. Mody: But I am given to understand that there was no sort of undertaking or assurance given.

The Honourable Sir Jeremy Raisman: There was no such undertaking.

Sir Cowasji Jehangir: May I say definitely that there was such an undertaking given in the Select Committee that the difference in the method would make no ultimate difference to the industries?

The Honourable Sir Jeremy Raisman: I am afraid we cannot pursue this matter. I must differ from the Honourable Member.

Sir H. P. Mody: The point was repeatedly made by me and the categorical reply was that no such undertaking was given. However, that is a matter which does not directly concern us. All that I am concerned with now is that the change which has been brought about in the system of

depreciation allowances, unless it is set right so far as this Bill is concerned, will entail an additional burden. I have every confidence that Government of India will set that right.

There are a great many differences between this Bill and the Act of 1919. My Honourable friend, the Finance Member, in effect stated this morning that so far as that Act was concerned the Government went to sleep and were caught napping. Unfortunately for us, this time they did not go to bed at all, with the result that not only a much more drastic burden is sought to be imposed upon us, but very substantial differences in many of the main features have been introduced. The 1919 Act gave a wide choice of the basic period. As a matter of fact, the basic period was a period of substantial profits. The duration of that measure was one year, and it gave also a choice between paying supertax and paying excess profits duty. From figures which I have obtained, it would appear as if Government realised from that Act something like Rs. 9 crores, after making allowance for a reduction in the income-tax and super-tax. From the present measure it looks as if that figure would have to be multiplied a great many times. I do not quite know how much money the Government of India really need for the purpose of financing their requirements. I submit, what I have submitted unofficially already, that it is really not necessary even from the point of view of the canons of sound finance that Government should seek by an exceptional measure of this nature to get all that they want to fill up the gap. Let the effect of an Excess Profits Duty be properly appraised: let us all see how far industries are developing under the stimulus of the war: let Government consider how far the present profits are really in excess of the profits which might be regarded as normal; and it is only when they have that experience of the working of the Act that they can decide whether the percentage mentioned in the Bill is fair. I have mentioned, in the course of my remarks on the Income-tax Act, that people were so far keeping only two sets of books, but that thereafter they would be obliged to keep three sets of books—one for themselves, one for their partners and the third for the income-tax authorities. Now, four sets of books will have to be kept, and the fourth will be for the purpose of the Excess Profits Duty. Unfortunately, penalties have been prescribed in the Bill. A little fellow once asked his father: "Dad, what is bankruptcy?" and the venerable father replied: "Bankruptcy is when a man puts his money into his trouser pockets, and lets his creditors take his coat." It seems that the Government are going to rifle not only our coat pockets and our trouser pockets, but every other kind of pocket we may have. I cannot otherwise explain the drastic penalties they have sought to introduce in the Bill.

On the whole, Sir, the Bill seems to me to be hastily conceived and prematurely brought out. And like all prematurely born things I do not think it is likely to be a very healthy growth or be an influence for good. It is going greatly to affect the fortunes of industries, which, as I have said several times already, were just beginning to recover from periods of depression and were hoping to have a run of prosperity which might enable them to consolidate their strength and position. I am not enamoured of this Bill any more than any of my friends in the business world, but in deciding my attitude towards this measure, I must be guided by severely practical considerations. I know as a matter of fact that if this motion were defeated certification would follow, and I ~~certainly do not want this~~ Bill to be certified. (An Honourable Member: "Why?") Why? Have you

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not had sufficient experience in the past? Five budgets have been certified without the change of a comma. Why, it was possible even in the old days when we were on these benches, and were not supported by the representatives of the people in the sense in which they are labelled today—even in those days we managed to get crores of relief for the taxpayer, as my friend the Commerce Member will testify? I don't want this Bill certified, because I am quite certain that if it were, it would have a most crippling effect on industries, and I do not think that there is a single business or industry which would be grateful for such a consummation. On the other hand, Sir, I have every confidence that, if a good case is made out, then whatever the financial exigencies of the Government of India may be, as a reasonable man, the Finance Member is bound to admit that he cannot get the money he wants at such a great cost to the industrial and commercial structure of the country. It is from that point of view, Sir, that I want this measure to be examined in the Select Committee. Already a large number of industries and individual concerns have sent representations to me with regard to the manner in which this Bill ought to be revised. Their case has got to be put before the Select Committee, and it is on that account, and not because I am less keen than any of my friends in condemning this measure,—that I stand here today to support the motion for Select Committee.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, no taxation proposal has ever been found to be popular. We will always find a class of persons who will be dissatisfied with any proposal that may be brought forward for taxation. So it is really a misfortune of the Finance Member, not only here, but everywhere, that he always makes enemies by his taxation proposals and I consider one of the qualifications of a successful Finance Member is that he should be thoroughly unpopular. Sir, I had to make certain complaints about the Income-tax Bill, and on that occasion I said there were only three persons in this House who understood all the implications and side corners of the Income-tax Bill, and the Finance Member was not one of those three. They always take a delight. The clauses of the Bill were so worded that businessmen and income-tax officers may outwit each other. The businessman tries to take shelter under one clause of the Bill, while the income-tax officer tries to squeeze out as much money as possible under some other sub-clause of another section of the same Bill. This reminds me of a conversation which I had about a certain book, called "Abelian Function", which probably may be familiar to my friend, Mr. Griffiths, and to my friend, Sir Andrew Clow. That book was written by Professor Baker, and the question was who were the persons who probably read that book. The net result of the discussion was that the author must have read it, and the person who read the proof must also have read it, and the third person about whom there was a great probability was Professor Forsyth, and they could not trace the fourth man in Cambridge who could possibly have read that book. Now, the same was the case with regard to the Income-tax Bill, because three persons understood it, and we could not find out the fourth person who understood it . . .

An Honourable Member: Who are those three persons?

Dr. Sir Ziauddin Ahmad: You must know them, Mr. Bhalabhai Desai was one of them, and one other person is present in the House.

Now, Sir, taxation of excess profits is a very equitable form of taxation. It falls on persons who can afford to pay it. It falls on persons who pray every morning 'Long live Herr Hitler'. I am not speaking from imagination. I have come across one of these gentlemen,—not Mr. Bajoria,—who prays every morning 'Long live Herr Hitler'. This taxation falls upon persons who are benefited by the miseries and loss of life of people, and the only tax which can be called more equitable is a tax of 16 annas in the rupee on the profits of *Kuffan Chore*.

Now, Sir, my friend, Dr. Banerjee, laid down two fundamental principles with which I agree entirely. The first principle he laid down was that war taxation was better than a war loan. I think everybody will agree with this principle, and the other principle he laid down was that taxation should fall on the shoulders of those who can bear the burden and that the industrial development of the country should not be hampered. I entirely agree with the principles he has laid down, and here, I should also like to express my own view on the subject, and this is the standpoint from which I judge the principles of this Bill. Sir, I am in favour of the development of industries; I am in favour of protection of industries; but I am not in favour of robbing the poor consumers under the false cry of protection of industries. I am in favour of freedom of trade. It does not mean only exemption from customs duties, but freedom from the evils of combines and monopolies. Every person has a right to sell, but he has no right to stop any other person from selling the same things: and the last thing is that the consumers should contribute for the maintenance of the industries and people employed in those industries, but they should be protected from the robbery by the system of combines and monopolies and artificial raising of prices. Sir, the Home Member feels his responsibility for protecting our property if taken by physical force, but the Commerce Member has not yet realised his responsibility of protecting us against the robbery by economic force. If anybody robs us by physical force the Home Member protects us; but if anybody robs us by economic force, the Commerce Member puts before him books by Professors Keenes, Pison and Marshall, and smiles behind them. So while robbery by physical force is protected, robbery by economic force has not yet been realised and nobody protects us.

Now, Sir, I should like to divide the excess profits into three categories and not treat all of them on the principle of the '*Takka ser khaja takka ser bhaji*'—the principle which the predecessor of the present Commerce Member brought forward in the second Finance Bill of 1931, which increased taxation by 25 per cent. all round.

There are three kinds of profits. The first is the profit on protected industries. We have given them an assurance that they will get so much profit as a result of an inquiry by the Tariff Board. Therefore, any profit over and above that which has been guaranteed to them should be reckoned as excess profits. Those protected industries come in a class by themselves, because the Legislature forced the consumers to contribute to these protected industries. Then, the second class of persons are those who get the profits by means of combines and monopolies of sales they rob the consumers by economic force and not by physical force; and the third category consists of those who carry on trade in a straight forward business like manner and get the profits. Before I go into the details

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of the three classes of people who make profits, I would like to narrate a small story.

In one country some years ago,—I think it was Zululand,—there were some robbers who used to rob everybody who came across them. Later on there came a very vigilant king who came on the throne and he tried to stop this kind of robbery and theft. Then all these bandits began to starve for want of livelihood because it was stopped by the good administration of the king. So they appealed to the bandits world conference. An all-world bandits conference was convened, I think, in one of the jungles in Abyssinia,—I do not remember the exact place, but I think it was held in a place not far from Addis Ababa. There the President of the all-world bandits conference,—Haji Baba,—delivered his Presidential speech. That speech has now become classical. I tried to get hold of a copy of the book to read it out verbatim, but unfortunately I was not able to get it. So I give few extracts. Haji Baba began in German, "Mein Herren, (there were no ladies there) we have now to face a very difficult situation that has arisen in this world. You all know that we have an honest method of living. We only collect tax from few persons and only a portion of their entire possessions, and still people come forward and complain against us. Look at what the civilised government called 'Bolshevism' do. They rob everybody of everything that he possesses and still they are called civilised and no action is taken by any other civilised country. Even the Dictators are supporting them. Look at the trouble which has been created and the way in which it is working. We have got a legitimate right to live and take taxes from other persons. If people do not pay our taxes we give them some form of punishment. We give corporal punishment. Unfortunately we have no prisons and so we cannot put people in jails. Then capital punishment is the only thing that can be given by us. Let us go and adopt the Bolshevik method and rob everybody of every property that he possesses". After that speech, his first lieutenant, I think his name is Bazurhemehar and who was a very wise man got up and said, "Do not go in for Bolshevism. There is another possibility of getting a very decent livelihood which the civilised world has recently invented. Some of you ought to go to the capital of Zululand and take charge of the bakers in the town and then, afterwards, start a bakery yourself and you can bring all of them under your control. As soon as you have done it, you increase the price of bread by cent per cent. But, mind, be careful that you take possession of every cart of wheat which comes to that particular town. Then you will have the whole monopoly of the wheat, the whole monopoly of the sale of bread and then in that case you can dictate your own price and you will earn very much more than you could have done by stealing and robbing people. This is a thing which nobody can deny." An interruption was made by a member who said, "What would happen if other people came in, not from Zululand, but say from Abyssinia and they also started a bakery?". "The solution is very simple. You treat them like your own brother robbers and bring them into your own combine and give them proportionate profits, but never fight with them."

Sir Cowasji Jehangir: May I know what we are discussing?

An Honourable Member: A story!

Dr. Sir Ziauddin Ahmad: The story ends. I now come to these three types of profits which I have just classified. One is the profit on protected industry. When the Fiscal Commission discussed this particular problem they warned us against the evil which might arise in future years

Mr. M. S. Aney: Is it Protection Bill that is under discussion now?

Dr. Sir Ziauddin Ahmad: I am talking about excess profits and I am going to define what excess profit would be. Any profit that is given by the Tariff Board is really the standard profit and any profit which has been obtained by the system of combines is not a genuine standard profit.

Mr. Deputy President (Mr. Akhil Chandra Datta): We have got the definition of excess profit as given in this Bill.

Dr. Sir Ziauddin Ahmad: I make a definite proposal that there ought to be a distinction in all the three kinds of profits, and I will have different rates for them. I am only developing my argument. The Fiscal Commission of 1921-22 said:

"Another undesirable feature which the history of protectionist countries discloses is the tendency towards combinations of manufacturers for the purpose of exploiting the domestic consumer. A protectionist system certainly gives the opportunity for undesirable forms of combination. In a free trade country no combination of manufacturers is able to keep the price of a commodity above the world price. If all the manufacturers of a particular country agreed not to sell below a certain price which was above the world price, the only effect would be that their home market would be captured by foreign manufacturers selling at the world price. The case of protectionist countries is, however, different. Here we have a tariff wall, affording, when the foreign manufacturer has been partly or wholly excluded, a certain latitude of price to the home manufacturers. If the latter do not combine, the home price will be regulated by the ordinary conditions of internal competition."

This is a very important warning given by the Fiscal Commission, especially in the case of protected articles. No action has been taken by the Government and all the profits that are accruing by this system go at present to the businessman. I suggest that a good portion of it ought to come back to the Government, which really means the taxpayer, because anything that comes to the Government would relieve the burden on the taxpayer. My point is that we should have a higher rate of taxation on the profits that have been realised under economic pressure. In an ordinary case I think a duty from 50 to 60 per cent. would be equitable. There are persons who really are giving for the benefit of the country their lives, their property, and they are making financial contributions. Those persons who are being benefited by the sacrifices of other people should also make some contribution to this cause. When persons who are not benefited at all by the war conditions are making contributions in various forms, it is reasonable that the persons who are having a direct benefit because of the war should make a contribution to the successful prosecution of the war. The profit of 50 per cent. in the case of the ordinary persons is very reasonable but my own view is that it ought to be raised to 55 or 60. In the case of protected industries, where by means of legislative enactments we are compelling the consumers to pay higher prices, this duty ought to be something like 70 or 75 per cent. and in the case of combines, the duty should be about 65 per cent. I will tell you an example of how the profits are made by system of combines. The United Provinces Government has

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put on a duty of two annas on the sale of petrol. In the province of Delhi there is no duty put by the Government of India but the salesmen by means of a combine have artificially raised the price by about two annas in order to keep it on the same level as in the United Provinces. It is this thing which the consumers of India have a right to be protected against by the Commerce Member. The same thing is happening in the case of foodstuffs. As soon as the war was declared, people dealing in foodstuffs artificially raised the price. They began to hold everything back and to sell at high profits. In some cases Government intervened by executive action but where the Government could not intervene, the consumers took the law into their own hands and began to loot the bazars. When the people are making this profit in this particular manner by a system of combines and monopolies, I think it is very reasonable that we should ask them to contribute something to relieve the taxpayers of the burden which is falling on them.

Now, I come to the standard profit. How is it to be defined. One definition will not do for all kinds of profits. In the case of protected industries, the standard profit is the profit recommended by the Tariff Board and there we have got something very definite and any profit over and above the one recommended by the Tariff Board ought to be taken to be the excess profit. Now, as regards those commodities which are really under the control of monopolies and combines, we have another definition. What would have been the prices at which it ought to have been sold had there been no combines and no monopolies? That is entirely a different thing altogether. The third category will be the category in which the people have made profits simply on account of the war conditions and there the definition and the method adopted in the Bill are very legitimate to my mind. Of course, they require some revision in minor details but in principle it is all right. Sir, we do require an alteration in the definition of standard profits in the case of the two classes of industries which I have just outlined. There is one difficulty which I feel and which has also been alluded to by a number of other persons that no indication has yet been given and I believe it could not be given at this stage as to how much money is expected to be realised by this measure. I think we have a right to know this.

The next thing is how much money is wanted by the Government to meet their expenditure for the year 1940-41 and then we would be able to decide whether this amount is sufficient and then we might be able to settle with greater justice and greater confidence the exact amount of the tax which should be put on the excess profits. I think by the end of the month we shall be in a position to know both these points. As regards the first point, I think we ought to know during the discussion of this Bill how much money this Bill will bring in. The figures may be very rough but still we should have some kind of idea as to what they are expecting to get by this measure.

Then, there is the fundamental point that whenever you want us to vote for expenditure we have got the right to criticise the way in which that money is spent. I am not discussing the war condition on the floor of the House. I think it is not reasonable to discuss it now but as regards the economic problems which have arisen on account of the war conditions we have got a right to know and criticise them. We are not

satisfied with the way in which the Supply Department is being organised. I will not go into details at this stage. I will discuss it later on. They can run the whole thing in a more economical manner and probably with less burden on the consumer. I will confine myself to one remark only and that is what we are not satisfied with the actual administration of the Supply Department. It ought to be organised on a better system. The system of appointment is not good. The system of contract and the system of selection is not good and there should be some kind of board which ought to control the problems of supply. I leave it there.

There is one point to which I draw the attention of the Honourable the Finance Member. On the opposition side there is not a single lawyer. We have got the Law Member no doubt. There are many complicated problems in this Bill for the discussion of which the presence of a lawyer from the opposition Benches is absolutely necessary in the Select Committee. I trust that my Honourable friend will look into the matter and give us one more man. The strength of our Party is 2½ times that of other parties and we should have one more Member. I am not laying down the principle just now as to what should be the strength of the various parties. It is desirable that there should be a lawyer. Otherwise the Opposition will be very much handicapped. One of us may even vacate our seat to give place to a lawyer. We can consider this at the last stage and I leave it to the Finance Member to decide.

I will finish my speech with a prayer which I overheard a poor consumer repeating. I shall read out verbatim from the prayer which the consumer was praying, and which I overheard. He was praying:

"Oh, God, who sits in judgment, give us our bread and other necessities of life at stable prices, and endow our custodian, the Commerce Member, with sufficient sympathy and judgment to save us from the exploitation of business men. Deliver us from the exploitation of the business man who robs us under the battle-cry of the 'development of industries'. Give a little wisdom to the economic experts and protect us from their fantastic theories. Oh, God, have mercy upon us. Forgive the sins of the business men who by combines and monopolies of sale rob the poor labourer of his income earned by the sweat of his brow. Forgive the sins of persons sent to this world to rule us who see the robberies committed but connive at them. Oh, God, lead us to the righteous path that we in anger may not burn up the factories and loot the markets. 'Oh! God, save us from the miseries of war, which benefit only contractors and contractees'—a word which I here coined for those who give contracts—. 'Oh, God, we thank thee that ye have shown mercy in removing the followers of the Prophet from the list of the contractors and the contractees and middlemen, and left them to bear only the miseries of the battlefield'."

Mr. Husenbhai Abdullahai Laljee (Bombay Central Division: Muhammadan Rural): Sir, I have carefully listened to the speech of my Honourable friend, the Finance Member, and I must certainly say that everyone in this House will certainly agree that a few persons ought not to make a lot of money and that they ought not to escape the taxes which are legitimately due from them, but, Sir, when I consider these remarks very carefully, I do feel, having heard so many speeches and remembering the speeches made in connection with the Income-tax Bill as to how income-tax payers escape paying income-tax and how various devices and ways and means are required and adopted to find them out, that it is certainly not a very great thing to expect that they can certainly escape, to some extent, from the great war excess profits. Sir, after all, my Honourable friend has put down a figure of only five thousand persons in the whole of India from whom he will really get some excess profits tax, but, Sir, let us see the other side of the question; and the

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most important question; that is, it has been well-known, Sir, that only last year we were trying in this House to improve the plight of the agriculturist. We passed Bills against wheat coming from Australia. The agriculturists in the Punjab were said to be in a miserable condition. Then we had a Bill to protect the people of Madras and Bengal from imports of rice from Siam. Then, Sir, we had the Honourable the Finance Member who wanted to protect the Indian cotton by putting a duty on foreign cotton. Hardly a year has passed since then, but I ask in all earnestness,—by passing this Bill, what are you doing? Are you not really trying to reduce the prices of raw materials and of the agricultural produce? Is it not a simple thing for profit earners to reduce their prices for raw material,—and have you not seen that as soon as this Bill was out, the prices have come down?

An Honourable Member: Terribly.

Mr. Husenbhai Abdullabhai Laljee: Sir, therefore, it is not only five thousand excess profits tax payers who are affected, but all the agriculturist classes,—and that, Sir, at a time when the raw produce is beginning to come up. This is the time when all the raw produce is coming out in the market, and this is the time at which this raw produce requires a lot of finance, and, fortunately, this is the time at which owing to this war or owing to opportunities that have arisen for the raw produce that it has a hope to come up and, therefore, the speculators and profit-earners, the Foreign Exporters, are cornering or purchasing all the stuff. I do not say that all the profits of the rise will go to the agriculturist. I do admit that a small portion goes to them, but something of it does go to them—and that is to a very large number of people, to thousands and thousands of our people who do badly need them. Now, it is these people who will be vitally affected by this sort of thing. We have by this Bill tried to warn these stockist speculators and Foreign Exporters to give as little as possible to the producers so that they themselves may not suffer. Now, the result is they have gone to the market and they will say: "we will have to pay fifty per cent. to the Government, therefore, reduce your prices", which they could not have done if this was not there, sure enough otherwise something would have gone into their pockets. So, now by this act you are going to keep up their condition as miserable as possible. Or, as some people have suggested but I did not believe them until this Bill came, that there is a movement to take away our raw produce as cheaply as possible without least consideration of the condition of our agriculturists. Now, Sir, large orders have come and are likely to come, this is a fact, and our produce will be sought to be taken away at cheaper rates. If that is so, it is really a very serious question. I would not mind if it is being sent actually to the war zone for soldiers, but surely, if it is going to be sent for all sorts of civil population and to allies and specially to neutrals who make money or to persons here and there at the cost of Indian agriculturists, it is very wrong. Further, this act will frighten those who produce these raw materials in India and those who will be induced to stock it and to wait for a time and see that they get something more. Sir, it is not at all fair and right that such an opportunity, which has come which will give something to the poor agriculturists at this time after years of depression, should be so spoilt. And that too, Sir, when hardly a year has gone when every man

on both sides of the House has admitted the very miserable plight of agriculturists in this country, and now not a word is being said about it but on the contrary we hear being said in different quarters "reduce the prices of raw materials". I admit, Sir, it is very essential that we ought to support industries, but at the same time we have ninety per cent. of our people as agriculturists and what is being done for them? I assure you, Sir, that already the prices have gone down; the merchants, speculators, Foreign Exporters and the profit-earners have reduced down the prices after calculating something towards fifty per cent. being provided for the Government. They are not fools, they are not going to give the Finance Member everything he wants and to do so they can very well split up their profits into twenty parts. They will only have to make ten or twenty partnerships. So the result would be that at the present moment while there is some ray of hope for agriculturist and people are hoping to see more of our produce going into different markets, specially where our raw produce was kept out or taken at ridiculous low prices that this God-sent opportunity is denied, surely until our industries are developed and our raw produce taken up by them such attempt as would adversely effect agriculturist must be avoided. I do not understand what is the reason of asking us to accept the period from April, 1939? It has, it appears, been based upon what has been going on in England and Europe. In Europe the war exigencies have been going on for more than a year and they have been making all sorts of preparations. The factories, the industrialists and even the agriculturists there have made lot of money. Nothing of the sort has been done here up till now.

Now, Sir, that is one aspect of the question. The other aspect of the question is, let us look into the question of small industries. Surely, Sir, there are persons who do invest their moneys for a fair return and speculate in various ways. These persons who do believe at present that this war will last for three years or for even five years and not for three months and naturally wish, therefore, that the industries may be successfully developed. They also know that dumping which has been going on for years together and which has ruined our industries and ruined our labour is not there for the present. Surely, the very Government which do not give us any protection ought not to stand in the way of the development of our industries at this time specially when capital is coming forward to give us some help. My friend, Mr. Aikman, has rightly said that in India the position is quite different. Here 8 per cent. or 10 per cent. is nothing. He further said that you would let lose certain forces which will have their reaction. It is a fact. It is not quite true to say that the capital is shy. When the capital realises that there is no protection, there is no backing of the Government, which is the case all over the civilised world, how can it be expected to take the risk? The risk at present is that they will think that the war is a long drawn war and that their capital will get a good return. In that way, if some money does come into the industrial sphere, why do you stop it? Certainly you say 50 per cent. This bogey of 50 per cent. is enough. God knows what things are going to happen. My friend, Sir Ziauddin, said, that war contractors make a lot of money. They charge what they like and if that is so we should certainly be justified in charging them. But we should do everything to give impetus to our own people in order that our supplies may go all over the world, irrespective of the fact whether the war goes on or it stops and also encourage industries now. Further, above all, there

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is a great risk also involved in taxing heavily the people now and that is that one does not know the period of the war, and my friend, the Finance Member, adds insult to injury by not providing any period for the duration of this Act. As a businessman I must say that it is absolutely wrong and improper for a Finance Member to ask for a taxation without giving such facts as, where does he want to spend, how much does he want to spend, what does he expect out of it and how does he expect it? None of these facts have been given to us. Is this a Finance Bill? If it was brought in by a business manager or a banker, then I know very well what people think of him. Here, the Finance Member does not want to give us any figures. It is a case of might is right, which is very unfair to say the least.

Now, there has been a complaint. People have heard it and may be quite right. I have heard that heavy expenditure is going on in various way and very little economy has been practised. I do not want to make aspersions but surely we ought to be given some details and told something in this connection. Our frontier is quite clear: Japan is away; then what is going on in India to justify this, we do not know. Then, again, I repeat, the most important question that still remains is that you are not going to mention the duration of this tax. How do you justify that? The last Act was in force for one year and there was option given either to except super-tax or this tax, but in this case nothing is said about it and no period is mentioned. It may be kept up for ten years or more. It is not at all fair that every year we should not be given an opportunity. Then, we are asked to agree to the principle of the Bill and the budget will be placed later on before us. I repeat that in the meanwhile, the raw material that is coming to the market will be sold away cheaper, some people will corner it, some people will ship away and the poor agriculturist will be in the same miserable trouble. I ask in all earnestness, is this all fair? Sir, my Honourable friend, Sir Homi Mody, has rightly pointed out the condition of our industry during the last three years. Surely, these years cannot be taken as anything like prosperous years. The fair way of looking at the thing is that those factories or those mills which only supply the material to the Government for war purposes may be carefully taxed because surely they can say that the contractor and the contractee of this business are gaining out of it and if you find on examination some more proof of the extraordinary profits, do tax them further. But if you value my shares or the large numbers of shares belonging to Sir Cowasji Jehangir in various other concerns and say that today the value of these shares has gone up by 50 per cent. and if you put down that as the profit on the 31st March, surely it is not fair because it may be that on the 5th of April or the 10th of April the war is ended, the price of these shares must go down much if not by 50 per cent. Who pays for that? Sir, after years of fight we got the principle of carry-forward on the basis of three years' profits after as my friend, Sir Homi Mody, pointed out we are paying both from the capital as well as from the profits, I ask why this principle is not provided in this Bill in all fairness. Now, with regard to this war tax, surely it should last only during the period of the war, so that if the war ends one can find out what he has earned or lost and thus make an average. The war accounts ought to be kept separately or the Income-tax officers can certainly look into these things. But surely it is not right to have an average of three outstanding years and recover what you call war profit and when the war

ends, within four or five days or months and when there is a drop of 50 per cent. you should be away with his profits and thereby almost ruin him. Is that fair and equitable? I am told that the average of the last three years has been taken in England because people there have made lot of money and if the war now ends something will remain with them from which this something would come out. But here there is nothing of the sort. Even before the war, we are asked to pay? Is that fair and equitable? Of course, you are at liberty to take the money from those persons who have actually made money out of war supplies, but for God's sake do not hit the agriculturists and the poor people and industrialist but give them a chance to make a little money by selling their produce at a fair advantage. Ninety per cent. of our people are agriculturists and yet you are going to tell at present to everybody that if you buy anything, stock anything, or make any profit a tax of 50 per cent. will be levied on you. That is the position of both industry and agriculture on which we so much depend. In the industrial sphere, because the shares have been going up, frankly speaking the people do contribute something and help the new companies in the hope as I have said in the beginning that if the war lasts three or six years, they may get some good return. But if it is the intention of the Government that industries should develop and if it is the intention of Government that the raw products of India should not go at low prices to people outside India, then I say that great care should be taken before this new bogey of 50 per cent. is asked for by the Government. I will concede that during the war period only, some fair amount of profits should be given to Government, and this also only with regard to the contracts that are made for war supplies. I should warn the Government that they must not allow neutrals and others who have been dumping their goods into our country to take away our raw products cheap and make enormous profits out of them, and leave our people in the poor condition they are.

Pandit Krishna Kant Malaviya (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I am opposed to this Bill being referred to a Select Committee. On principle, I feel, and I think most of us feel that we had no voice in the declaration of the war. We were not consulted even as a matter of courtesy. Where is the justification then for asking us to contribute to the funds for the defence of the country or for the prosecution of the war? One may or may not sympathise with England in her present difficulty. One may or may not want to help Great Britain in this crisis, but this much is certain that not one of us likes Hitlerism.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Most of us cannot reconcile ourselves to the attitude adopted by Russia towards Finland. But with all our goodwill, knowing full well that Great Britain is not fighting in the cause of democracy, believing that Great Britain is waging this war in her own interests, we lovers of freedom and democracy, we who want that the people should have the right to govern themselves are prepared to do everything that lies in our power to help democracy to win. We know that this war is not being fought to end war. But even then we are prepared and willing to do all that lies in our power to eliminate the rule of brute force and might is right. It is tragic to see the policy of force spreading and to realise that wanton disregard for the law, humanity and freedom of the people is still on the march. But the question arises, where is this war. We do not see it anywhere in this country at least. No training of our youths for the defences of our country.

An Honourable Member: We are lucky.

Pandit Krishna Kant Malaviya: No doubt we are lucky. This luck seems to have been sent to us by an inspired message of the Reuter a few days ago when it was proclaimed to the world at large that Russian forces are nowhere near the frontiers of Afghanistan or Gilgit and that India is safe.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is perhaps going too far beyond the motion under discussion.

Pandit Krishna Kant Malaviya: I am coming to the Bill. This is a war measure.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the motion before the House.

Pandit Krishna Kant Malaviya: I am now coming to the Bill.

Mr. F. E. James: He is coming to the Bill through Russia.

Pandit Krishna Kant Malaviya: Yes, Russia has been your bogey all the time. But you now tell us that there is no danger so far as India is concerned. Why then are these funds wanted for the defence of the country and for the prosecution of the war?

Mr. President (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to confine himself to the motion before the House.

Pandit Krishna Kant Malaviya: Sir, the Excess Profits Bill is a war-measure due to the war which is being waged in Europe. I contend that so far as the war is concerned, it is visible only in the sphere of finance. Our co-operation is wanted only in so far as funds are required. Our youths are not being trained for the Navy or the Air Force or for the defences of our motherland.

Mr. President (The Honourable Sir Abdur Rahim): This Bill does not seek co-operation in the war at all. It is merely a question of whether the excess profits made during the war conditions should be taxed.

Pandit Krishna Kant Malaviya: My contention is, Sir, that the Government want our co-operation only in so far as our money is concerned, we are not being trained for the defences of our country, we resent it, we feel that no war is going on and we, therefore, do not want to tax excess profits.

Mr. President (The Honourable Sir Abdur Rahim): That is not the Bill.

Mr. M. S. Aney: The Honourable the Finance Member justified it on the ground that social justice demands that this Bill should be passed and in defining social justice he referred to the existence of the war as one of the important conditions.

Mr. President (The Honourable Sir Abdur Rahim): The Bill has nothing to do with the question as to whether the war is justified or not or as to whether there is danger to India or not. The motion before the House is whether any profits in excess of what is called standard profits made during the war conditions should be taxed.

Mr. M. S. Aney: I do not want to carry on any controversy across the floor at this time. But when I get up to make my remarks, I will put this point of view and would ask for your ruling.

Pandit Krishna Kant Malaviya: I bow to your ruling. My contention is this. The war is not visible in India.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the Bill now before the House.

Pandit Krishna Kant Malaviya: The Honourable the Finance Member pleaded his case in the name of social justice. It does not come very well from the lips of an official spokesman representing a Government in which the officials are drawing Rs. 25,000, 12,000 and 10,000 a month. When crores and crores of our peoples do not get a square meal in 24 hours. It does not lie in the mouth of such officials to speak of social justice. I can understand the levying of this excess profits tax provided this was wanted for developing the industries of the country. Every country in the world today is anxious to develop its own industry; whereas this Bill wants to cripple our industries and throttle their growth. In their own interests the Indian Government and the British Government should have thought that the present is the most opportune time to develop the industries of this country. This will stand by them in their time of need. If there is going to be a real war—at present so far as I know it is only a miniature war that is going on—if there is going to be a devastating war, I, as a friend of England, would request the British Government through the Finance Member to develop our industries, foster new ones in order that the needs of the Empire should be met by India. Because, when war will be fought in the air in right earnest, then industrial centres in England will be wiped out even if England wins. Sir, far sight demands in the interests of the survival of the Empire that we must have second centres of production. In Canada, attempts are being made to create such a centre. England is investing 3 billion pounds for that purpose. If Canada is considered to be a proper and safer place for the development of industries why should not India, a far bigger country, be developed so that we may supply all the needs of the Empire?

Mr. President (The Honourable Sir Abdur Rahim): Does the Honourable Member mean that these industries should be started out of the proceeds of the excess profits tax?

Pandit Krishna Kant Malaviya: That is my contention. I say that if the tax is to be levied at all the proceeds of this tax should be earmarked for the development of industries in this country and for nation building purposes and not for being wasted in the names of war. I want social justice. I want all the key industries to be nationalised. I want all the profits to come to the State for the development of industries, but the Bill does not provide any such thing. The Government do not even tell us how the money will be spent, what for it is wanted. My Honourable friends,

[Pandit Krishna Kant Malaviya.]

Sir Homi Mody and Mr. Hussain Bhai Laljee, said that conditions in India and England are different. This is too true. England is fighting a life and death struggle and if Germany wins, there will be no England, but we are far removed from the war zone and we are told that there is no danger to this country. I, therefore, want that profits should not be heavily taxed, that industrialists should be allowed to foster new industries, but if there is to be a tax, it should be spent on the development of industries and not wasted in the name of defence and war purposes. The Bill does not propose to do any such thing and, I, therefore, oppose the reference of this Bill to a Select Committee.

Sir Abdul Halim Ghaznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, the Muslim Chamber of Commerce has opposed this Bill and sent a telegram to the Honourable the Finance Member as follows:

"Muslim Chamber considers proposed levy of excess profits duty objectionable both in its incidence and application. It will discourage and retard growth of new industries and will be ruinous to old ones who after years of losses will not be able to recover. Further, Chamber emphatically protests against method of assessment which is arbitrary and unjust to trade in all sections."

This was followed by all other Indian Chambers throughout India, and, in my experience of 45 years, I have never seen such unanimity among Indian mercantile organisations in regard to a matter of taxation—a unanimity which is very largely shared by the Britishers.

An Honourable Member: What does your constituency say?

Sir Abdul Halim Ghaznavi: My constituency opposes it, and I shall presently tell you the reason why.

Suddenly a bombshell was thrown on India, and, as a result, the markets collapsed. Mr. Aikman says they became normal. He was passing leisurely hours in Delhi, not knowing what was happening in Calcutta and Bombay. What happened was that it was the agriculturists who lost. In one hour, jute bales came down by Rs. 25 and hessian by Rs. 6, thus ruining the trade completely. If Government wanted money to carry on the war, which legitimately they may require, they should have called the Leaders of Parties and explained the position to them and with their help devised ways and means to meet the situation created by the war. They should not have resorted to this Hitlerism in taxation. Even if this Bill were necessary, they should have explained it to the public instead of creating a panic. By his precipitate action the Honourable the Finance Member has benefited the foreigners. They got cheap things for which they would have had to pay high prices. Whereas American merchants were buying jute at Rs. 100 per bale and hessian at Rs. 21, they got jute at Rs. 72 and hessian at Rs. 14 and odd. Someone referred to bulls losing and bears getting. But the fact was that foreign buyers reaped the benefit and money went outside India.

Sir, this morning I listened to the speech of the Honourable the Finance Member. He gave his reasons in detail in justification of the Bill. He made a grievance and said that when a Bill of this description was introduced in 1919, an argument was advanced against it that the war had been over two years. Now, he says, he has introduced the Bill within six months of the starting of the war, the complaint is that he has come

too early. It is difficult, he says, to realise when his critics desire him to come.

My answer to that is that he should want the money two years later when businesses have recouped losses and made actual profits
4 P. M. and not now. Let the war go on for two years, and then he can come in with his proposal. Or, he can allow his proposal now to go to a Select Committee and get the Bill passed, but not put it into operation till war profits have been made in India. India has not yet made any war profits. You cannot compare India with England, England has been making war profits for the last five years. Every merchant and every businessman there has made tons of money. What have we made in India? Nothing whatsoever.

Again, Sir, we do not know what the money is required for. All we know is that we have to pay 50 per cent. of some earnings which may or may not be actual profits at all. If I lose any money, he merely says "It is your money that has gone." But if I make any excess profit, he says "You have to pay 50 per cent. as a present to His Majesty's Exchequer." How does he justify that?

I wish to say, Sir, that the Indian Chambers of Commerce do not want this Bill now. They do not say they do not want it at all: they merely say: "We have these just reasons and just opposition to which the Government should listen." All of us here have received telegrams from them. I shall take up one of these telegrams and read it to this House, although the Congress Benches in front of me are empty, so that the House may say whether the objection taken is not a sound and valid one, and if that is so, whether the Honourable the Finance Member will take those objections into consideration. They say: "You can go on with the Bill in the Select Committee, but do not put it into effect till we have made some money. Look at the depression, ten years of depression since 1931. No businessman and no industry could make any profit whatever." (Interruption.) My Honourable friend says: "How did they continue the industry?" When I say profits, I mean excess profits as provided in this Bill. As regards income-tax I know how they realise it. They torture people. I have made no income, but they force me saying: "You will have to pay so much: otherwise produce this book and that book." And to escape this torture say: "Take this money and be done with it." That is how they realise income-tax. Does any Member in this House deny that the depression has been there for the last ten years, even up to 1936? I am sure nobody can deny that. There has been depression in India throughout the world,—why in India alone? But the United Kingdom has been making money because they were preparing for the war. We had no such orders here for the last five years. The war started only in September, and what are the orders we have received up to now?

Mr. F. E. James: Are you sorry the war did not start earlier?

Sir Abdul Halim Ghaznavi: I am very sorry that the war started at all. We did not want the war but I am sorry that because the war started in September the Honourable the Finance Member should come out with a bombshell and take away all the money that has been made not only since but even previously.

Mr. F. E. James: That is the only bombshell we have had here so far!

Sir Abdul Halim Ghuznavi: Perhaps there may be many more being made between now and the 29th February. (Interruption.) Panic and abnormal fall of prices in the markets have marked the announcement that a Bill of this character was about to be introduced—More bombshells of this character will finish it and kill the goose that is expected to lay the golden eggs for Government. Further our friends of the European Group have already agreed to the Bill subject to a little change here and there. What I was told in Calcutta has come to nothing practically.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member should not carry on a conversation like that: he had better address the Chair.

Sir Abdul Halim Ghuznavi: This is what the Federation of the Indian Chambers of Commerce state in their telegram:

"Committee of Federation Indian Chambers given careful consideration to provisions of proposed Excess Profits Tax Bill and are of emphatic opinion that there is no justification for Government to introduce such an emergency levy at present juncture in India. The objections on which they base their protest with regard to Bill are, firstly, that conditions in United Kingdom are entirely different and are not comparable to those in this country."

Can anybody deny that? (Interruption.) It is no use interrupting me in that way. The telegram continues:

"In the United Kingdom His Majesty's Government have given enormous orders to industrial concerns in the country for the supply of munitions required for the prosecution of the war."

Now, do you deny that His Majesty's Government have been giving enormous orders there and that no orders have been placed in this country? (Interruption.) Six lakhs of sand bags required for His Majesty's Government constitutes very little indeed. It is nothing at all. The telegram continues:

"Owing to these war conditions, British industries have been reaping extraordinary profits."

Can you deny this? (Interruption.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

Sir Abdul Halim Ghuznavi:

"In fact since 1936, United Kingdom industries have been experiencing a boom period."

What was our condition in India? In 1936 depression was prevailing throughout India from one end of the country to the other. Therefore, what is the use of comparing our country with England? There is justification to levy excess profits duty there; but what have our businesses made that they should be asked to pay now?

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Mr. Aikman also says the same thing—do not compare India with England.

Sir Abdul Halim Ghaznavi: He said the same thing, but, at the same time, the milk and honey business went on. The telegram says further on:

"In fact depression continued right till 1938, all over the country both in Industry and Commerce. Even after declaration of war very few industries received orders connected with supply of munitions and raw materials and this could not have led to a boom in industries. Under United Kingdom Act standard period is almost boom period because of armament programme while in India there has not been any such year prior to declaration of war and Indian industries have at best just begun to look up enabling them to make provision for losses that they have been suffering during depression period."

Tremendous losses are shown in their books. Ten years' losses have accumulated. Some of the industrialists are just able to raise their head, and, here, the Finance Member comes forward with the Sword of Damocles and wants to chop off their heads, as my friend, Sir Homi Mody, said. There is no use of hanging on, and so he has chopped off their heads. Further on, the telegram says:

"Under the United Kingdom Act the standard period is almost boom period because of armament programme."

Well, in India there has not been any such boom period either before or even after the declaration of the war. This is another very strong argument why this measure should not be introduced now. In the United Kingdom, they had a boom period, but we had no such period, nor have we any now, and yet we are asked to pay for profits made even before the declaration of the war, and not merely for profits since:

"At best we have just begun enabling them to make provision for losses that they have been suffering during depression period; secondly the country has every right to know the extent of liability and additional expenditure which it would be called upon to bear in the prosecution of this war."

Nor have we been told how much money would be required, why it would be required, what is the purpose or what is the total amount? Nothing at all. No period has been prescribed during which this measure is to remain in force; for all that we know it may not be repealed at all. It may remain in force indefinitely. All measures introduced as temporary by Government, have a tendency to continue indefinitely. On the last occasion, Sir, a definite period was laid down, and one could understand for such and such a period the Bill would remain in force, that my head has not been entirely chopped off, but it may be put right after a period, but in the present case no period has been prescribed, perhaps this measure, if it is passed into law, may not be repealed at all:

"The country has every right to know the extent of the liability and additional expenditure which it would be called upon to bear in the prosecution of this war. The general impression is that during the last great war sums of money were arbitrarily debited in Indian accounts."

Now, this is a legitimate grievance. We should like to know what happened last time. If it had been debited to Indian accounts, why not credit that for the time being? Sir, with a measure like this before the country, no money will be forthcoming for starting new industries. Who will put his money in industries when he knows that fifty per cent. of the profits will be taken off by the use of the Sword of Damocles in the shape of the Bill before us? Our industries are still in an infant stage, and how can you compare our industries with those in the United Kingdom?

Sir Muhammad Yamin Khan (Agra Division: Muhammadan Rural):
How will the money be utilised?

Sir Abdul Halim Ghaznavi: My friend is a barrister-at-law, and so he wants to use some legal argument. Who will invest the money? Of course, my friend will invest it in Government promissory notes because he knows they will be secure; he may not put his money in industries,—and we badly need money for developing our industries and not to purchase promissory notes. And why will a man put his money in industries when he knows that 50 per cent. of the profits will be taken away and no allowance will be made for bad debts or losses?

"This amount is not ascertainable, but the public have no doubt that most of such debts should in fairness and equity have been borne by United Kingdom."

Then, again, there has been no answer from the Government side except that they will take the Bill to a Select Committee. We are grateful to the Honourable the Finance Member for the concession he has made to the public opinion in putting the date of the Report of the Select Committee until after the budgetary position was announced by him. So the matter has been postponed from the 16th of February to the 6th of March when this Bill will be passed with official support but with empty benches opposite. Sir, the Congress is making statements after statements from Bombay and Ahmedabad and Wardha. They have not the good-sense to come here and lodge their protest. The country is in such danger that they should have changed their view and come here to protest against a measure of this kind. Although I know what the result of their action would have been, still the country would have known that Congress Members were standing by it. What answer, I should like to ask the Congress Members, would they give to their constituents? Was it not their duty today to come here and oppose this measure on the floor of the House in the interests of the masses whom they claim to represent here, and not merely in the interests of business and industrialists? Look at the cotton prices which are daily declining rapidly? Who is going to lose? The cotton growers, and not the speculators. The speculators will buy cotton at a cheap price. Congress Members are not here, and I know what the result would be. The result will be that on the 6th of March the whole thing will be ready with perhaps certain dots and commas altered

Sir H. P. Mody: No, we must have substantial alterations.

Sir Abdul Halim Ghaznavi: But who are you to

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must address the Chair.

Sir Abdul Halim Ghaznavi:

"Unless, therefore, all elected Parties in the Legislative Assembly are available to approve the purpose for which this additional money is required the Committee feel that public would not feel satisfied that any more money should be raised. The Committee further wish to point out that large number of elected Members of the Legislative Assembly would be absenting themselves and would not be participating"

An Honourable Member: Whose fault is it?

Sir Abdul Halim Ghuznavi: I don't rely on it as a part of my argument. I am only reading out the telegram:

".....in consideration of this Bill.

The Government is likely to be accused of taking undue advantage of their absence by trying to pilot through the Assembly a Bill which is opposed unanimously by the whole Indian commercial community."

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Accused by you?

Sir Abdul Halim Ghuznavi: Not by me. With all deference to Sir Ramaswami Mudaliar, he must know, every one knows, that they were not coming to the Session. Heavens would not have fallen if the introduction of the Bill had been delayed a month or two or even postponed it to the next Session. (Interruption.) The President wants me to discuss this Bill and not to take notice of interruptions.

"Excess profits tax which was passed in the year 1919 was levied for only one year."

Will Honourable Members listen to this? (Interruption.) Social justice has come in this time. This time it may be repealed or it may not be repealed at all.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member seems to be reading some document and commenting on it, but he is expected to address himself to the motion before the House.

Sir Abdul Halim Ghuznavi: Two more lines, and I shall come to the next point.

Mr. President (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to go on with his speech.

Sir Abdul Halim Ghuznavi: Let me now take a concrete instance and tell Honourable Members what will be the effect of this Bill on the shipping industry which has no protection whatsoever. No industry has to bear such heavy burdens during times of war as the shipping industry. This is not only because the cost of operating ships has a greater increase than is experienced in other industries, but chiefly because the merchant shipping of a belligerent country has necessarily to act as a second line of defence and navy of supply. Among the resources that a nation at war immediately commandeers for the purposes of military and naval operations the shipping of the country has a unique importance. What is the fate of the Indian shipping? No protection whatever at the hands of the Government. While it is true that shipping as an industry has to be called upon to bear the burdens that are imposed by a Bill like the one under discussion, it should be remembered that the expansion of the shipping industry, even during times of war, should become the primary concern of the Government. Has this Government done anything in this direction? Certainly not. Look at England—expansion of shipping, more shipping, build, build and build. Are you doing anything here? No. Giving any protection? Nothing. But 50 per cent. is required out of that shipping. There, in the United Kingdom every protection is given. I will tell you what they are charging there.

Sir Muhammad Yamin Khan: Are they making excess profits?

Sir Abdul Halim Ghaznavi: Of course, they are.

Sir Muhammad Yamin Khan: If they are making excess profits, then there is justification.

Sir Abdul Halim Ghaznavi: The shipping, even during times of war, should become the primary concern of the Government, not only for the carrying on of trade and commerce, but also for transport of supplies and troops as well as for defence. No doubt it was this consideration that led to the modification of National Defence Contribution measures as applied to shipping even in England. After a full discussion in Parliament, the tax imposed on shipping under those measures was adapted to fully meet the requirements of the shipping industry in England. It was realised by the British Government that the shipping industry, particularly, must rely upon good times to make up arrears of depreciation and losses accumulated during lean times. The English Act, therefore, allowed for all industries the carrying forward of all arrears of depreciation as well as six years' losses before the amount of profits was to be assessed. The Bill before us entirely lacks this broader vision. I would ask Honourable Members who will sit on the Select Committee to take this into consideration. This is a most important point that they have to take into consideration, namely, six years' losses, while nothing of the kind has been done here. Here money is wanted, whether you can pay or not. In India, the shipping industry is the only industry that has been deprived of any measure of protection all these years it is struggling to develop. It has had to fight, and is still fighting, against heavy odds. It has yet to reach that consolidated position of security which a key industry like shipping is enabled to reach in other countries with the active help of the Government themselves. This Bill is bound to leave the shipping industry in a crippled position for many years to come, if not for ever, at a time when British shipping has to seek the assistance of neutral shipping for meeting the requirements of the country. They do not give us any help, they do not increase our Indian shipping, but they go to a neutral country and take only neutral ships. But they will not raise a little finger of theirs to improve Indian shipping, to increase our Indian shipping, to assist Indian shipping, to help them in time of need, but they go to a neutral country and ask, give us your shipping. What a shame! What happened in England is tersely summarised in the Annual Report, page 81, of the Chamber of Shipping of the United Kingdom 1937-38:

"National Defence Contribution: The Government's proposal to reimpose an Excess Profits Duty under the name of National Defence Contribution caused grave anxiety to shipping in common with other industries. The tax in the form proposed would have produced great injustice and inequality as between one taxpayer and another, it threatened serious injury to many just emerging from the depression and would have involved grave administrative difficulties and expense in the valuation of capital. The Industry therefore in co-operation with other commercial interests, after drawing attention to these considerations and making it clear that Industry in general was fully prepared to find the sum required by the Government urged the adoption of a simpler and more equitable form of taxation.

"After full discussion in Parliament, the Government accepted these proposals and the tax as adopted fully met the views of shipowners. In particular, it preserved the principle of income-tax practice of allowing carry forward of all arrears of depreciation as well as six years' losses before the amount of profits is ascertained,

a point of special importance to the Shipping industry, who must rely upon good times to make up arrears of depreciation accumulated during depression."

I ask Honourable Members to take note of this. This is how Indian shipping will suffer if the Honourable Members who serve on the Select Committee do not take into consideration what has been done in England. It also indicates the line to be pursued in introducing exceptional taxation of this kind in the circumstances which the country has been facing.

The unanimous opinion of the Indian Chambers in India is that this is not the time to introduce this Bill. They have unanimously protested against this Bill. They say they have no objection provided they can recover from the serious losses of the last ten years and they are given a chance to throw off at least a portion of the losses. India has received war orders only the other day, and, after all, what is the total value of that order? I say that this is not the time to come to this Honourable House and ask for a Bill of this kind to be passed. I know that the Honourable Member will not listen to what the commercial people have said. May I beg of him to take into consideration what I have said? Make it as mild as you can, but do not put it into force for another year. Sir, I have done.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Mr. President, there is no denying the fact that every additional taxation is looked with contempt and reluctance in any country. We certainly know that we are living under unusual conditions of emergency, the conditions of war which may decide not only the present factors but also the fate of the future generations by constitutional changes. It has been presumed in the Excess Profits Bill that these unusual conditions may help the commercial community to make huge amounts of profits. This has induced Government to come forward with a measure for dividing that part of the profit by half, but no provision has been made or contemplated if and when such people incur heavy losses owing to the same unusual conditions prevailing and under which we live. If the prospect of making huge profits is there, there is equally the possibility of making huge losses. Is Government prepared to give an assurance that in case these commercial houses make more than the usual amount of losses the Government will make good those losses by any contribution from the Central Exchequer of the Government of India. If the Government claim to be a national Government and if they say that they have the good of the people at heart and if they want to have a share of the profit made by the Indian people, then they must also come forward and say that they are prepared to make good the losses that may be incurred owing to the emergency conditions in which we are living.

The theory of social justice has been propounded by the Government, I think the less said about it the better. The Government, as it is constituted today, should not talk of socialism and social justice. I will be prepared to hear this from some Russian dictator or somebody believing on their new order but not from a Government which believes in democratic principles. Dr. Banerjee said just now that he believes that the excess profits should be cut out. I do not agree with him also when he wants to distribute it to labour and the consumer. Unfortunately he did not give out any concrete method of distribution as to how it should be done. I think in India capital has been shy. People have taken to industrialisation only very late and this is not the time when the investments should be crippled. Measures like this as proposed in the Bill

[Mr. Muhammad Nauman.]

before us would not encourage people in any possible way. Then Dr. Banerjee said that no case has been made out for extra expenditure and the Honourable the Finance Member should have at least given a scheme or proposal as to what he wants this money for. Does the Honourable the Finance Member want to tax the people because he cannot tolerate Indian people making money? Is it the idea that he does not want to see people get rich in India? Does he not want that this country should be in a better economic condition? He does not bring forward any proposal to say as to why they want this extra money. He has not defined any conditions which compel this country to bring in more finances. The only thing he said is this: I must make the people pay half the portion of the excess profits made on account of the emergency conditions prevailing as a result of war. I am afraid I cannot agree with him. I think it is time that the capital of this country is given full opportunity and even some special encouragement. What is the reason for bringing this Bill; is it to avoid the danger that in case the industries of this country develop during war time it may become difficult for foreign industries later on to compete with Indian industries with immense resources that Indians have got behind them? Is that the idea? What is the idea really? Government ought to have come with plain facts as to why they want a measure like this at this moment. India wants to make hay while the sun shines. It is a good time to develop her industries, to make all sorts of experiments in industrial pursuits when other people are busy otherwise. This is the time when we can make our industries strong and we can gain more experiences in producing finished products out of our raw materials. Japan made a fortune in the last war of 1914 and why should that be refused to India if we can make same this time? Do Government realize that we would not in any way be a party to any measure which does not aim at a policy of real sympathy with this country and the future development of this country? I do not want to dwell on the question of the war at all because this is not directly concerned with this, but I want a reply from the Government in this particular connection. What is the real motive behind it? Is it their policy of keeping our raw materials at the lowest level so that they may be able to purchase them at the lowest prices?

An Honourable Member from the Government Benches: No, no.

Mr. Muhammad Nauman: If that is not the idea, why do not they make the position clear? Sir, in that case we, who are the well-wishers of India, would not tolerate this sort of thing. If we can have better prices for our raw materials because other people cannot get raw materials at the moment, we cannot allow ourselves to be kept at the lowest level of prices. My Honourable friend, Sir Abdul Halim Ghuznavi, has already given out details how the news had adversely affected Indian markets and I do not want to give out details of how fluctuations in prices took place as soon as the rumour was out, but I would just point out that the depth of the feeling of the people can be seen from the fact that the jute market in Calcutta dropped down by about Rs. 30 to a bale in one single hour. The price of jute fell from Rs. 104 to about Rs. 74 and of 9 Poster Hessian from Rs. 21 to Rs. 14, and the same happened with cotton. This also happened but not so drastically with hides and skins where we were selling Heavy Salted Cow hides at about Rs. 6 per piece and this

was brought down to Rs. 4 and Rs. 8-8. That was on the rumour that such a measure was to be brought in. Now as soon as this Bill of "Excess Profit" comes into operation, the capitalist will feel shy and will say, "Oh! we invest our money and we take all the risk and when the profits have been made, we have got to contribute a half of it to the Exchequer who will not do anything for us." This is the fundamental opposition as I have described by all the commercial organisations and chambers. I think nobody can feel that this measure is at all suited to the country, unless the Finance Member explains himself and makes out a case that it is not for those reasons that I have suggested that he has come out with this measure but only in order to meet a tangible financial necessity of this country; and that the Exchequer finds itself in a difficulty to make both ends meet, and the people of this country have got to contribute from somewhere whether they like it or not. Then only we can be in a position to say where we can give our sanction, either approve this particular measure or suggest something else. Unless the Government of India are prepared to take us into their confidence and explain to us the real position and the necessity, we would not be a party to it. Of course, I am saying this without any commitment on my part so far as my Party, the Muslim League, is concerned because we have not considered same in a Party meeting as yet, but I am expressing this point of view only in my individual capacity and I would only commend to the House a serious consideration of the position here and I would request the Government of India to convince us of circumstances and situation and try to let us feel that the measure has been brought in extreme necessity and on account of certain particular situation in India which at least I have not been able to realize at all as yet. If, of course, the Government of India can convince us of the necessity, we may agree, but as it appears from the Bill itself, I am not convinced that this measure is opportune. With these few words, I resume my seat.

Babu Baijnath Bajoria: Sir, I had expected that the Honourable the Finance Member would give us very cogent reasons for introducing this measure and for referring it to a Select Committee, today, as in the Statement of Objects and Reasons those that are given are very vague and are not convincing at all. I had expected that he would give us an idea of what additional money is required for the defence services. He may not have given us Budget figures or anticipated his Budget proposals but he might have told us what the additional expenditure on these services would be as compared with the expenditure before the war, as that would have enabled us to gauge the imperative necessity of such a drastic measure. But, unfortunately, he has kept silent over this important matter. Again, Sir, he has not given us any idea of what amount is expected from this measure. Sir, I shall read a few lines from the Statement of Objects and Reasons. It says:

"The object of this Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war."

I think, Sir, it means that because people have made more money, so they must part with one-half of it to the Government. I do not think that is fair. If there are other urgent reasons, if the State wants this extra money for national purposes, well, there might be reasons for that, but we have not been taken into confidence in that matter and we are only

[Babu Batjnath Bajoria:]

asked to commit ourselves to the principle of this Bill today. I, however, for one cannot do that.

Then figures have been published of the revenues and the expenditure of the Government up to November, 1939, and these figures include three months of the period of the war, that is, September, October and November. These figures show that for the period from April to November there has been an increase in the revenues of the Government from Rs. 58,15,00,000 in 1938-39 to Rs. 61,62,00,000 in 1939-40, which means that there has been an increase in Government revenues during these eight months of about three and a half crores of rupees, whereas in the Budget, they expected that there would be a deficit of Rs. 30 lakhs during the whole year. So they are about four crores better off as far as their revenues are concerned. Then, they say, that they want extra money for defence and other services, it presumably means that they are spending more on those services, but the figures which have been published do not at all show this. On the contrary the figures for defence services show that there has been much reduced expenditure on defence services. Up till November the net expenditure on defence services was Rs. 28,18,00,000 against Rs. 29,85,00,000 during the corresponding period of last year, which shows that they have spent about one crore and seventy lakhs less during this year than they spent during the last year, and the total expenses also which have been charged to revenue are over three crores of rupees less, and also the expenditure not charged to revenue has also been two crores of rupees less. So, from these figures which have been published in the *Gazette of India* we find that the Government have been better off as far as their revenues are concerned by about four crores of rupees and they have been better off also inasmuch as they spent much less, by about three crores *plus* two crores, or five crores. So, if this is any indication of their revenue position, then, Sir, I would say that this Bill at the present moment is most inopportune. Until and unless we know that they have been spending crores of rupees over what their expenditure was last year, how on earth can they come here with a proposal of this nature and say that "we want more money for war purposes?" I think the Honourable the Finance Member will give some elucidation on this point when he replies to this debate. It has been said in clause 3 of the Statement of Objects and Reasons:

"The Bill contains necessary provisions for computing profits and capital, and these provisions follow closely those of the excess profits tax imposed in the United Kingdom by the Finance (No. 2) Act of 1939."

So, the Government of India are following closely what the United Kingdom is doing during the period of war. But, Sir, are the conditions in England and in India the same during the period of war? It is a question of life and death for England. England is fighting the struggle herself for her very existence, but is it so in the case of India? India is only a belligerent country indirectly simply because of its connection with the British Empire. Of course, as a part of the British Empire India should help England to crush Germany and all that Nazism stands for. Still, it is one thing when one is fighting for one's life and quite a different thing when one is trying to help somebody else. So, the conditions are entirely different and there can be no comparison whatsoever. As regards the expenditure, I have already stated what the position of

the Government of India has been. They are much better off. Now, what is the case in England? On November the 22nd, Sir John Simon, the Chancellor of the Exchequer, in his broadcast on "paying for the war" said that the war was already costing Britain six million pounds daily. A week later, in the House of Commons, he said:

"Our expenditure on war and other services is now at a rate equivalent to 2,400 millions yearly, an increase of about two-thirds of the rate at which we were previously spending."

He added:

"If the struggle develops, the expenditure on shells and other requirements would be considerably greater."

In Great Britain, the expenditure has gone up by two-thirds of what they were spending before the war started. The same is not the case with the Government of India. This expenditure is being incurred there when, as a matter of fact, there has been no actual face to face fighting. When there will be face to face fighting, the expenditure will be much greater than the figure which has been given by the Chancellor of the Exchequer. So, it is an absolutely ridiculous comparison to say that we are levying this tax because such a tax has been levied in England.

Sir, the mere publication of this Bill has created a panic in all the markets and the profits which the Honourable the Finance Member wants to tax have already been dissipated by 50 per cent. When the previous Excess Profits Duty Bill was levied in 1919, the then Finance Member, Sir James (now Lord) Meston, said, that both the super-tax and the excess profits tax will not be levied and they made a special provision for that. I shall only read a few lines and the big volume of this book need not frighten the Honourable Members. This is what Sir James Meston said on the 19th February, 1919:

"First of all, it is recognised that the super-tax was a rough-and-ready substitute for a tax on war profits and that it would be inequitable to levy both these duties from the same individual or firm. The necessary steps will accordingly be taken to secure the relief from one tax to every assessee who pays the other."

But, unfortunately, the present Finance Member has trodden roughshod on this recognised principle of his predecessor. In my opinion that principle ought to be adhered to. Either the excess profits tax should be levied or the super-tax should be levied. I realise that this excess profits tax will be levied only on the excess profits and not on the whole income but I will try to show that the rate is not exactly 50 per cent. of the excess profits that will be paid by the assessee but over 75 per cent., taking the very instance which the Honourable the Finance Member quoted this morning about a company making 12 lakhs profit instead of 10 lakhs. It will mean that that company will have to pay one lakh as excess profits duty and on the balance of excess profit which it has made it will have to pay income-tax at the rate of 2 annas and 6 pies and a corporation tax of one anna. So, it will have to pay practically 4 annas on another lakh of rupees. So, it will come to Rs. 1,12,000 or something like that. It is not 50 per cent. of the excess profits which is to be paid but much more than that. Sir Homi Mody has explained in details what the effect of it will be on the industrial development of the country. There is no doubt that if this Bill is passed there will be very little enthusiasm left amongst the businessmen to come forward with new industries. I

[Babu Baijnath Bajoria.]
may be wrong but I have got this in my mind that this Bill has been introduced for the purpose of protecting the industries of England. It may seem ridiculous on the face of it but I will explain it in a few minutes. What happened during the last war? When the people here made money, that money was spent on the industrial development. New industries sprang up which enhanced the material benefit of both the businessman and the country at large. At the present moment the idea seems to be that no excess profits are to be made and whatever excess profits are made, a major portion of them should go to the coffers of Government. That means that no reserve should be made so that without that reserve when the time comes for investing in further machinery or further mills, there will not be any money to be had. This will cripple the industry of the country. I do not know whether that is the intention of the Government. As I already said, this Bill will only help the growth of the industry in England.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech on the next official day. The Assembly will now adjourn till tomorrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 7th February, 1940.