

24th March 1939

# THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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Volume III, 1939

*(14th March to 28th March, 1939)*

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## NINTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1939



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# LEGISLATIVE ASSEMBLY.

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# LEGISLATIVE ASSEMBLY.

*Friday, 24th March, 1939.*

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

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### SCHEME FOR SICKNESS INSURANCE OF INDIAN SEAMEN.

**1280. \*Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Commerce Member state :

- (a) whether Government have finished consideration of the scheme for sickness insurance of Indian seamen;
- (b) if so, what are the details of the scheme; and
- (c) when they propose inaugurating it?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) to (c). The matter is still under consideration.

#### AMENDMENT OF THE GOVERNMENT OF INDIA ACT.

**1281. \*Mr. S. Satyamurti:** Will the Honourable the Leader of the House please state :

- (a) whether his attention has been drawn to a communication from the Delhi correspondent of the *National Herald* of Lucknow;
- (b) whether it is a fact that the British Government are considering the amendment of the Government of India Act with a view to giving wider powers to the Governor General in times of emergency, for example, war;
- (c) whether it is intended to amend section 126 of the Government of India Act; if so, in which directions;
- (d) whether Provincial Governments have been or are being consulted in respect of these matters;
- (e) whether the Government of India received the opinions of Provincial Governments; and
- (f) when Government intend to take up this question with the Secretary of State and the British Government?

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

(b) to (f). On the ground of its being against the public interest, I cannot add anything to my reply to Mr. T. S. Avinashilingam Chettiar's starred question No. 1214 on the 21st March, 1939.

**Mr. S. Satyamurti:** Did my Honourable friend say, in the course of that answer, that the amendment of the Government of India Act was mainly intended to give wider powers to the Governor General in times of emergency, for example, war?

**The Honourable Sir Nripendra Sircar:** I have that answer—it is very long; but I shall read it if required.

**Mr. S. Satyamurti:** No, Sir. I do not want the whole answer to be read. My recollection is that he stated the purpose of the amendment in those terms. I merely want to know whether he remembers that that is so.

**The Honourable Sir Nripendra Sircar:** I do not think I said that that was the main purpose, but my recollection is that it did say something about that being one of the purposes. This is part of the answer: (It is a statement by the Secretary of State for India.)

"The amendments proposed in no case raise any new question of principle, or will alter in any material respect what are believed to have been the intentions of Parliament when the Act was passed, but I should perhaps add that the proposed amendments include one which is designed to remove, in the event of war, serious deficiencies which the preparation of drafts of the emergency legislation which might then be required has disclosed in the powers intended to be made available by section 102 of the Act to the Central Government."

**Mr. S. Satyamurti:** In view of the fact that section 126 of the Government of India Act refers to the Instruments of instructions and directions to be given by the Governor General to the Governors in respect of emergencies, may I know whether the Honourable Member will inform the House whether the Provincial Governments have been consulted and what their opinions are?

**The Honourable Sir Nripendra Sircar:** As I said, I cannot add anything to my answer. But if the Provincial Governments were consulted, about which I say nothing, such communications must have been confidential.

**Mr. K. Santhanam:** With reference to the answer to part (c) what is exactly the deficiency in section 102 which is sought to be remedied?

**The Honourable Sir Nripendra Sircar:** I have nothing to add to the answer I have given.

**Mr. T. S. Avinashilingam Chettiar:** With reference to part (b), may I ask. . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has said that he has nothing to add to his answer. Next question.

#### QUOTA ALLOTTED TO INDIA BY THE EGYPTIAN GOVERNMENT FOR COTTON TEXTILES.

1282. **\*Mr. S. Satyamurti:** Will the Honourable Member for Commerce please state :

- (a) whether it is a fact that for 1939 India has been allotted by the Egyptian Government a quota of 7,616,000 square metres of cotton textiles;

- (b) whether the Government of India have agreed to this;
- (c) what are the considerations on which this quota has been allotted to India;
- (d) whether there is any trade agreement between India and Egypt; and
- (e) whether Government propose to take steps to conclude an agreement between India and Egypt as early as possible?

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

(b) The proposed decree is not an agreement, but a unilateral decision of the Egyptian Government.

(c) The quota for India as for other countries is based on her takings of Egyptian raw cotton during the cotton years 1935-36, 1936-37 and 1937-38.

(d) Indian goods enjoy most-favoured-nation treatment in Egypt on terms of reciprocity under the Anglo-Egyptian Exchange of Notes of 1930, which are being extended from time to time.

(e) There is no such proposal at present under consideration.

**Mr. S. Satyamurti:** With reference to the answer to clause (b), may I know whether, before the Government of Egypt came to this unilateral decision fixing the quota for India as in (a), the Government of India had an opportunity or did make any representations to the Egyptian Government?

**The Honourable Sir Muhammad Zafrullah Khan:** Representations on behalf of the Government were made.

**Mr. S. Satyamurti:** Does the quota actually allotted by the Egyptian Government correspond to the requirements of the Government of India considering the consumption of Egyptian cotton in this country?

**The Honourable Sir Muhammad Zafrullah Khan:** I am unable to follow what the Honourable Member means by "the requirements of the Government of India".

**Mr. S. Satyamurti:** That is to say, in the interests of the Indian textile industry?

**The Honourable Sir Muhammad Zafrullah Khan:** The present quota considerably restricts the exports of Indian textile goods into Egypt.

**Mr. S. Satyamurti:** May I know whether the Government of India have since made any representation to the Egyptian Government for increasing the quota?

**The Honourable Sir Muhammad Zafrullah Khan:** Representations on this subject were made as soon as the intention of the Egyptian Government had become known.

**Mr. S. Satyamurti:** With reference to part (e), may I know the reasons why Government do not propose to take steps to conclude a trade agreement between India and Egypt, as early as possible? Is it due to the Anglo-Indian Trade Agreement being in the way, or have the Government given up any idea of that sort?

**The Honourable Sir Muhammad Zafrullah Khan:** No. The question of the Indo-British Trade Agreement does not stand in the way; but the position is that trade between India and Egypt is of a peculiar character. We import from them practically nothing but cotton; and having regard to the views expressed on that matter in the last two days, it really seems difficult to put any pressure upon the Egyptian Government in any other direction.

**Mr. Manu Subedar:** May I know to what extent this unilateral decision of Egypt has destroyed the export trade in textiles which was going to Egypt before?

**The Honourable Sir Muhammad Zafrullah Khan:** I have not the figures here, and if the Honourable Member desires the information, he will put down a question.

**Mr. K. Santhanam:** With reference to part (a), may I know the ratio of the value of this cotton we are importing from Egypt and the cloth they take?

**The Honourable Sir Muhammad Zafrullah Khan:** As I have said in answer to the last question it is difficult for me to work out figures in answer to supplementary questions.

#### SECURING OF A LARGER SHARE OF THE COASTING TRADE FOR INDIAN SHIPPING COMPANIES.

**1233. \*Mr. S. Satyamurti:** Will the Honourable Member for Commerce please state :

- (a) the total cargo carried on the coasts of India, Burma and Ceylon during the six years, 1932-33 to 1937-38;
- (b) the price of the total quantity of that cargo landed by Indian national shipping companies in that trade during the same six years; and
- (c) whether Government propose, in view of the small percentage carried by Indian shipping companies, to take any steps to secure for them a larger share of the coasting trade when the whole matter comes under review?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). Such information as is available is contained in the "Accounts relating to the Coasting Trade and Navigation of British India", copies of which are in the Library of the House.

(c) Government will always be willing, as occasion arises, to use their good offices, in promoting a settlement of the question of larger participation of Indian shipping in the coastal trade by the method of negotiation and mutual agreement between the shipping interests concerned.

**Mr. S. Satyamurti:** May I know when the next opportunity will arise for this mutual settlement or agreement among the interests concerned?

**The Honourable Sir Muhammad Zafrullah Khan:** I understood only very recently that one of the Indian shipping concerns is now putting itself into communication with some of the British shipping concerns for a review of the agreement between them which is due to expire at the end of this year.

**Mr. S. Satyamurti:** May I know whether the Government of India have taken or propose to take any steps to bring their moral influence to bear on the shipping interests concerned, to secure for Indian shipping a more adequate and a larger share in the coastal shipping of India?

**The Honourable Sir Muhammad Zafrullah Khan:** Would it not be proper to wait and see how the negotiations between the interests proceed before Government decide what action should be taken?

**Mr. Manu Subedar:** Have Government had any communications with the British shipping companies on this subject?

**The Honourable Sir Muhammad Zafrullah Khan:** No. Obviously not. The first step is for the Indian company and the British companies to start conversations between themselves. Government will watch how the conversations are going on.

**Mr. S. Satyamurti:** Do Government realise that, if the companies quarrel in the course of the negotiations, Government's task will become more difficult, and will they therefore take early steps to do everything in their power to influence both sides to come to an amicable settlement recognising the superior claims of Indian shipping in the coastal services?

**The Honourable Sir Muhammad Zafrullah Khan:** "Early" is a relative term. I do not know whether it could be decided by actual dates as to when it may become feasible.

**Mr. S. Satyamurti:** Are Government keeping in close touch with these negotiations to see that they progress on right and helpful lines?

**The Honourable Sir Muhammad Zafrullah Khan:** That is what I have tried to explain to the Honourable Member. Negotiations have not actually yet started. I understood only last week that the Indian shipping company proposes to start conversations; but conversations have not yet begun.

**Mr. S. Satyamurti:** Will Government keep in touch with those conversations?

**The Honourable Sir Muhammad Zafrullah Khan:** I may assure the Honourable Member from my past experience that Government will certainly be kept in touch.



# FINDING OF A PLACE FOR INDIAN NATIONAL SHIPPING IN THE INDO-BRITISH MARITIME TRADE.

**1284. \*Mr. S. Satyamurti:** Will the Honourable the Commerce Member please state :

- (a) whether in the negotiations for Indo-British agreement the claims of Indian national shipping for a share of the Indo-British maritime trade are being considered;
- (b) if so, whether the opinions of the interests concerned have been or will be ascertained; and
- (c) if no attempt is being made to find a place for Indian national shipping in the Indo-British maritime trade, the reasons why it is not being done?

**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c). I would refer the Honourable Member to the answer given on the 15th August, 1938, to Seth Govind Das's question No. 184.

**Mr. S. Satyamurti:** With reference to the answer to part (b) of the question, what is the specific answer, that is to say, whether the opinions of the interests concerned have been ascertained or will be ascertained?

**The Honourable Sir Muhammad Zafrullah Khan:** On what matter?

**Mr. S. Satyamurti:** On the share of Indian national shipping as part of the Indo-British maritime trade agreement.

**The Honourable Sir Muhammad Zafrullah Khan:** The answer I gave on the last occasion was that the negotiations between the Government of India and His Majesty's Government in the United Kingdom are limited in scope to a discussion of tariff preferences and other arrangements for the expansion of commodity trade between the two countries.

**Mr. S. Satyamurti:** May I know, Sir,—I am referring now to clause (c), why no attempt has been made in the course of these negotiations to find a place for Indian national shipping in so far as the transport by sea of the commodities covered by this agreement is concerned?

**The Honourable Sir Muhammad Zafrullah Khan:** For the simple reason that it was from the very start understood on both sides that the conversations would be confined only to matters which I have explained in answer to previous question.

**Mr. S. Satyamurti:** Did the Government of India address the Government of Great Britain and ask them that this matter should be considered and they refused, or did they not address the British Government on this matter at all.

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir, the British Government was not addressed in the matter.

**Mr. Mannu Subedar:** Have Government examined the proposal to make a declaration of their policy on this, apart altogether from trade negotiations, as to the minimum share which must fall in the hands of Indian shipping?

**The Honourable Sir Muhammad Zafrullah Khan:** The declaration of Government's policy in this matter was made several years ago and has since been repeated.

**Seth Govind Das:** Did the non-official advisers make any representation to Government in this respect when the trade negotiations were going on?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe they mentioned this matter in their first Report, and they have also stressed it in their last, but they were kept informed throughout as to what was being discussed. They were perfectly aware of the details, and never throughout these negotiations did they make a suggestion that these matters ought also to be taken up.

**Seth Govind Das:** The Honourable Member just said they have mentioned it in their first Report, but what steps Government took . . . .

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

#### SURVEY TO FIND OUT OIL AND OTHER MINERAL RESOURCES IN ASSAM.

**1285. \*Mr. Kuladhar Chaliha:** Will the Honourable Member for Labour please state :

- (a) whether any Geological survey has been undertaken by the Government of India in Assam to find out the oil and other resources in the Districts of Sibsagar and Lakhimpur and Lakhimpur Frontier Tracts;
- (b) whether the Burma Oil Company made any boring in the two districts and struck any oil there; and
- (c) whether Government propose to make a Geological survey properly to find out coal, oil and other mineral resources of the Province?

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

(c) A systematic geological survey to investigate all mineral resources of the Province has been in progress since 1933.

**Prof. N. G. Ranga:** Is that the only company which is allowed to do boring in order to strike oil?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid I could not answer that. I have on several occasions tried to explain that the development of mineral resources is a provincial subject.

**Prof. N. G. Ranga:** Are private companies allowed to carry on boring operations in order to discover oil and exploit?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know what the Honourable Member means by his question. If he means by a private company an incorporated company and so on, they can carry on boring, but if he means whether they do it on their own sweet will, he is aware that they have to obtain prospecting licenses.

**Mr. Kuladhar Ohaliha:** May I know, Sir, when the survey was undertaken by the company?

**The Honourable Sir Muhammad Zafrullah Khan:** I cannot say.

**Prof. N. G. Ranga:** Are we to understand that a license has been given to the Burma Oil Company to prospect oil and carry on their borings wherever they think they can find some oil anywhere in Orissa or Assam?

**The Honourable Sir Muhammad Zafrullah Khan:** How can I give the Honourable Member the conditions of a matter which is the business of the Provincial Governments and of the details of which I am not aware?

#### SAFEGUARDING OF THE RIGHTS OF INDIANS IN MALAYA.

**1236. \*Mr. Kuladhar Ohaliha:** Will the Education Secretary please state :

- (a) whether Indians born in Malayan States and resident there for long are declared to be aliens by the Government;
- (b) whether about 21,000 Indians and Chinese were banished from the Malayan States and Straits Settlements between 1911 and 1931;
- (c) whether it is a fact that Indians of non-labouring classes are disallowed entry in the Malayan States now; and
- (d) whether Government have considered the advisability of entering into a convention with the States, so that the rights of Indians of non-labouring and labouring classes are guaranteed duly in the matter of citizenship, wages and housing, etc.?

**Sir Girja Shankar Bajpai:** (a) and (d). No. The attention of the Honourable Member is invited to the reply given by me to parts (a), (b) and (i) of Mr. K. S. Gupta's starred question No. 830 of this month.

(b) Government have no information but have made enquiries.

(c) The attention of the Honourable Member is invited to the reply given by me to part (j) of Mr. K. S. Gupta's question referred to above.

#### ESTABLISHMENT OF A SEPARATE OVERSEAS DEPARTMENT.

**1237. \*Mr. Kuladhar Ohaliha:** (a) Will the Secretary for Education, Health and Lands please state whether Government have arrived at any decision regarding the establishment of a separate Overseas Department to look after the Indians overseas?

(b) In view of the present developments in South Africa, Kenya and Malaya and other countries, are Government prepared to set up the Department in India without delay with men of experience of overseas affairs?

**Sir Girja Shankar Bajpai:** (a) and (b). I would refer the Honourable Member to the answer given by the Honourable the Home Member to Mr. Muthuranga Mudaliar's starred question No. 626 on the 22nd February, 1939.

**Mr. S. Satyamurti:** May I know, Sir, if any further progress has been made in this matter, and are Government considering or will they consider the creation of a separate Overseas Department concerning itself with the status and the position of Indians abroad, in view of the very critical situation in several parts of the world, where Indians are settled or are working?

**Sir Girja Shankar Bajpai:** The desirability of establishing as it were a special organisation to deal with the subject of Indians overseas has been present to the minds of the Government of India for some time, but for reasons of economy, it has not been found possible so far to have a separate department.

**Seth Govind Das:** Don't the Government of India think it necessary even under the present circumstances to move in the matter. They always say that their attention has been drawn to this and that, but nothing tangible has been done by them so far?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has given the answer that, for reasons of economy, they could not do anything.

**Mr. S. Satyamurti:** In view of the fact that Education, Health and Lands are now entirely provincial subjects, with which the Government of India have very little to do, may I know whether Government are considering the conversion of the Honourable Member's department into primarily a department to deal with questions concerning Indians overseas.

**Mr. President** (The Honourable Sir Abdur Rahim): He cannot ask that question. He is raising a much wider question.

#### RATE WAR BETWEEN SHIPPING COMPANIES CARRYING HAJ PILGRIMS.

**1288. \*Mr. Kuladhar Ohaliha:** (a) Will the Honourable the Commerce Member please state if an agreement was reached at whereby minimum and maximum fares for Haj pilgrims were fixed between the competing shipping companies for the traffic?

(b) If so, are Government aware that the Moghul Line has been charging different rates of Rs. 80, Rs. 85, Rs. 120; Rs. 125 and Rs. 130 per passenger?

(c) If so, are Government prepared to see that the agreement is adhered to by the shipping companies and prevent uneconomic and varying rates?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) to (c). The attention of the Honourable Member is invited to the answers given by me to question No. 213 and its supplementaries on the 8th February.

**Mr. Manu Subedar:** Does the Honourable Member propose to address the two companies?

**The Honourable Sir Muhammad Zafrullah Khan:** No, Sir.

**Mr. Manu Subedar:** Was any statement on this subject made in the other place yesterday in which it was suggested that an arbitration settled by Government would be appointed to go into the outstanding questions between the companies?

**Mr. President** (The Honourable Sir Abdur Rahim): Ordinarily no reference should be made to what happens in the other place.

**Mr. Manu Subedar**: I have only seen a summarised report, and I am asking the Honourable Member for accurate information . . . .

**The President** (The Honourable Sir Abdur Rahim): The Honourable Member knows that no reference can be made to the daily proceedings which take place in the other place.

**Mr. Manu Subedar**: Have Government, Sir, defined any policy in the matter in regard to these rival companies in such a situation and will the Honourable Member state what that policy is?

**The Honourable Sir Muhammad Zafrullah Khan**: I am afraid that does not arise out of this question. The question is directed towards a specific matter, and the supplementary question is a very general one.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member said that it does not arise out of the present question. Next question.

#### AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

**1289. \*Mr. Sri Prakasa** (on behalf of Mr. Sham Lal): (a) Will the Honourable the Commerce Member be pleased to state whether it is a fact that the Shakti Insurance Company, Limited, closed its life business and sent an application for the refund of securities for the face value of Rs. 25,600 with detailed statement of adjustment with life policy-holders in April 1937?

(b) Is it a fact that the company submitted a balance sheet ending 31st March, 1936, showing Life and Accident Departments separately and submitted the necessary returns for life policy only?

(c) Is it a fact that Government asked the company in its letter dated the 23rd September, 1937, whether the company is doing any other scheme than Higher Life Insurance?

(d) Is it a fact that the company sent a letter dated the 24th December, 1937, in which it was clearly stated that Golden and National policy are deposit scheme with accident benefits which are not life policies according to the Indian Assurance Act, 1912?

(e) Is it a fact that on receipt of the company's letter, the Managing Director discussed the matter with the Secretary, Commerce Department, and a final letter was issued on the 12th March, 1938?

(f) Is it a fact that according to Government's letter, dated the 12th March, 1938, advertisement for calling claims was given by the company in the *Tribune*, Lahore, and the *Tej* of Delhi?

(g) Is it a fact that out of 41 ordinary life policy-holders scheme, only two claims, policies S. H. 81 and S. H. 83, were admitted by Government?

**The Honourable Sir Muhammad Zafrullah Khan**: With your permission, Sir, I will answer questions Nos. 1289 and 1290 together.

There is no express provision in the Indian Life Assurance Companies Act of 1912 for the return of deposits, but Government require satisfactory proof of the discharge of a company's obligations to its policy holders before agreeing to the refund of deposits. In the case of the Shakti Insurance Company Government are not so satisfied, and have been threatened with the institution of a suit. Government have expressed their willingness to pay the deposit into Court to the credit of the Company, to be paid to the Company if the Court is satisfied that the deposit has become repayable. In view of the possibility of the matters referred to in these questions becoming the subject of a judicial inquiry, Government do not think it desirable to answer these questions in greater detail.

#### AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

†1290. \*Mr. Sri Prakasa (on behalf of Mr. Sham Lal): (a) Will the Honourable the Commerce Member be pleased to state whether it is a fact that it was never asked by Government to adjust the accident policies, namely, Gold and National policies up to May 1938?

(b) Is it a fact that for the first time objection was made by the Government in its letter, dated the 20th June, 1938, that Golden policies are life policies? If so, why was it not issued before?

(c) Is it a fact that Government in the letter, dated the 20th July, 1938, objection regarding National policies were also added? If so, why not before that?

(d) Is it a fact that Mr. Dhruva Sharma, representative of the Shakti Insurance Company, Limited, discussed the matter of refund with the Actuary and it was promised that matter of dispute will be referred to the legal adviser?

(e) Is it a fact that the company submitted points of difference in its letter, dated the 26th November, 1938? If so, will Government be pleased to place on the table of the House a copy of the letter with legal opinion on different points and reply of the Government? If not, what action Government propose to take in the matter?

#### AFFAIRS OF THE SHAKTI INSURANCE COMPANY.

1291. \*Mr. Sri Prakasa (on behalf of Mr. Sham Lal): Will the Honourable the Commerce Member be pleased to state how much liability of the Shakti Insurance Company, Limited, Rupar, is existing at present according to the Government of India: )

(a) for ordinary life policy-holders, and

(b) for Golden and National policy-holders?

**The Honourable Sir Muhammad Zafrullah Khan:** In the absence of an actuarial valuation of the liabilities of the Shakti Insurance Company, Government are unable to state its liability in respect of either of the schemes mentioned by the Honourable Member.

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†For answer to this question, see answer to question No. 1289.

## EMPLOYMENT OF "DUFFERIN" CADETS.

1292. \***Mr. T. S. Avinashilingam Chettiar:** Will the Honourable the Commerce Member state:

- (a) how many "Dufferin" cadets have passed out up to date;
- (b) how many of them have found employment; and
- (c) whether there are any companies engaged in the coastal trade of India, who have not yet employed or agreed to employ these cadets; if so, which companies?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Since the establishment of the Training Ship "Dufferin" 305 cadets (including seven from Burma and one from Ceylon) have completed their training and taken their Passing out "Dufferin" Certificates. Of these the number of cadets who have obtained their certificates of competency after completing their sea training is, as far as Government are aware, 99.

(b) Of the 99 certificated ex-cadets 90 have found employment (including two who are now preparing for higher examinations). The remaining nine have recently passed for Second Mate's certificate and the majority are believed to be employed.

(c) The reply is in the negative as far as principal shipping companies engaged in the Indian coastal trade are concerned.

**Mr. Manu Subedar:** May I know, Sir, how many of them have been employed by the P. & O. Company?

**The Honourable Sir Muhammad Zafrullah Khan:** I have not got the figures.

**Mr. K. Santhanam:** May I know, Sir, if any of them out of the 90 have become engineers?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe so. I could ascertain the figures for the Honourable Member if he wants them.

PUBLICATION OF WEEKLY IMPORTS AND EXPORTS OF BERTHAMPORE AND VIZAGAPATAM IN THE *INDIAN TRADE JOURNAL*.

1293. \***Prof. N. G. Ranga:** Will the Honourable the Commerce Member be pleased to state:

- (a) if his attention was drawn to the suggestion made by the Bengal Nagpur Railway Advisory Committee at its meeting on the 16th May, 1938, that the weekly imports and exports for Berhampore and Vizagapatam be published in the *Indian Trade Journal*;
- (b) if so, whether he has considered it;
- (c) if so, what his final decision was; and
- (d) what is the facility now provided by the said journal by way of publicity to the Vizagapatam trade and harbour?

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

(b) and (c). The matter is still under consideration.

(d) Weekly arrivals and despatches of linseed into and from Vizagapatam are at present published in the Prices and Trade Movements Section of the *Indian Trade Journal*.

#### STOCKS OF INDIAN TOBACCO LYING IN LONDON.

**1294. \*Prof. N. G. Ranga:** Will the Honourable Member in charge of Commerce be pleased to state:

- (a) if it is a fact that large stocks of Indian tobacco have been lying in London for many months;
- (b) what are their approximate quantity and value;
- (c) what is the approximate capacity of the London and other English markets to consume Indian tobacco in a year;
- (d) whether he is aware that such stocks of our tobacco are not having a depressing effect upon the prices of Indian tobacco;
- (e) what are the ranges of prices for Indian tobacco sold in London during the last four years;
- (f) what are the main causes for the growing fall in such prices;
- (g) whether the suggestion of either destroying or returning the most unsuitable and useless Indian tobacco, which is in London, has been made by Indian tobacco exporters;
- (h) if so, what will be its proportion to the total stocks of Indian tobacco;
- (i) whether Government have prepared any scheme of allocating the losses due to the adoption of such a policy of removing the least suitable tobacco from the London market, as between all the exporters and if so, what it is;
- (j) whether there is any scheme under contemplation for prohibiting under the Sea Customs Act, such tobacco as is considered to be utterly unsuitable for being exported under the present international market conditions; and
- (k) if not, what Government propose to do to help Indian tobacco growers by way of introducing grading of different qualities of tobacco, assisting them in the foreign markets and otherwise lessening the depression which prevails in the London market for Indian tobacco caused mostly by surplus stocks, bad qualities, etc?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes, but I may state for the information of the Honourable Member that tobacco has to be stored for a minimum of about two years to mature before it is brought into use.

(b) Stocks on the 31st December, 1937 and 1938, were reported to be 31·8 and 48·9 million pounds respectively. Figures for the value of these stocks are not available.

(c) The capacity of the English market for consuming Indian tobacco depends mainly on quality. During 1937 and 1938, Indian tobacco constituted about 28 per cent. of the total Empire tobacco consumed in the United Kingdom and about seven per cent. of the whole.



(d) Stocks which are mostly for maturing as mentioned above are not responsible for influencing the prices. The position is that low grade tobacco does not meet with a ready demand and the prices of such tobacco are naturally depressed but high grade Indian fluecured Virginia tobacco meets with a ready demand at good prices.

(e) and (f). It is not possible to compare prices in London owing to the lack of standard grades and so far as Government are aware no such fall in prices appears to have taken place though there has been a small decrease in the average declared value of Indian exports to the United Kingdom.

(g) No such suggestion has been received by Government.

(h) Does not arise.

(i) No.

(j) There is no such proposal under contemplation.

(k) Under the Agricultural Produce (Grading and Marking) Act, tobacco marketing rules have been brought into operation, standard grades have been set up and a certain amount of tobacco is now being shipped in these grades. I may further add that an Indian Tobacco Association has been established at Guntur.

**Mr. Manu Subedar:** Have Government received any report from the Trade Commissioner in London dealing with this subject?

**The Honourable Sir Muhammad Zafrullah Khan:** I would require notice of that.

**Mr. Manu Subedar:** Have Government written to the Trade Commissioner, or do they propose writing to the Trade Commissioner, drawing his attention to the situation in which the Indian tobacco finds itself and making suggestions, having regard to the local conditions, as to what can best be done in the circumstances?

**The Honourable Sir Muhammad Zafrullah Khan:** I believe the Indian Trade Commissioner and his department are doing whatever is possible to help in the matter of clearing a certain amount of low grade tobacco awaiting sale. The greater part of the tobacco in London has already been sold and the stocks are with the manufacturers and not with the agents of the tobacco exporters.

**Prof. N. G. Ranga:** Is it not a fact that the local merchants have already made representations to the Government of India that under the Sea-Customs Act steps should be taken to prevent in future at least the export of really very low grade of tobacco which cannot command a good market in London?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know whether any representation to that effect has been made, but that is a consideration which must be kept very clearly in mind.

**Prof. N. G. Ranga:** But are Government considering the advisability of prohibiting export of any such tobacco under the Sea-Customs Act?

**The Honourable Sir Muhammad Zafrullah Khan:** The kind of action taken which I have described in answer to part (k) of the question should help considerably in that direction.

## CONTRACT FOR GOVERNMENT BINDING WORK GIVEN TO AN OUTSIDER.

†1295. \*Dr. P. N. Banerjee: (a) Will the Honourable Member for Labour please state whether it is a practice that when a contract for binding or printing works is given to a person he must have a binding factory or a printing press?

(b) Is it a fact that a contract for Standard File, Boards Bands, Case Covers and Slip-Blocks, etc., was given to a person having no binding factory?

(c) If the reply to parts (a) and (b) be in the affirmative, will the Honourable Member be pleased to state why the contract was given to a person having no binding factory?

(d) If the answer to part (b) be in the negative, will he be pleased to state where the contractor's factory is situated?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Contracts for printing and binding are given to persons or firms who are capable of doing the work for which they tender.

(b) No.

(c) Does not arise.

(d) The contractor's premises are situated at 11, Chittaranjan Avenue (South), Calcutta.

## SHORTAGE OF WORK FOR BINDERS IN THE GOVERNMENT OF INDIA PRESS, CALCUTTA.

†1296. \*Dr. P. N. Banerjee: (a) Will the Honourable Member for Labour please state whether it is a practice that no contract for binding and printing works is given to an outsider if there be insufficient work for the employees of the Government Press and Binding Department?

(b) Is it a fact that on account of the giving of a contract for some binding works, Standard File, Boards Bands, Slip-Blocks, etc., piece-hands in the employment of the Government of India Press, Calcutta, have been rendered idle for shortage of work?

(c) Is it a fact that binders in the Government of India Press are not paid any wages if they have no work?

(d) If the answer to parts (a) and (b) be in the affirmative, will the Honourable Member be pleased to state whether the pension of the said employees will be affected in any way on account of such shortage of work?

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

(b) No.

(c) Yes, so far as binders on piece rates recruited on or after the 16th July 1925 are concerned.

(d) Does not arise as there is no shortage of work.

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

# REVISED SCALES OF PAY FOR EMPLOYEES IN CERTAIN GOVERNMENT OF INDIA PRESSES.

†1297. \*Dr. P. N. Banerjee: (a) Will the Honourable Member for Labour please state whether it is a fact that the Government of India introduced the new revised scale in 1938 for the piece-hands and salary hands newly recruited in the employment of the Government of India Presses situated in Calcutta, Delhi and Aligarh?

(b) Will Government be pleased to state what were the maximum and minimum pay in the scale of the following salary employees and also the maximum and minimum grade rates of the following piece-hands before 1919 and 1939; *Salary employees*: Section holders, Assistant Section holders, Computers, Checkers, Accountants, Clerks, Head-readers, Second-readers, First-readers, Cashiers, Time-keepers, etc.

*Piece-hands*, Compositors, Distributors, Machinemen, etc.?

The Honourable Sir Muhammad Zafrullah Khan: (a) No, but there was such a revision in 1934.

(b) The maxima and minima in the scales of pay of salaried employees, as also the maximum and minimum grade rates for piece-workers, in 1939, are given in the Hand-book of the Government of India Presses, a copy of which is available in the Library of the Legislature. A statement, showing the grade rates of piece hands of the Calcutta and Delhi Presses in force in 1919, is laid on the table. The scales of pay of salaried employees of all Presses, and the grade rates of the piece-workers of the Aligarh Press, in 1919, are not readily available.

## Rates per hour for men working on time.

Class—		Rs. A. P.
19, earning above Rs. 40	.	0 4 0
20, „ „ Rs. 35 to Rs. 40	.	0 3 6
21, „ „ Rs. 30 to Rs. 35	.	0 3 0
22, „ „ Rs. 25 to Rs. 30	.	0 2 9
23, „ „ Rs. 20 to Rs. 25	.	0 2 3
24, „ „ Rs. 15 to Rs. 20	.	0 1 9
25, „ „ Rs. 15	.	0 1 4
26, „ „ Rs. 14	.	0 1 3
27, „ „ Rs. 13	.	0 1 2
28, „ „ Rs. 12	.	0 1 1
29, „ „ Rs. 11	.	0 1 0
30, „ „ Rs. 10	.	0 0 11
31, „ „ Rs. 9	.	0 0 10
32, „ „ Rs. 8	.	0 0 9
33, „ „ Rs. 7	.	0 0 8
34, „ „ Rs. 6	.	0 0 7
35, „ „ Rs. 5	.	0 0 5
36, „ „ Rs. 4	.	0 0 4

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

**PETITION SENT BY THE LABOURERS OF THE GOVERNMENT OF INDIA PRESS, CALCUTTA.**

†1296. \***Dr. P. N. Banerjea:** (a) Will the Honourable the Labour Member please state whether it is a fact that on the 27th July, 1938, the labourers of the Government of India Press, Calcutta, sent a petition to the Honourable Member in charge of Labour through the Manager of the Press and the Manager declined to send it?

(b) If the reply to part (a) be in the affirmative, why did the Manager refuse to forward the said petition, and what step has been taken, or is intended to be taken, in this matter? If none, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). Petitions were received by the Manager of the Government of India Press, Calcutta, in August last not direct from the labourers of the Press but through an outside agency. The petitions were also incorrectly addressed and were returned to the employees concerned with instructions to follow the correct procedure. The petitions were not re-submitted after they were returned by the Manager. Government do not propose to take any action in the matter.

**VIOLATION OF THE PROVISIONS OF THE PAYMENT OF WAGES ACT IN THE GOVERNMENT OF INDIA PRESS, CALCUTTA.**

†1299. \***Dr. P. N. Banerjea:** (a) Will the Honourable the Labour Member please state whether it is a fact that the Manager of the Government of India Press, Calcutta, violates the provisions of the Wages Act by deducting certain time from the time allowed by the Section-holders to the Compositors of the Press with the help of the Checker and also by imposing late fine on the workers of the said Press without sanction of the Local Government?

(b) If the answer to part (a) be in the affirmative, will Government please state if any steps have been taken by them in this matter? If not, why not?

(c) Will Government be pleased to state how many hours have been deducted in the Government of India Presses at Calcutta, Aligarh and Delhi, by the Checker in the year 1938?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No.

(b) Does not arise.

(c) Government do not propose to collect the information as in their view the result will not be commensurate with the time and labour involved.

**PROTECTION OF INDIAN INVESTORS FROM DOUBTFUL FOREIGN VENTURES.**

1300. \***Mr. Manu Subedar:** (a) Will the Honourable the Commerce Member please state whether Government have seen the appeals sent out by companies not registered in India or the United Kingdom, such as, the Commercial Pine Forests Limited of New Zealand, canvassing for funds and investments in shares and bonds in this country?

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

(b) Have Government any information as to the number of cases in which Indian money has been lost through weak or bogus foreign concerns giving exaggerated accounts and tempting Indian investors in enterprises in British Colonies generally, and particularly with regard to orange groves in South Africa and timber in New Zealand?

(c) Under the new Companies (Amendment) Act, what are the requirements which a company not registered in India or the United Kingdom must satisfy before it approaches Indian investors with an appeal canvassing for funds?

(d) Are there any obligations imposed on the local agent, manager, or broker, who undertakes such work?

(e) Have Government considered the question of strengthening these requirements?

(f) Have Government considered any other means of warning Indian investors in cases where Company Registrars or the Finance Department of the Government of India have reasons to suspect some danger for Indian investors from any particular appeal of this kind?

(g) Will Government make a brief statement of their policy in the matter of protecting Indian investors from doubtful foreign ventures?

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

(b) No.

(c) and (d). The Honourable Member is referred to section 277A to 277C of the Indian Companies Act, 1913.

(e), (f) and (g). No.

**Mr. Manu Subedar:** May I know whether Government have recently looked into the position as to whether excessive demands are not made on the Indian capital market by foreign concerns, some of which may be sound, and some unsound?

**The Honourable Sir Muhammad Zafrullah Khan:** Well, I suppose information continues to reach Government from time to time. I do not know what the Honourable Member means by whether they have recently looked into the matter.

**Mr. Manu Subedar:** What I desire is that this is an increasing practice and unwary investors from India are being approached by foreign concerns, some of which have proved in the past to have been very unsound, and I want to know whether Government will call for a report on this subject.

**The Honourable Sir Muhammad Zafrullah Khan:** As a matter of fact intending investors can always ask for such information as Government possess with regard to any concerns, and Government would only be too willing to supply the information.

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

#### REFUSAL OF MEMBERSHIP OF FLYING CLUBS IN ENGLAND TO INDIANS.

1301. **\*Mr. Kuladhar Chaliha:** Will the Education Secretary please state:

- (a) whether his attention has been drawn to a passage in the *Statesman* of the 24th February, 1939 (Delhi Edition), published under the heading "Colour Bar";

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

BILL PASSED BY THE COUNCIL OF STATE.

THE INDIAN FINANCE BILL—*contd.*

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

'Single	...	...	...	...	...	.. six pies,
Reply	...	...	...	...	...	one anna'."

**A2**

[Shrimati K. Radha Bai Subbarayan.]

In spite of what may appear to be a futile attempt to impress on the Government the importance of this question, we are striving to achieve our aim in the earnest hope that some day there will be a change in the heart and vision of the Members occupying the front Benches on the opposite side.

Sir, I pointed out that the absurdity of the scale of charges for a postcard is too obvious, but conforming to the fashion set by the Finance Member in language, I would say that it is 'utter nonsense' to charge nine pies for a postcard and one anna for a letter! I never heard of it till the Government of India introduced it. I do not think that even the bankrupt Tughlak kings would have thought of adopting such a measure.

Sir, I listened very carefully to the speech of my Honourable friend, the Director General of Posts and Telegraphs, and he will pardon me if I say that it has left me unconvinced. It is not my intention to cast any personal reflection on him and, in fact, I have great admiration for his ability, intelligence, enterprise and earnestness to improve his department. I quite realise that while he was speaking he was only the sound box of the Government gramophone, and his arguments were consequently too laboured.

One of the permanent arguments brought forward is the loss of revenue that will be incurred if this amendment is accepted. Personally I feel that there is not much ground for entertaining these fears of loss of revenue. Granting for argument's sake that there will be a certain amount of loss, I would appeal to Government to give their earnest attention to the point brought forward by my Honourable friends, like Mr. Aney, that the postal service should be considered a kind of social service to meet the requirements of the poorer class of people. Also, my Honourable colleagues have suggested several methods for covering the loss of revenue that might be incurred. For lack of time I do not want to repeat all the proposals that have been put but I do assert that it is the duty of the Government to give their earnest attention to all of them.

Sir, India is a land of villages and of vast distances and the increasing poverty of the country tends to break up homes and send the members of a family to different parts of the country in search of employment and sustenance. The main if not the only ray of sunshine that in their drab life is the receipt of news of the distant members of their family which they can secure only by means of the postcard. I feel it is cruel of the State to deny them this ray of sunshine by increasing the cost of the postcard so much as to make it almost prohibitive.

My Honourable friend, Mr. Bewoor, stated, Sir, that it was wrong to believe that poor people, and not the wealthy, use the postcard. I would point out that he has misunderstood us. Our argument is not that the poor alone use the postcard but that the poor people understand the importance and value of the postcard much better than the wealthier people do, as the latter can afford to use the letter post. He also read out some letters to us to show that wealthier classes like those in business firms and professions use the postcard. May I point out that they do not do it from any compulsion. In their case the use of the postcard is only optional and it only proves that even wealthy people like to save a little money if it is possible for them to do so. The poor people are

obliged to use the postcard simply because owing to their extreme poverty they are not able to use any other form of postage.

Sir, he next quoted some figures to show how many postcards have been used during certain years. Here again, I was surprised at the smallness of the figures, taking into consideration the vast size and population of our country. Also, we have to bear in mind, as he himself pointed out, that these figures included the postcards used by the wealthier classes such as those mentioned by him and with whom he has had correspondence on the subject. When we take all these points into consideration we realise how strikingly small is the number of people who avail themselves of the postal facilities. Finally, he held out a threat that if the charges for postcards are reduced and there is a consequent loss of revenue,—a belief which the Government seem to hold tenaciously—it will not be possible for the Postal Department to extend postal facilities to rural areas. I admit that we, on this side, have been constantly urging that there should be an extension of postal service into the rural areas of our country but if the postal service is to be extended to the rural areas the people of those areas should be able to take full advantage of that service which will not be possible if the charges for postcards are still to be maintained very high, and beyond the reach of the poor people. Consequently the Government might find that the post offices in the rural areas are not a paying concern. All the arguments that my Honourable friend, Mr. Bewoor, placed before us, seem, in my opinion, to support our contention and not the policy of the Government. It seems to me, Sir, that the trouble is that the whole time their mind is moving in a vicious circle and I do feel that they should break this circle and pursue a straightforward policy for the benefit of the great mass of our people.

Sir, the Government feel offended if they are charged of callous indifference to the needs and difficulties of the poor people but I would point out that it is their own actions which substantiate this charge and show that it is not the fruit of the imagination of any section of our people. If proof were necessary that the Government are callous to the interests of the poor people, the salt tax and the postal rates alone are sufficient. The Government, as I said before, are always talking of balancing the budget but they fail to realise that it is not the Government alone who have to balance the budget. The poor man has also to balance his budget. The resources of Government are elastic but the resources of the poor man are limited. In fact, they are rigidly limited and it is impossible for him to balance his budget without sacrificing some of the necessities of life. The Government, as has been shown by several of my Honourable colleagues, on this side of the House, can easily balance their budget without sacrificing any of the essential thing necessary for the existence of a Government.

Lastly, I would mention one point. Only the other day an appeal for support of a most worthy cause was given to us bearing the signature of a noble lady who, I understand, is not a stranger to the Honourable the Finance Member. I was much impressed by the concluding portion of that letter which assured the Honourable Members of the House that they would not be troubled with a repetition of the appeal if it received a response now. I follow her example and I assure the Government that if they accept this amendment today, there will be no repetition of this subject from this side of the House.



**Mr. Kuladhar Ohaliha** (Assam Valley: Non-Muhammadian): Sir, I consider myself a very reasonable man on this side of the House and I only make reasonable demands, but I am forced to the conclusion that the Government of India are trying to help the rich and oppress the poor and tax them as much as possible. We have a population of 322 millions in an area of 1,522,893 square miles, but we have only 24,167 post offices, 52,253 letter boxes. Out of these post offices, 4,597 are urban post offices and 19,570 are only rural post offices. For 92 crores of people, we have only 19 thousand post offices. Is it fair for the masses? They say that if they lower the price of the postcard by one pice, they will lose about 50 lakhs but they are prepared to lose 16½ lakhs on the telegraph, much more on the radio, and much more on the Air Mail. These services are generally patronised by the richer and well-to-do classes, that is the reason why they have not met our demand which we made during the last 15 years for the reduction of the price of the postcard. Another reason is that the representatives of the masses are not sufficiently vocal. That is the reason why the Honourable the Finance Member does not listen to us and we have not been vocal enough to impress him.

**The Honourable Sir James Grigg** (Finance Member): Don't make that mistake. You are quite vocal enough.

**Mr. Kuladhar Ohaliha:** Thank you, you are very anxious to please the ladies and gentlemen who are known to you so that they may have their radios easily fitted up inexpensively and may have licences at a cheap rate so that they may go on with their music the whole night to the disturbance and annoyance of their neighbours. That is all that you have been doing; you cannot give us a relief of 40 lakhs but you throw away thirty lakhs or more for the sake of the rich. You patronise the big and the rich industries. Sir, you will be surprised to hear what is their so-called anxiety for the masses when I tell you that we have one post office to sixty-three square miles, and one letter box serves twenty square miles; and one post office serves 13,329 people, and one letter box serves 4,218 persons. Now is that sufficient? Whereas in towns you have enough of it—for about four thousand urban population there is one post office, whereas in villages, you have given one post office for 13,329 people. So are you serving the masses? Are you really anxious for the condition of the poor people? Is your policy tending to the spread of literacy? In Bengal and Assam, there is a little more provision, *viz.*, one post office serves thirty-four square miles, but in the Central Provinces it is worse, *viz.*, for one hundred and fifty square miles there is one post office, and it is still worse in Sind and Baluchistan, where one post office serves for three hundred and eighty two square miles. The condition of Assam and Bengal is a little better but the position is the worst in Sind. (A voice: "What about Assam?"). If you take Assam, particularly, I am afraid the position will be very bad if you include the population and the area of the partially excluded areas, wholly excluded areas, but Assam being tacked on to Bengal, the figures seem to show the position of Assam to be favourable. You will find that 682 million postcards were sold in 1928-29, it came down to 378 million in 1937-38 with the enhancement of the price. It works out at 1½ postcard to each man per annum and you charge three pice for that. Three pice for each postcard means, as my Honourable friend, Mr Ananthasayanam Ayyangar, pointed out, almost half a day's wages of an

average villager. In England, the postcard is a penny, whereas the average Englishman's income is Rs. 1,100 and the income of the Indian is only about Rs. 100 per annum. Look at the difference! What a comparison? Britishers drawing salaries of more than a thousand rupees can post their letters to England for two and a half annas.

Now, why this discrimination? The postage from here to London is only two and a half annas, whereas the postage from here to Assam or to any distance is nine pies for a postcard and an anna for an envelope. The only reason for this differentiation is that the Government of India stand not for the poor people but for the rich and for the very rich, for the white people and for the Europeans, that is the irresistible conclusion to be drawn from this discrimination. Yet my friend, Mr. Bewoor, the other day, was waxing eloquent that the postcard is used by traders and, therefore, he said there is no reason why it should be reduced. But he has forgotten that the price of the postcard ultimately comes out of the consumer; the traders are jolly well careful to see to that. He has forgotten the low scale of wages of labourers in tea and coffee plantations, who have to pay three pice for a postcard, which means a pretty good portion of a day's wage. I would invite my Honourable friend to visit the slums of Delhi. If he does so, he will find what misery there is there. Go behind the Juma Masjid of Delhi you will find slums existing and you will know that they cannot get half a pound of milk for their little children. You are all Anglicised and used to higher standards of life, what can you imagine about the conditions of life among poor people? You live in a different environment, the artificial English environment prevailing in Anglicised Indian homes. What do you know about conditions in India? You have a luxury postcard, an artistic envelope and so on and so forth. You are absorbed in an engaging fashion in conversations with people that are near about you and your standard of living but you turn a deaf ear to what people living far away in the outlying parts of the country have to say, and you absolutely refuse to try to understand us.

Sir, if you lower the price of the postcard, I say, there will be no loss at all. Mr. Bewoor estimated that there would probably be a ten per cent. increase yet the loss will be forty lakhs. But if the lowering of the postcard price is continued for some years, I am sure it would be otherwise, and make up entirely for the immediate loss. In 1927-28 6½ million postcards were sold. I am sure with the reduction in price the issue of postcards will rise more and more and, in the long run, it will pay. Sir, moreover, that will improve the literacy in the countryside; at present the lack of that is due to the want of proper communications and facilities and the lack of these leads to your depriving the poor man of that amount of literacy and that amount of knowledge which others get. And it is one of the reasons for which we insist that the post office must be made a medium for imparting knowledge and disseminating information about sanitation, about health and about many other things, but by enhancing the price of the postcard and the postal rates, Government have thereby deprived the poor people of the advantage of a little luxury. Sir, this Government are unsympathetic and callous to the pleadings of the poor people; they never feel for the poor, but their anxiety is only for the rich,—they care only for the people who pay high income-tax and super-tax, they are very attentive and deferential towards the readymoney variety, but they don't care for the back-benchers who

[Mr. Kuladhar Chaliha.]

move and live with the masses and who understand them better than the front benchers from the city. (A voice: "Oh, oh!") Truth comes uppermost, i.e., why we are so hostile to the Treasury Benches. Sir, the Government only want to listen to men of wealth, men who indulge in luxuries and drive in Rolls-Royces, but they fail to hear those who ride a ramshackle tonga or still worse a *gharry* drawn by bullocks under impossible road conditions. When the millionaires come to you, you understand their point of view and you talk to them but you don't care to understand the poor man. You are only anxious to balance the budget. As Mrs. Subbarayan has put it, you should see that we are to balance the poor man's budget as well. It is not the rich man for whom you should be so solicitous. You should not only balance your budget but you should also balance the poor man's budget. Unless you are able to do that, you will never get the help you want. Our first duty is to remove the misery and poverty of the poor people and as you have kept us in a blissful ignorance, the only solution is to fight against the people who rule over us and who have contrived to keep us in perpetual misery. Therefore, I support the motion before the House and I whole-heartedly subscribe to the view that the price of the postcard should be reduced to half an anna.

**Mr. K. Santhanam** Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Sir, the Director-General of Posts and Telegraphs based his opposition on two main grounds. In the first place, he said that the Department could not afford the reform. In the second place, he contended that if they could afford it, they would prefer to improve the other facilities of the Postal Department. It is the second contention which he has got the entire control of the policy of the postal department. I want to establish by facts mentioned in their own reports that it is a deliberate policy of the Government of India to discourage the use of postcards and divert the use of postcards to the use of letters. On page 3 of the report of the work of the Indian Posts and Telegraphs for 1937-38 they say:

"From the commencement of the financial year 1936-37, the inland letter postage of India was placed on a rational basis of one anna for a weight not exceeding one tola."

They said that this change in 1936-37 from 1½ anna to one anna was meant to establish the letters on a rational basis. I want to explain how they arrived at this "rational" basis. They have given a most interesting graph (graph No. 2) in this report. From this I find that in the year 1936, the number of letters was increasing almost in a straight line. Both letters and postcards had declined from the peak years of 1926-27 and 1928-29 up to 1932. But in the year 1932 the letters began to rise steeply, while the postcards went on declining. That meant that the people who were using the letters had recovered from the depression and were improving. But after the reduction of letters from 1½ anna to one anna in 1936, the graph has not altered. It is going on in the same straight line. Therefore, what they did was to increase the facilities for those who were well able to afford it, while the graph for the postcard is going down and down. This proves clearly that it was not economic to have the price of the postcard at nine pies so far as the users of the postcards were concerned. It was not an economic proposition, because they did not use the postcards. On the other hand, the use of it went on declining. But they gave facilities to those who were using the letters. If this diversion from the postcards to

the letters was a calculated policy and if they had placed it before the House and it was adopted by us, then I could understand it. It might have been a proper thing if they were trying for a universal one anna postage for letters in India as they have one penny postage in England. But did they successfully do it? That is the point.

I shall quote some figures as against the figures which were quoted by the Honourable the Director-General. In 1928, the total number of letters of persons who were using both postcards and letters was 585 millions for postcards and 535 millions for letters, in all 1,120 millions. Last year, that is, in the year 1937-38, the total was 585 millions for letter and 395 millions for postcards, in all 980 millions. Therefore, there was a decrease of 140 millions. During these ten years the population of India had increased by 80 millions. So, in spite of the increase of 80 million people, the total postage, both letters and postcards, had decreased by 140 millions. If we allow a proportionate increase due to the increase in the population, then the total decrease in postcards and letters should be 230 millions or 23 crores. If this increase of 23 crores occurs only in postcards, it would give them 75 lakhs of rupees. Even if on account of a diversion from letters to postcards due to the reduction in the postcard rates, they may lose some 20 lakhs, they would have recovered the entire sum which they are likely to lose by this change in the price of the postcards. When we find that in spite of the recovery from depression, the postcards were declining in number, they knew that those who were using postcards were not able to buy them at that rate and yet they went on maintaining that rate. On the other hand, they knew that those who were using  $1\frac{1}{2}$  anna letters were ready to use them at that price as shown by the graph, and yet they decreased it to one anna. They wanted to bring the letters to a "rational" basis although there was no economic basis for the reduction. These facts go to show that though the Postal Department knew that the people who were using postcards could not afford that price, yet they did not reduce the price. But those who could afford it were given additional facilities by the reduction of  $1\frac{1}{2}$  anna to one anna. If that reduction were necessary, then the line on the graph instead of going straight should have gone in a much steeper vertical direction. The graph also shows that so far as postcards are concerned, they had not put them on a "rational" basis at all. He had used the argument that the middle classes were also using the postcards. Some of them, I admit, are bound to use them, but I would refer the Honourable Member to page 50 of the report. There I find that in the year 1936-37, the number of unregistered packets was 114 millions and in 1937-38 their number was 119 millions. On the other hand, so far as postcards are concerned, in the year 1936-37 there were 402 millions and in the year 1937-38 there were 391 millions. It comes to this that the unregistered packets increased by about five millions whereas the postcards decreased by eleven millions. One reason is that the rate for this book packet was reduced to half an anna and, therefore, there was a diversion from the postcard to the unregistered packet. The commercial people used these unregistered packets and thereby saved three pies.

**Mr. G. V. Bewoor** (Director General, Posts and Telegraphs): You cannot send a postcard by the book packet rate.

**Mr. K. Santhanam:** It is a question of substitution. Instead of sending the receipts bills, etc., by postcards, they sent it by book packet. Otherwise, there is no reason why the sale of postcards should decline. Is there no relation between the postal department and

12 Noon

[Mr. K. Santhanam.]

the trade of this country? Any Honourable Member from the European Group or the Honourable the Finance Member will tell the Director General, Posts and Telegraphs, that the recovery which began in 1934-35 reached its peak in 1937-38. Why should postcards come down? There should be some rational explanation for that. It went down by eleven millions. What is the explanation which the Director General has to offer for this going down? Why should unregistered packets go up by five millions? That is because of the decrease in the rate for unregistered packets from nine pies to half anna. I say that caused a diversion. But for that diversion he would have got much more traffic in postcards. That explains the decrease of eleven millions. I do not think the Honourable Member will be able to give any better rational explanation for these figures except on the basis, that it is the deliberate and calculated policy of the Postal Department to divert from postcards to letters. If it is really an economic proposition, I shall have no objection. If our poor people are able to pay one anna for a letter, I shall have no objection. But our people are not able to pay. I have proved that in the ordinary course of events there should have been an increase of 23 crores of postcards and that increase has been stopped by the policy of the post office in trying to divert from postcards to letters and unregistered packets. After all, these things cannot be met by mere arguments. Let them try this experiment for three years. As an experimental measure let them reduce the price of the postcard to six pies, let them watch the natural increase in the volume of postcard traffic. I am sure it will bring 75 lakhs.

How are you going to give increased facilities for the poor people? There may be arguments for and against. We have been crying hoarse for the last so many years. You make the experiment. After all, it does not matter if for two or three years you do not pay the interest charges to the Central Government. Even if there is loss, there are other means of recouping the loss. In 1937-38, you sent out five lakhs of inland telegrams and the Telegraph offices sent 25 lakhs of words on foreign telegrams. If you only put up by one anna per internal telegram and one anna per word on foreign telegram, you will get 25 lakhs which will make the Telegraph Department self-supporting, which will cover the loss in the Telegraph Department and this will enable the Postal Department bring about a reduction in the postcard rate from three pice to two pice. If there is a reduction in the postcard rate this year, there might be loss next year, or the next two or three years. I am certain that in course of time the reduction of the price of postcard from nine pies to six pies will prove a profitable proposition. It is not for nothing that the Posts and Telegraphs Department is joined to the Department which deals with Railways. We know what is the policy of the Railway Department. For first class, give the maximum accommodation, charge the minimum and incur the maximum loss; for second class, charge a little more, incur some loss and provide a little less accommodation; but for the third class, charge the maximum, provide the least accommodation, in fact allow as much overcrowding as possible and exact the maximum revenue. This is exactly the policy which is followed in the post-office also. I say this is a ruinous policy, it is an irrational and uneconomic policy. I say this vast population of India forms a big iceberg which is to be melted and once it melts, then the Postal Department will reap profits, not in lakhs but in crores. Formerly, in 1928-29, the average per head of the population was three letters including postcards. Now, today, after ten years of benign British rule, the average

has come down to 2½ and if this policy is pursued, I am afraid that within the next ten years, the average will go down to two and even less than two?

I want to draw the attention of the House to another factor. In the country at present there is a genuine and earnest large scale literacy campaign going on. Every Provincial Government has inaugurated it. They have prepared plans. By borrowing or from revenues, the Provincial Governments are bent upon spreading literacy and education among the masses. This is the time when the Postal Department should adopt a much more enlightened policy. They must make use of this literacy campaign. They must make use of this increased education. How can they make use of this education except by reducing the price of postcards so as to make the postcards available to the poor people.

There is another consideration which is most relevant. The postcard is an attraction to the poor man, not only because it is cheaper than a letter, but also because it is a thing on which he can write straight away in the rural parts. It is very difficult for a poor man in the rural parts to get a letter paper. If the Government were enlightened enough, they would put a letter paper in each one anna envelope. If they do it, it will be some service to the poor people in the rural parts. Ordinarily, what happens in village parts is this. The man simply goes to a post office, buys a card and writes on it and posts it and comes away. There is no such facility in a one anna cover. He has to get a letter paper, write out what he wants, then address the cover, paste the envelope and then post it. I am not speaking from my own imagination. I was for five years in Gandhi Ashram in South India. The people from the neighbouring parts used to come to the Ashram every day and ask Mr. C. Rajagopalachariar, now the Premier of Madras, who was then in the Ashram, to write letters. I have seen him writing out letters for the poor people for two or three hours daily at a stretch. That is a fact. Unfortunately, the Director General of Posts and Telegraphs, when he takes leave, does not go into rural areas and see the people for himself. He goes out perhaps to foreign countries to refresh his health. That is the trouble with our officials.

In conclusion, I submit, this reduction in the postcard rates is an experiment worth trying. I am prepared to enter into a pact. Let the Government try this experiment for three years, if they find that the postcard traffic does not increase to compensate for the loss incurred on account of the reduction of the price of postcards, then they can come to the Legislature and say: "we tried the experiment for three years and the result is loss". After all, even if there is a loss—I do not admit there will be any loss—even if there is loss of 60 or 70 lakhs, it does not matter. They have lost two crores in press telegrams which they are repaying gradually, whenever there is a surplus. I am certain that this reduction in postcard rate will abundantly repay the Government. Anyhow it is an experiment worth trying. If they do not try this experiment, then the irresistible conclusion to which we have to come to is that the Postal Department are not anxious to give increased postal facilities to the poor people of the country, that they will neither think for themselves nor allow others to think for them, neither have they the wisdom nor will they take wisdom from others. That is the only inference which the people of India will have to draw. I hope my words will not fall on deaf ears and I hope the Government will soon make this experiment at least for the time being. Sir, I have great pleasure in supporting the amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted:

'Single

... six pies,

Reply

one anna'."

The Assembly divided:

AYES—56.

Abdul Qaiyum, Mr.  
Abdul Rasheed Chaudhury, Maulvi.  
Aney, Mr. M. S.  
Ayyangar, Mr. M. Ananthasayanam.  
Banerjee, Dr. P. N.  
Basu, Mr. R. N.  
Chaliha, Mr. Kuladhar.  
Chaudhury, Mr. Brojendra Narayan.  
Chettiar, Mr. T. S. Avinashilingam.  
Chetty, Mr. Sami Vencatachelam.  
Datta, Mr. Akhil Chandra.  
Desai, Mr. Bhulabhai J.  
Deshmukh, Dr. G. V.  
Deshmukh, Mr. Govind V.  
Gadgil, Mr. N. V.  
Govind Das, Seth.  
Gupta, Mr. K. S.  
Hans Raj, Raizada.  
Hegde, Sri K. B. Jinaraja.  
Hosmani, Mr. S. K.  
Jedhe, Mr. K. M.  
Jehangir, Sir Cowasji.  
Jogendra Singh, Sardar.  
Joshi, Mr. N. M.  
Kailash Behari Lal, Babu.  
Kushalpal Singh, Raja Bahadur.  
Lahiri Chaudhury, Mr. D. K.  
Lalchand Navalrai, Mr.

Maitra, Pandit Lakshmi Kanta.  
Malaviya, Pandit Krishna Kant.  
Mangal Singh, Sardar.  
Manu Subedar, Mr.  
Misra, Pandit Shambhu Dayal.  
Mody, Sir H. P.  
Mudaliar, Mr. C. N. Muthuranga.  
Muhammad Ahmad Kazmi, Qazi.  
Paliwal, Pandit Sri Krishna Dutta.  
Pande, Mr. Badri Dutt.  
Raghunath Narayan Singh, Choudhri.  
Rajah, Raja Sir Vasudeva.  
Ramayan Prasad, Mr.  
Ranga, Prof. N. G.  
Rao, Mr. M. Thirumala.  
Saksena, Mr. Mohan Lal.  
Sant Singh, Sardar.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Sheodass Daga, Seth.  
Singh, Mr. Gauri Shankar.  
Singh, Mr. Ram Narayan.  
Sinha, Mr. Satya Narayan.  
Sivaraj, Rao Sahib N.  
Som, Mr. Suryya Kumar.  
Sri Prakasa, Mr.  
Subbarayan, Shrimati K. Radha Bai.  
Varma, Mr. B. B.

NOES—42.

Abdul Hamid, Khan Bahadur Sir.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Aikman, Mr. A.  
Aiyar, Mr. T. S. Sankara.  
Ayyar, Mr. N. M.  
Bajpai, Sir Girja Shankar.  
Bewoor, Mr. G. V.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chambers, Mr. S. P.  
Chanda, Mr. A. K.  
Chapman-Mortimer, Mr. T.  
Christie, Mr. W. H. J.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur Captain.  
Gidney, Lieut.-Colonel Sir Henry.  
Greer, Mr. B. R. T.  
Grigg, The Honourable Sir James.  
Hardman, Mr. J. S.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur Sardar Sir.

Kamaluddin Ahmed, Shams ul-Ulema.  
Lillie, Mr. C. J. W.  
Mackeown, Mr. J. A.  
Maxwell, The Honourable Sir Reginald.  
Menon, Mr. P. A.  
Menon, Mr. P. M.  
Metcalf, Sir Aubrey.  
Miller, Mr. C. C.  
Mukerji, Mr. Basanta Kumar.  
Nur Muhammad, Khan Bahadur Shaikh.  
Ogilvie, Mr. C. M. G.  
Rahman, Lieut.-Col. M. A.  
Row, Mr. K. Sanjiva.  
Scott, Mr. J. Ramsay.  
Sher Muhammad Khan, Captain Sardar Sir.  
Sircar, The Honourable Sir Nripendra.  
Slade, Mr. M.  
Spence, Mr. G. H.  
Stewart, The Honourable Sir Thomas.  
Sukthankar, Mr. Y. N.  
Sundaram, Mr. V. S.

The motion was adopted.

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

"That in Schedule I to the Bill; in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head '*Registered Newspapers*' the following be substituted:

'For every additional ten tolas or fraction thereof, in  
excess of ten tolas ... .. quarter of an anna'."

There is an obvious lacuna in the Bill as it has been drafted, and, in order to fill that up, my Honourable friend, Mr. Bewoor, has got amendment No. 41 on the order paper which I presume he will move after this amendment has been disposed of. I should like him to give an idea to the House of the general policy of Government as regards registered newspapers in the light of the other amendments that are on the order paper, so that we may know exactly where we stand on the subject. I am moving this amendment only to draw the attention of the House to this one simple fact. So far as the rest of the items on the whole of the Schedule is concerned, we find that succeeding units are always charged less than the first unit. For example, in letters the second unit is charged half anna, while the first unit is charged one anna. In book, pattern and sample packets, the first unit is charged six pies, while the next unit is charged three pies. But in this particular case—taking it that Mr. Bewoor's amendment is going to be accepted—it seems that the later unit is charged higher than the first unit. I do not understand the logic of the situation. The first unit is ten tolas and charged one pice; the next unit is ten tolas and it is also charged one pice; then the next unit is twenty tolas and is to be charged half anna. Thus, if a newspaper weighs 21 tolas it has to pay four pice, and, according to the amendment that I am moving, I take the unit as ten tolas and want every ten tolas to pay one pice and no more. I hope the Government will see the logic as well as the justice of the claim I put forward and if possible accept my amendment. I move.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head '*Registered Newspapers*' the following be substituted:

'For every additional ten tolas or fraction thereof, in  
excess of ten tolas ... .. quarter of an anna'."

**Mr. G. V. Bewoor**: Sir, Mr. Sri Prakasa inquired why in the case of the newspaper rate the first unit is ten tolas, the second 20, and after that it goes up by stages of 20 tolas at a time. It is somewhat difficult for me to explain this without going into history of the newspaper rate. Prior to 1882 the first unit was 20 tolas and the charge half anna. Later on, in order to give to the lighter and cheaper newspapers a specially cheap rate, the initial rate of quarter anna was introduced. When this was first introduced the initial weight allowed for the quarter anna was only three tolas. In the course of years the initial weight was raised from three to four tolas in 1898, to six tolas in 1906, to eight tolas in 1909 and to ten tolas in 1936. He will, therefore, understand that the fact that we give an initial stage of quarter anna for the first ten tolas is itself a concession. Now, he wants to introduce his new rate of ten tolas stages. I would like to inform him that really he is not going to afford any real benefit by this change, because over 92 per cent. of the registered newspapers are in the first category of ten tolas, and only two per cent. of the newspapers are above 20 tolas:



[Mr. G. V. Bewoor.]

so that if there is going to be any concession at all it will be only to two per cent. of the newspapers. I would further point out that though I have given these figures for newspapers as a class, if we were to take into consideration the number of copies posted of each class, because some newspapers post more copies than others, we find that 99·3 per cent. are within the first 20 tolas. Therefore, I think that the existing rate is quite reasonable and it is not worthwhile making any change. I, therefore, oppose the amendment.

**Maulvi Abdul Ghani** (Tirhut Division : Muhammadan): Sir, the Honourable the Mover gave very sound reasons for his amendment, but though it is sound to us, it is not so to the departmental head. The Director General, Posts and Telegraphs says that it would only benefit two per cent. of the newspapers, but even that two per cent. is grudged by him. I would only say that his way of thinking is penny wise and pound foolish and I will illustrate my point by a few instances. The Director General is always fond of giving contracts to the highest tenderers and, as I know, he always rejects the lowest tender on whimsical grounds that it is from a postal peon.....

**Mr. G. V. Bewoor:** How is this relevant, Sir, on a newspaper rate amendment?

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has not got the grievances of postal peons now—not on this amendment.

**Maulvi Abdul Ghani:** I am not going to ask for the redress of grievances of postal peons: I am simply going to show how money under this department is wasted.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot deal with that now. The only question is whether this rate ought to be reduced or not.

**Maulvi Abdul Ghani:** I would say that if proper care is taken by the departmental head in spending money, the losses under that head if checked can be utilised in paying the loss caused by the demand made.....

**Mr. G. V. Bewoor:** I have said nothing about losses caused by this amendment.

**Maulvi Abdul Ghani:** My friend may not have said it, but he has said that it would benefit only two per cent. and even that two per cent. is grudged by him. If he had supported them, then there was no necessity of any Member speaking on the amendment. I was saying that if some care is taken in the Department, some money will be saved and I was going to discuss that the highest tenders are always accepted and lowest tenders are always rejected.....

**Mr. President** (The Honourable Sir Abdur Rahim): All that has nothing to do with this amendment.

**Maulvi Abdul Ghani:** The second reason is that under this Department unnecessary extensions of services are allowed . . . . .

**The Honourable Sir James Grigg:** What has extension of services got to do with this?

**Mr. President** (The Honourable Sir Abdur Rahim): It has nothing to do with this: probably the Honourable Member has nothing pertinent to say in regard to this Amendment.

**Some Honourable Members:** The question may now be put.

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

"That the question be now put."

The motion was adopted.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the second entry under the head '*Registered Newspapers*' the following be substituted:

'For every additional ten tolas or fraction thereof, in excess of ten tolas ... .. quarter of an anna'."

The motion was negatived.

**Mr. G. V. Bewoor:** Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head '*Registered Newspapers*' the following be inserted:

'For every twenty tolas or fraction thereof, exceeding twenty tolas ... .. Half an anna'."

It will be noticed from the Schedule that there is a lacuna and there is no rate provided for registered newspapers weighing more than twenty tolas. It was an unfortunate omission in copying, and my amendment proposes to supply that omission.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, after the existing entries under the head '*Registered Newspapers*' the following be inserted:

For every twenty tolas or fraction thereof, exceeding twenty tolas ... .. Half an anna'."

The motion was adopted.

**Mr. Sri Prakasa:** Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, at the end of the entries under the head '*Registered Newspapers*' the following be added:

'In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet

'For a weight not exceeding ten tolas ... .. Half an anna.

For every additional five tolas or fraction thereof in excess of ten tolas ... .. Quarter of an anna'."

**The Honourable Sir James Grigg:** Perhaps it would shorten the debate if I said that though I do not think the amendment is very well drafted, we are prepared to accept it, without any oration from my Honourable friend.

**Mr. Sri Prakasa:** I am sorry I have not yet read the whole of the amendment. There is the proviso\* also.

\*"Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office."

**The Honourable Sir James Grigg:** You need not read that either.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, at the end of the entries under the head '*Registered Newspapers*' the following be added:

'In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet

For a weight not exceeding ten tolas ... Half an anna.

For every additional five tolas or fraction thereof in excess of ten tolas ... Quarter of an anna.

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office."

The motion was adopted.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

'For a weight not exceeding ten tolas ... One anna.

For a weight exceeding ten tolas and not exceeding twenty tolas ... Two annas.

For a weight exceeding twenty tolas, but not exceeding forty tolas ... Four annas.

\* For every forty tolas and fraction thereof exceeding forty tolas ... Four annas."

Sir, I thought that the fortunate Mr. Sri Prakasa who got his amendment accepted, without any oration, was not the only exception, and that I would also be fortunate to get my amendment accepted without a long speech. I also presume that some other amendments of his are going to be accepted,—I mean his amendments Nos. 45 and 48.....

**The Honourable Sir James Grigg:** None of them.

**Mr. Lalchand Navalrai:** Sir, my object in moving this amendment is quite plain. It is inequitable that there should be a sort of flat rate of duty for parcels of all weights, that is to say, for a parcel weighing two tolas, four tolas and 40 tolas the rate should not be four annas all round. It might be said that this amendment will go to helping the rich, and, therefore, the Honourable the Finance Member, who has no soft corner for the poor man and is a friend of the rich, would like the present rates to remain as they are, because, if my amendment is accepted, the rich man will have to pay more and the poor less. But I have moved this amendment in order that justice may be done to every one, whether he is rich or poor. Every one should receive equal justice. It is not fair that, because parcels are sent mostly by rich people, the rate should remain as it is, which is a flat rate, and which is unjust and inequitable. There is a proverb which says "Two pice for vegetable, also two pice for nuts". Therefore, I submit, there should be some equitable method of charging the rates for parcels of different weights. The principle laid down by the Honourable the Finance Member is not consistent with the one adopted in the slab system for income-tax which slab system is a graded one. If he takes his stand on that principle and wants to charge income-tax according to gradation, then it is only fair that he should adopt the same principle in regard to charging the rates for parcels also according to their weights, and not on all weights alike. Sir, this amendment of mine is, on the face of it, and also in spirit,

a just and reasonable one. I know I heard the Honourable the Finance Member to say that he would oppose this, but I expect my friends of the Congress Party and also of other Parties to support this amendment and make the rate more just and equitable. Sir, I move.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

For a weight not exceeding ten tolas	...	...	One anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	...	...	Two annas.
For a weight exceeding twenty tolas but not exceeding forty tolas	...	...	Four annas.
For every forty tolas and fraction thereof exceeding forty tolas	...	...	Four annas'."

**Mr. G. V. Bewoor:** Sir, Mr. Lalchand Navalrai has justified his amendment on the ground of what he calls equity. He considers it unfair that a parcel weighing ten tolas should be charged four annas, and that a parcel weighing 20 tolas should be charged the same rate as a parcel weighing 40 tolas, viz., four annas. We can pursue this argument and reduce it to absurdity. It is equally unfair that a parcel weighing one tola should, under his proposal, be charged one anna while a parcel weighing ten tolas is charged the same, viz., one anna. After all, the parcel traffic is intended for despatch of articles, and, therefore, we fix a fairly high initial unit of weight. The existing rate of 40 tolas for four annas was introduced in April, 1937, and in introducing the amendment at that time Sir Frank Noyce explained in great detail the reasons why we omitted the first unit of 20 tolas for two annas and introduced a unit of 40 tolas for four annas. In every country in the world, the first unit of weight for parcels is a high one. In England it is three lbs., in South Africa ten tolas, but the charge is two annas and no communications are allowed in parcels; in France it is 257 tolas, in Australia 40 tolas, in Canada 40 tolas, Germany 428 tolas, and the United States of America 40 tolas. The main point is that for parcel traffic a high rate of first unit is adopted in order to prevent the diversion of letters to the parcel post. One of the effects of the amendment of my Honourable friend would be that all letters weighing more than one tola and up to ten tolas would go as parcels. I do not wish to elaborate this point, but it will suffice if I mention that if my Honourable friend, Mr. Lalchand Navalrai's amendment is accepted, the loss in our receipts in a year would be one crore and 6½ lakhs. For this reason I am unable to accept the amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Parcels*, the following be substituted:

For a weight not exceeding ten tolas	...	...	One anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	...	...	Two annas.
For a weight exceeding twenty tolas, but not exceeding forty tolas	...	...	Four annas.
For every forty tolas and fraction thereof exceeding forty tolas	...	...	Four annas'."

The motion was negatived.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted :

'For a weight not exceeding twenty tolas ... .. Two annas.  
For a weight exceeding twenty tolas but not exceeding forty  
tolas ... .. Four annas.' "

This is a very modest amendment, and I only want to go back to the charges which were in force till March, 1937. The first initial weight is what really counts, and I suggest that 40 tolas which is a pound is too much. That is far too high and I would submit that we must go back to the old initial weight of 20 tolas. Yesterday, my Honourable friend, Mr. Joshi, said that the Postal Department is making a gift to the merchants of the loss which it incurs on the Telegraph Department. But I may inform Mr. Joshi that the merchants, though they are the largest subscribers to telegrams,—there is still another department, the Telephone Department, which is patronised mostly by the merchants, and there the Postal Department earns more than 40 to 50 lakhs, which is much more than their loss on the Telegraphs. I need not go further into the matter. I request that this amendment may be accepted.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted :

'For a weight not exceeding twenty tolas ... .. Two annas.  
For a weight exceeding twenty tolas but not exceeding forty  
tolas ... .. Four annas.' "

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

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

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammudan Rural): I just stood up to understand something of what Mr. Bewoor said in reply to a previous motion. In reply to a previous motion, he said that there will be a loss of about 106 lakhs if the motion about the reduction in the postage rates for parcels is accepted. From what I have seen in the Report of the Posts and Telegraphs Department, I have not been able to understand how he has arrived at that conclusion. This report does not give separate statistics for parcels, book posts, etc. The only statistics that I have been able to pick out about postal parcels is on page 51 and that says that for the year 1937-38, the number of postal articles and others have been 11 million 87 thousand odd. The income from postal parcels has not been separately calculated and it is beyond my comprehension how this reduction in rate will cost 106 lakhs. I would like the Honourable Member to enlighten me on that point. Also, if I may make a suggestion, the reports in the coming years should give detailed figures about the financial working of each of the items of the Postal Department.

**Mr. G. V. Bewoor:** The amendment of Babu Baijnath Bajoria who, incidentally, is not in the House at present, is equivalent to restoring the rate which existed prior to 1937 April. Sir, at the time we changed the old rate to the present rate, the then Honourable Member in charge of the Posts and Telegraphs Department made a very detailed statement explaining the reasons which led Government to make the proposal. I do not wish to read that long statement but I would refer Honourable Members to pages 2175 and 2176 of the Proceedings of the Legislative Assembly for the 18th March, 1937. I would merely quote one sentence:

"There is no doubt that the present rate is diverting letter traffic to an undesirable extent to the parcel post and it is to stop that diversion that we propose that the initial rates for parcels should be fixed at four annas, at the same time keeping the weight which can be sent for four annas at forty tolas."

Later on replying to the debate, I dealt with this question further and I would like Honourable Members to read my speech reported on page 2282 of the Assembly Debates for the 19th March, 1937. I then said:

"With the revision in the letter rate now to one anna one tola, what happens is that as soon as a letter weighs more than three tolas, it becomes cheaper to send it by the parcel post. As a result, we find that 52 per cent. of our total parcel traffic is below 20 tolas."

Since then, we have obtained further statistics and we find that the present number of parcels not exceeding 20 tolas has fallen from 52 per cent. to 25.7 per cent. showing quite clearly that a large number of letters were formerly going as parcels.

Mr. Avinashilingam Chettiar wishes to know how I calculated the loss of 106 lakhs if Mr. Lalchand Navalrai's amendment is accepted. What he forgets is this. It is true that we have about a crore of parcels going through the post roughly in a year. The figure of 11 millions which was given by Mr. Chettiar includes foreign parcels also. On the inland parcel traffic itself, by the change in the rates, we are likely to lose about four lakhs but what I pointed out was that there would be a big diversion from the letter to the parcel traffic and it is on that that we are going to lose the sum of about 105 lakhs. I have here detailed calculations and I would ask Mr. Chettiar, if he is not satisfied with my statement, to see me afterwards and I would hand over the calculations to him to check up. The point is that letters exceeding two tolas consist of 18 per cent. of the total of 516 million letters. On this number we shall lose half an anna. On letters exceeding four tolas we shall lose one anna and so on. Taking all the letters up to ten tolas, we calculate that we shall lose 106 lakhs *plus* four lakhs on the parcel traffic but we have assumed that there will be a certain amount of increase due to the reduction in the rate and, therefore, I gave the House the figure of 106½ lakhs. Coming to Babu Baijnath Bajoria's amendment, the same point arises—letters weighing more than four tolas would be diverted to the parcel traffic and our calculation is that we shall lose 45 lakhs in all after allowing for a certain amount of increase in the parcel traffic and for the loss on the parcel traffic due to reduction in rate.

**Babu Baijnath Bajoria:** You can make an exception that parcels weighing not less than four or five tolas shall not be accepted.

**Mr. G. V. Bewoor:** The practical difficulties to which that will lead have been pointed out in the debate in 1937 to which I have already referred and I do not wish to repeat them. Sir, I oppose the amendment.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the first entry under the head *Parcels*, the following be substituted:

'For a weight not exceeding twenty tolas	...	Two annas.
For a weight exceeding twenty tolas but not exceeding forty tolas	.. .. .	Four annas'."

The motion was negatived.

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

"That Schedule I, as amended, stand part of the Bill."

The motion was adopted.

Schedule I, as amended, was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Original clause 5 is now clause 4. The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

**Mr. Sri Prakasa:** Sir, I just want to know if, when the Government have said "aye" to your question, we are to understand that they are accepting the rates as amended by the House.

**The Honourable Sir James Grigg:** I said "no".

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

"That clause 5 stand part of the Bill."

Mr. Chambers.

**Mr. K. Santhanam:** On a point of order, Sir. Unless this is renumbered by a special Resolution of the House, I submit they retain the old numbers.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): When the original clause 5 is now treated as clause 4 by the House, at all events by implication the consequential amendment is made. Mr. Chambers.

**Mr. S. P. Chambers** (Government of India: Nominated Official): Sir, I move:

"That for sub-clause (4) of clause 5 of the Bill the following sub-clause be substituted:

'(4) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be'."

Sir, coming down to this amendment I think we come down from the clouds of high policy to the much lower level of a mere technical amendment in which I think the so-called expert can make his contribution.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhamadan Rural): There is nothing technical about it.

**Mr. S. P. Chambers:** Sir, in the Finance Acts for many years past there has been a provision to apply the previous year's rates of income-tax to those cases in which income-tax has been deducted at the source. The principal cases are, naturally, salaries, dividends and interest on securities. In the Amendment Act of 1939—the Act recently passed—super-tax has also been made deductible in certain cases and, briefly, the effect of this amendment is to say that in those cases as well the rates of super-tax of the previous year should be applied. That is the only effect of this amendment, but to prevent misunderstanding I think I ought to explain the matter in somewhat greater detail.

The assessment for the year 1939-40 is based on the income of the year 1938-39, that is to say, the year ended on the 31st day of March, 1939. In the case of "business" income, the assessment is made during the year 1939-40 and the rates imposed for that year are charged. In the case of "salary" assessments, or assessments on income consisting of interest on securities or dividends, the tax will have been deducted at the source during that previous year, so that when the time for assessment is reached during the following year, we find that the tax has already been paid and deducted at the source at the rates which were in force during that previous year. It was found many years ago that, without any provision for taking the previous year's rates in such cases, many thousands of cases had to be reopened at the end of the year if the rates of income-tax were changed. That is the history of this provision of income-tax. Now, when we turn to super-tax as we have now provided that super-tax is to be deducted in many of them,—in all salary cases and in certain cases of interest on securities and dividends, we suggest that in these cases also, to prevent adjustment after the end of the year when the rates of tax have been changed, we should take the previous year's rates. That, however, is not the only reason for putting in this amendment. It was discovered, after the Finance Bill had been drafted, that there were certain cases of hardship caused, which were not contemplated earlier, in which, owing to the change-over from the old system of income-tax and super-tax rates to the new system of rates under the slab system, in these few cases or group of cases the effect of the Finance Bill, without this amendment, would be to charge income-tax at the old rates, and super-tax at the new rates, and that the sum of the tax payable—with income-tax at the old rates, and super-tax at the new rates—was greater than either the sum of the income-tax and super-tax at the new rates taken together, or the income-tax and super-tax at the old rates taken together. I would just like to give one or two illustrations to show exactly the effect. On an income of Rs. 35,000 under the old rate, super-tax and income-tax as well, the tax payable is Rs. 4,796. At the new scale, taking both income-tax and super-tax it is Rs. 4,930. If we take the new scale of the super-tax and the old scale of the income-tax the total tax payable is Rs. 5,168. That was not



[Mr. S. P. Chambers.]

contemplated. If we leave that as it is, we have the rather absurd position of moving from one low level of taxation to a higher level, with an intermediate position which is higher than either of those levels and that is the condition which we are seeking to remedy.

Although a matter is not remedied by this amendment, I want to make a reference to it so as to gain such further sympathy as is necessary for the amendment. It is this: those persons who have been liable to super-tax for a number of years will have to pay, during the coming year, super-tax on the income which arose during 1938-39. The assessment will be made in the ordinary course and the tax will be payable in July and August or somewhere about that time. Now, with the new provisions for taking super-tax at the source, those persons will have two sums of super-tax to pay during the coming year: they will pay super-tax for last year and they will pay super-tax for the coming year. That cannot very well be remedied. Any system which changes from payment by direct assessment after the end of the year to deduction at source, during the year, must involve, for one year at least, double taxation, but from the point of view of Government revenues it does mean that we do permanently for one year lose all super-tax from these people. The fact that without this amendment they will also have to pay the income-tax for 1939-40 at a higher rate in the aggregate than the old rates or the new rates show that it is quite clear that this amendment is justified. Sir, I move.

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

"That for sub-clause (4) of clause 5 of the Bill the following sub-clause be substituted:

(4) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1938, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be."

**Mr. K. Santhanam:** Sir, so far as the income-tax is concerned, I have nothing to say about this amendment.

**Mr. S. P. Chambers:** The amendment does not affect the income-tax.

**Mr. K. Santhanam:** So far as charging the old income-rates on salaries from which income-tax has been deducted is concerned, I said I have nothing to say. It is reasonable and I have nothing to say about this amendment. But in the case of the super-tax, the Honourable Member has given some instances in which, but for this provision, the

assessee will have to pay more than either the old rates or the new rates. But what I want to know is whether this is true in all cases or in the majority of cases. There may be some marginal cases, but unless he satisfies this House that Government officials to whom this will principally apply have in all cases or in the majority of cases to pay more than the new rates but for this provision, he is giving them unnecessary preference, because under the old income-tax Act super-tax is not deductible. They have to pay it only in the new year. In this matter, they are not treated at par with every business man. A business man who has made an income of Rs. 50,000 in 1938-39 will have to pay in 1939-40 super-tax rate at the new rates while the Government official who has made the same income will, by this amendment, have to pay super-tax rates under the old rates. Now, the new rates are higher than the old rates. Therefore, the Government official does gain something by paying old rates instead of new rates. What I want to know is whether it is not a fact that every official who has been put on the old rates gets an advantage or whether such instances are few in number. My feeling is that in certain marginal cases and within certain levels what he says may be true but in certain other levels it cannot be true and it may be found that in the bulk of cases the Government official gets a positive advantage over the business man or over non-officials who have to pay super-tax. I say this discrimination should not be allowed.

**Mr. S. P. Chambers:** On a point of personal explanation. I have examined the figures and find that this will be the case with all salaries starting with Rs. 25,000 until we get to a very high level of several lakhs.

**Mr. K. Santhanam:** What is that high level?

**Mr. S. P. Chambers:** I have not got the exact figure but it is about four or five lakhs. I have worked it out for seven lakhs. In the case of a very high income of that kind as the new standard of income-tax is higher than the old standard rate the aggregate is less. It is only in those few cases where an official has an income of more than several lakhs. It covers practically every possible Government servant with the possible exception of some Governors and the Viceroy.

**Mr. K. Santhanam:** Well, Sir, I accept his statement but the Viceroy does get some benefit out of it.

The next point is that if that is their object, why should not they draft an amendment which precisely carries out that object. If, owing to the operation of the new Act, a person has to pay more than the tax calculated either by the old or by the new rates, then the excess of it will have to be remitted. That will be a precise provision. Why should they put in a provision which a layman could not possibly calculate precisely? Why should we be forced to depend upon his calculation without knowing definitely what amount the officers will have to pay? If the object is simply to put them on the old rates or the new rates, we have no objection. But he has put in an amendment the precise effects of which are not quite known to us. Secondly, why should he want those people whose super-tax is deductible in the future to have a preference over others? If he wants to give a privilege to Government officials this year, why does he not extend the same privilege to those who earn their income from professions or otherwise? Why should they not get this advantage?

**The Honourable Sir James Grigg:** Perhaps the Honourable Member will allow me to explain. I, naturally, had to take a final decision as to what form of amendment I should put down in this matter. The alternative which he suggests was considered. It was impossible to reconcile complete logic with administrative requirements and equity entirely. The Honourable Member may or may not take it from me, but after very careful consideration this seemed to us the amendment which best met the equities of the case, the administrative requirements and the logic. The Honourable Member in his allocution has left out of account that the class of persons, who are not entirely official, for the employees of business firms or the employees of Corporations are in the same boat—the element which he has left out of account and which weighed very much with us was the fact that in cases where super-tax is to be deducted at the source for the first time, they will have to pay two lots of super-tax in this one year.

**Mr. K. Santhanam:** So far as the last statement is concerned, I think it is not correct because normally these people would have to pay the whole super-tax in a lump for last year. That is due from them.

**The Honourable Sir James Grigg:** The Honourable Member is wrong in saying that the statement is incorrect. The statement is correct, that the people who have, for the first time, to pay super-tax by deduction will, in the year just about to commence, have to pay two lots of super-tax—one by direct assessment and the other by deduction from their pay. . . .

**Mr. K. Santhanam:** I am afraid the Honourable Member did not understand me properly. What I meant to say was this. Suppose, the new Act did not come into operation, what they would have to pay will be the super-tax of last year in a lump.

**The Honourable Sir James Grigg:** True, and they will still have to pay it.

**Mr. K. Santhanam:** Now, I do not know if under the operation of this Act, they can pay the last year's super-tax in instalments.

**The Honourable Sir James Grigg:** No, they cannot.

**Mr. K. Santhanam:** Therefore, last year's super-tax will be deducted in a lump and this year's super-tax will be deducted monthly. Is it correct?

**The Honourable Sir James Grigg:** But that does not alter the fact that during the year they would have to pay two lots of super-tax, one in a lump, and one by deduction.

**Mr. K. Santhanam:** That means that they are not paying more than the other do.

**The Honourable Sir James Grigg:** On the contrary, they are. If the Honourable Member can work it out or ask some mathematician to work it out, he will find that they are, in fact, pulling back from the end of the world one year's super-tax.

**Mr. K. Santhanam:** Sir, I am myself a sufficiently good mathematician to understand this. But as against the double payment of this year, he gets the privilege of paying in monthly instalment what he was to pay in a lump.

**The Honourable Sir James Grigg:** Not at all.

**Mr. K. Santhanam:** I will explain it this way. In 1938-39 he was bound to pay at the beginning of 1939, but so far as the super-tax of 1939-40 is concerned, he goes on paying at the rate of one-twelfth, and, then, for 1940-41, instead of having to pay the entire thing at the beginning, he pays by monthly deductions.

**The Honourable Sir James Grigg:** The process of deducting super-tax or any kind of tax, at source, by monthly instalments means that on the average he pays the best part of a year in advance.

**Mr. K. Santhanam:** What does he say to the great advantage of having it automatically deducted instead of having to pay out of his probably non-existent bank deposits?

**The Honourable Sir James Grigg:** You can argue it till all is blue. Some people would prefer to pay the tax in instalments even if they pay it earlier, others would like to leave it over and pay it in one lump. It depends upon individual circumstances. The only general principle on which you can justify your present contention is the one "it is strange how you can do without the things you never had".

**Mr. K. Santhanam:** My chief point is that once we have passed the Income-tax Act, when we have got to deal here with the Finance Bill, the Honourable the Finance Member should not bring in amendments which we could not consider on their own merits. He must have calculated this at the time he brought the Income-tax Amendment Bill. Why did he bring in an expert from a foreign country who could not advise him properly on income-tax matters?

**The Honourable Sir James Grigg:** If the Honourable Member wants to beat me for that, I will present him with the point that it was overlooked and if he wants to make a grievance of it, I confess quite frankly that we did not even discover it when the Finance Bill was drafted.

**Mr. K. Santhanam:** My grievance is that they are paying foreign experts such huge salaries and they get nothing in return.

**The Honourable Sir James Grigg:** The extra money that we would have obtained if we had left the Bill in the form in which it was introduced did not enter into our calculations.

**Mr. K. Santhanam:** In view of what the Honourable the Finance Member says, I do not want to press it any further. But I strongly object to the method of pressing an amendment the implications of which cannot be realised by the House. That was the only point I wanted to press. I think I have made that clear.

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**Sir Gowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Sir, one point I want to clear up. The Honourable the Finance Member has said and Mr. Chambers also has said that super-tax for 1939-40 will have to be paid twice. People paying super-tax in 1939-40 will have to pay super-tax for 1938-39 and also for 1939-40. One will be at source and the other will be accumulated. Therefore, in the budget estimate for 1939-40, I want to know whether this extra super-tax has been taken into calculation in their receipts. It must be a good round sum, this super-tax for two years instead of one. You have told us that you have to reduce the revised figures by 83 lakhs on account of depression. Now, I want to know whether you have taken this windfall into calculation.

**Mr. S. P. Chambers:** I think the Honourable Member forgets that this is not super-tax on companies, but it is super-tax on individuals and not on all individuals but only individuals in employment. The amount of super-tax that we expect from them is very small. We have not got the exact figure. I think the total amount involved is about 1½ lakhs. That is all. The cost of this amendment if worked out would be very much less than one lakh, though we have not got the exact figure.

**Sir Gowasji Jehangir:** The very fact that super-tax will have to be paid twice will only refer, I understand, now to Government servants.

**The Honourable Sir James Grigg:** All salaried people.

**Sir Gowasji Jehangir:** Do all salaried people in India pay to the extent of 1½ lakhs as super-tax?

**Mr. S. P. Chambers:** The exact figure is not known now.

**Sir Gowasji Jehangir:** Then your estimates are now wrong by two lakhs. Now you have got plenty of scope to give us back two lakhs.

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

"That for sub-clause (4) of clause 5 of the Bill the following sub-clause be substituted:

"(4) Notwithstanding anything contained in sub-section (1) or sub-section (2) where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, or consists of income falling under more than one of those heads—

- (a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and
- (b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be."

The motion was adopted.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment No. 50. Mr. Lalchand Navalrai.

**Mr. T. Chapman-Mortimer** (Bengal: European): I rise to a point of order. I should like to ask whether my Honourable friend, Mr. Lalchand Navalrai, has obtained the sanction of the Governor General to move this amendment which affects a tax in which the provinces are interested.

**The Honourable Sir James Grigg:** I should like to make a general statement, because, it is a point of some importance which has arisen in an acute form for the first time and which will have to be regulated more exactly later on. Perhaps the House will allow me to read out a statement on this point of order taken by my Honourable friend, Mr. Chapman-Mortimer. This point of order is disposed of by the fact that His Excellency the Governor General has granted his previous sanction to the moving of this amendment. With your permission, however, I would like to take this opportunity of warning Honourable Members that His Excellency's decision to grant, on this occasion, his previous sanction to all those amendments to the income-tax portion of the Bill which involve a variation of income-tax in the direction of reduction should not be taken as a precedent. In reaching his decision on this occasion, His Excellency was influenced by the consideration that Honourable Members have hitherto been free to move without sanction amendments involving a reduction in the rate or scope of taxation proposed in a taxing Bill. On the other hand, the requirement of sanction imposed by sub-section (1) of section 141 of the new Act attaches to amendments varying taxation in which Provinces are interested in the downward direction no less than to amendments varying such taxation in the upward direction, and it would be impossible to reconcile the establishment of a practice whereby the Governor General would uniformly or even normally sanction amendments proposing a reduction of such taxation with the clear implications of paragraph 10 of the Instrument of Instructions to the Governor General. The question of reconciling his obligations under that paragraph with the claims of the Chambers of the Indian Legislature to reasonable freedom of debate will, I am authorised to say, receive His Excellency's careful consideration.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Sir, I rise to a point of order. This is a message which has been communicated to this House on behalf of the Governor General. I take it, it is so. Sir, messages from the Governor General to this House can be made only over his own signature.

**The Honourable Sir James Grigg:** If the House does not want to accept it as a message, then it is a statement by me.

**Mr. S. Satyamurti:** This is much more important. I think, Sir, constitutionally the relations between this House and its successors and the Governor General who, according to the Government of India Act, 1935, occupies a very important position at almost every stage of legislation with regard to the various requirements about previous sanction, etc., about stopping Bills or returning Bills, and so on . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Is the Honourable Member raising a general question or has it any specific reference to the matter now before the House?

**Mr. S. Satyamurti:** It has got a specific reference to the statement made by the Honourable the Finance Member. The statement he has made is to define for the future—to the extent to which that statement defines it—the processes of the working of the Governor General's mind, in respect of such legislation.

**The Honourable Sir James Grigg:** May I point out, Sir, that it is only explaining the reason why on this occasion sanction has been given to all the amendments varying the taxation in a downward way. I merely warned the House that that did not dispose of the question for future years.

**Mr. S. Satyamurti:** I submit, Sir, that it is certainly not fair to this House. The Governor General is the statutory authority under the Government of India Act, and he has certain powers. It is an open secret that the Governor General is advised by these gentlemen and he acts accordingly. But I submit that this choosing of the Finance Member to communicate to this House what is in his (the Governor General's) mind as to how he could deal with these amendments and how he has done so now is not consistent with the Act or with the rules and standing orders. The Governor General cannot make the Finance Member the mouthpiece of the workings of his mind. He has got to decide on his own responsibility and he has got to deal with this Legislature. I submit that if in matters of this very important kind where the Governor General is given certain powers to deal with these matters in his own discretion he has to make the Member concerned with that department his mouthpiece as to how he proposes to deal with these amendments now and in the future, it is not consistent with the Act and ought not to be accepted as a precedent at all. Otherwise, it comes to this—that the Governor General becomes the mouthpiece of the Government here. That is not the conception of the Government of India Act, as I read it. We may agree with it or not, and our views are well-known, but I will read the words of section 141.

**The Honourable Sir James Grigg:** Sir, I am quite prepared to take the statement away. I thought I was facilitating the business of the House by explaining what would happen, but I am quite prepared not to have the statement recorded at all.

**Mr. S. Satyamurti:** If my Honourable friend withdraws that statement, I will not pursue it further.

**Mr. T. Chapman-Mortimer:** I am quite prepared to withdraw my point of order if it is correct that Mr. Lalchand Navalrai's amendment has received the prior consent of the Governor General.

**Mr. Lalchand Navalrai:** I have got the sanction already.

**Mr. M. S. Aney (Berar: Non-Muhammadian):** The sanction remains—whether the statement is withdrawn or not.

**Mr. S. Satyamurti:** A fact is a fact, irrespective of that statement!

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair has only got to see whether, as a matter of fact, so far as this amendment is concerned, the sanction of the Governor General has been obtained.

**Mr. Lalchand Navalrai:** Yes, Sir, I got a copy of it from the Secretary.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Then, there is no need for any further discussion. The Honourable Member can move his amendment.

The question is:

"That Schedule II stand part of the Bill."

**Mr. Lalchand Navalrai:** Sir, I beg to move:

"That in Part I-A of Schedule II to the Bill, after entry I, the following entry be inserted:

'2. In case of every Hindu undivided family on the first Rs. 3,500.....Nil.'"

My motion is this. We have now come to the slab system of income-tax. The Income-tax Act was passed more or less by agreement and the point raised in the House was that the case of a Hindu joint family was not being treated with justice and equity. The Hindu joint family is made a unit, and there were objections to it and I thought that in the Finance Bill some relief would be given to such families. That has not been done, and the House should now reasonably consider the case of the Hindu joint family and give it relief. What I want is this. Under this Schedule, to an individual, exemption has been given from income-tax, under the slab system, on the first Rs. 1,500 of the income. And, in respect of the Hindu joint family, I want that there should be a distinction and that there should be an exemption on the income of Rs. 3,500, that is, slightly more than double the exemption given to an individual. There are also other amendments given notice of by Honourable Members practically to this effect, the reason being that it is a great hardship to the Hindu joint family which has been actually admitted by the very expert inquiry committee of which my Honourable friend, Mr. Chambers, was the President. (*Voices of "No, no."*) He was an equally competent member, and he, coming from outside, could recognise our difficulty and recommend relief, but the Finance Member who accepted the other recommendations of the same committee has ignored this altogether.

Now, I will read a little portion of the recommendation or statement in the Inquiry Committee's Report—it is at page 24:

"Representations as to the hardships involved in the present system whereby a Hindu Undivided Family is treated almost as if it were an individual irrespective of the number of its members, have been insistent and widespread. We are bound to admit that hardship exists."

This may be noted by the Honourable Members. Further on it is said:

"For example, while a registered partnership of four persons engaged in business and sharing equally in a profit of, say, Rs. 7,800 is not liable at all, a Hindu Undivided Family with, say, four adult male members similarly engaged in business would pay in respect of a profit of Rs. 7,800 tax amounting to about Rs. 400."



[Mr. Lalchand Navalrai.]

They then make suggestions for affording relief, but neither of the suggestions has been accepted by the Finance Member. The Report then says:

"We are of opinion that there is some case for the recognition of the special position of Hindu Undivided Families. Since, however, the effect on the Revenue of any concession would be very considerable, we have had to take into account the practicability of the various suggestions made. If the Government is prepared to accept the reduction in the yield of tax involved, a practicable concession, which we consider should not be exceeded in view of what is said above, would be to ascertain the rate of tax applicable, in cases where there are more than one adult married male member, by dividing the family's income by two."

I need not read any more. Other suggestions also have been made which have not been accepted, and if the Honourable Member wants I will read the whole of it. (*Honourable Members*: "No.") What I mean is this: that my case has been made out substantially by the Inquiry Committee itself and there is no reason why any of the reliefs proposed should not be given. The public and the Federation of Chambers of Commerce and others have also given their opinion. They have said:

"The undivided Hindu families have always urged that they were treated harshly under the prevailing scale applicable to them. The Income-tax Enquiry Committee, recognizing the justice of their claim, suggested some relief but not only is that relief not given but they have been subjected to increased taxation by their exemption from super-tax being reduced from Rs. 75,000 to Rs. 25,000."

I, therefore, appeal to the Congress Party, who were a party to the agreement over the Income-tax (Amendment) Act, to see that the Hindu undivided family is given some concession in the sense of my amendment. The present system is very hard on two grounds. One is that in a joint family, say, of eight or ten members, the income of them all is joined together and the assessment is made on the total at a higher rate than on the individual incomes and, therefore, they are paying too much—the second difficulty is that there are many members in a Hindu undivided family who do not earn anything at all and who are now being charged but who ought not to be charged and would not otherwise be charged. I will not take more time of the House as there are several other speakers. I hope my amendment will get support. Sir, I move.

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

"That in Part I-A of Schedule II to the Bill, after entry I, the following entry be inserted:

"2. In case of every Hindu undivided family on the first Rs. 3,500.....Nil."

**Mr. S. P. Chambers**: Sir, I would like to deal with this amendment briefly. The Honourable Member has based his argument very largely upon what was said in the Enquiry Report of 1936. He stopped his quotation at a convenient point and offered to read on but I said I would do that for him.

**Mr. Lalchand Navalrai**: My case is good even otherwise.

**Mr. S. P. Chambers:** I will just read the last sentence:

"If the Government is prepared to accept the reduction in the yield of tax involved, a practicable concession, which we consider should not be exceeded in view of what is said above, would be to ascertain the rate of tax applicable, in cases where there are more than one adult married male member, by dividing the family's income by two, but to include in the income of the Joint Family the individual income of all members (including wives and minor children) from whatever source derived whether covered by the Hindu Gains of Learning Act or not, and to abolish the special scale of super-tax rates for Hindu Undivided Families."

That recommendation was one to be taken as a whole and not in pieces. Obviously if one takes that part of the recommendation which gives tax away and not the other part the cost is very much greater than the modified relief. The total cost of this amendment, without the modification suggested in the Enquiry Report, is estimated to be about Rs. 40 lakhs and that is more than the Government could possibly afford unless there was unanimous support for such a recommendation; but among the opinions on the Enquiry Committee's Report, the opinion from Hindu Associations seem in general to be unanimously against the recommendation in the report. The Honourable Member objected to the Finance Member taking some recommendations in the report and rejecting others. Well, I think the Honourable the Finance Member is entitled to take into account public opinion as he has done in this case; and in this case the opinion was to the effect that the associations would prefer the existing situation and that is exactly what the Finance Member has done. . . .

**Mr. Lalchand Navarai:** May I know if those associations wanted that there should be no relief given to the joint Hindu family at all absolutely?

**Mr. S. P. Chambers:** Obviously no person in his right mind would make a representation that we should not give him relief from tax; but I said the recommendation, as a whole, was not acceptable, and the recommendation, as a whole, was, therefore, not accepted by Government. Sir, I oppose this amendment.

**Mr. T. Chapman-Mortimer:** Sir, my Honourable friend, Mr. Lalchand Navarai, has told us in his usual somewhat vigorous style that he would like to make a substantial change in the new schedule of rates of income-tax, a change so substantial as to amount for, as we have heard, something like Rs. 40 lakhs. I am sorry I cannot support him; but in expressing my opposition I feel I must, at the same time, take the opportunity that this debate affords to deal with three points. The first point is to dispel a wrong impression that, unfortunately, arose out of the concluding remarks in the speech I made in this House two days ago; the second is to state why this Group is giving full support to the new Schedule rates of the Income and Super-taxes and my views on the Honourable the Finance Member's attitude towards income-taxes generally during his five years of office, and thirdly, to deal with a point made yesterday by my friend, the Honourable the Leader of the Opposition, that is, if I understood him correctly. In regard, Sir, to the first of these points, I find my friend, the Honourable the Finance Member, and possibly other Members of this House, formed an impression as to my views on the income-tax different from that which in fact I intended to convey. I hope to correct matters now. In the conclusion of my remarks on Wednesday, I indicated that the view of the European Group was that the double duty.

**Mr. S. Satyamurti:** On a point of order, Sir, the question before the House is the short amendment of Mr. Lalchand Navalrai as to whether a minimum income of a Hindu undivided family should be exempted or not. I submit it has been constantly ruled here—and it is the practice in the House of Commons also—that that opportunity should not be taken of for a general discussion on particular income-tax proposals generally. I submit, Sir, that my friend should take another suitable opportunity to have his say, and his speech now must be confined to the merits or demerits of the amendment before the House.

**Mr. T. Chapman-Mortimer:** May I just explain? I understood that I created a wrong impression the other day, and before I go on to deal with my remarks, I ask the indulgence of the House to correct that impression.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** Strictly speaking, an explanation about other matters referring to other subjects is not relevant to the amendment before the House. That was the Chair's feeling. The Chair allowed the Honourable Member to proceed up to a certain extent because it thought he was anxious to explain a particular thing; but now since he is going to make a regular speech, the Chair must uphold the point of order and cannot allow him to make a speech.

**Mr. T. Chapman-Mortimer:** I am quite content that I can make my point on the general discussion. I don't mind.

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

"That in Part I-A of Schedule II to the Bill, after entry I, the following entry be inserted:

"2. In case of every Hindu undivided family on the first Rs. 3,500,.....Nil.'"

The motion was negatived.

**Babu Baijnath Bajoria:** Then, the next amendment is No. 2 on Supplementary List No. 2. It is the same as No. 56.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair takes it there is sanction for it.

**Babu Baijnath Bajoria:** Yes. Sir, I move:

"That after part (ii) of the proviso to Part I-A of Schedule II to the Bill, the following be added:

'(iii) for Hindu undivided families with more than one married male member the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act'."

Sir, my amendment is in exact accordance with the recommendations of the Report of the Income-tax Inquiry Committee.

**Mr. Bhulabhai J. Desai:** Hindu Gains of Learning is not the only source of separate income.

**Babu Baijnath Bajoria:** My amendment is exactly on the same lines as the recommendations made by Mr. Chambers.

**Some Honourable Members:** No, no.

**Babu Baijnath Bajoria:** I find that some Honourable Members say it is not so, but I shall just read out a few lines from this Report to prove that it is so. The recommendation was to ascertain the rate of tax applicable in cases where there were more than one adult married male member, by dividing the family's income by two, but to include in the income of the joint family the individual income of all members (including the incomes of the wives and children). I think this is the portion which my friends have probably in mind, and I shall explain it presently.

**Mr. Bhulabhai J. Desai:** You will have to pay a large fee to Sir Nripendra Sircar to explain it to you.

**Babu Baijnath Bajoria:** I shall ask both the Honourable the Law Member and the Honourable the Leader of the Opposition, both of whom are eminent lawyers, to explain the position. I think the House expects an explanation from both these gentlemen so that all Members may judge this question properly. Sir, the only difference, as far as I can perceive, is that the incomes of wives and minor children have not been included in the income of the individual or of the joint family, because the Select Committee and this House rejected that proposition altogether. But that was not only for Hindu undivided families, but for all individuals. So, my point is, that if that was not accepted, the Hindu undivided family did not gain anything specially by that; all sections of the community will get its benefit. But this recommendation is here that the income of the Hindu undivided family should be divided by two if there are more than one adult married male members in the family. Of course, justice demanded that there should be some further concessions, and that the income of the Hindu undivided family should be divided by the number of adult married male members and the rate of tax should be the rate applicable to the income of each individual. But I know that will cause a great loss of revenue which the Honourable the Finance Member will not be able to meet, and so I have tabled this amendment in accordance with the recommendations contained in the Experts' Report. I know the Honourable the Finance Member will say that even this will cost 40 or 50 lakhs.

**The Honourable Sir James Grigg:** Only 35 lakhs.

**Babu Baijnath Bajoria:** That is very little. I thought it would cost more. Well, the Finance Member says that if this amendment is carried the Government will lose only 35 lakhs of rupees. My point is, why should only a section of the community be asked to bear this additional burden? It should be distributed amongst all assesses. There are 492,000, if I remember aright the figures, assesses, and the number of Hindu joint family assesses is only 30,000. Why should only 30,000 pay this figure? There should be some justice for the Hindu joint family. If it is said that "the joint families are breaking, let them break" you are giving them a further blow, or I will say, you are giving them slow poison, which causes disruption of the Hindu joint family. The better and more honourable course would have been to ignore the Hindu joint families altogether and not to take account of it and cause immediate death so far as the Income-tax Act is concerned. If there was to be one and the same rate, why should the word "Hindu joint family" be there? They can be treated as individuals and assessed as individuals, and why then are there the words "Hindu undivided family"? Why is there a separate category?

[Babu Baijnath Bajoria.]

Then somebody said that the partition of a Hindu joint family can be done only by notion. If one coparcener gives notice to the other coparceners that they want to separate and be divided, the partition will be made. But from practical experience we know that the position is not so. Many enquiries are made, many conditions have to be fulfilled, and the income-tax people have to be satisfied about many things, about separate living, separate fooding, and separate worship. I know an amendment was moved by me and accepted by this House, and that will go in some way to eliminate that difficulty. If the Hindu joint family is to be taxed as an individual, then all these questions should not be raised at all. If the coparceners say they are separate that much be accepted, but I would like to know whether this will be done, or the same enquiries, the same roving enquiries will be made as is the practice at present. I want to have a clear opinion about this matter, the legal opinion of the Honourable the Law Member as to how the position stands. I was surprised to learn from Mr. Chambers that the general opinion of the Hindu associations in this country was not in favour of this recommendation. I think it may be from the European Associations, or was it from an association representing Hindu joint families?

**Mr. S. P. Chambers:** Yes.

**Babu Baijnath Bajoria:** May I know the names of those associations?

**Mr. S. P. Chambers:** I cannot guarantee that all the members of the associations are Hindu joint families, but I think that some of them are. May I read out the list? The Maharashtra Chamber of Commerce, Bombay, the Seeds Traders Association, Bombay, Bombay Shroff Association, the Millowners' Association, Bombay, the Grain Merchants' Association, Bombay, the Indian Chamber of Commerce, Bengal, the Bengal National Chamber of Commerce, the Merchants' Chamber of the United Provinces.

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

**Babu Baijnath Bajoria:** What did they say?

**Mr. S. P. Chambers:** If the Honourable Member wishes, I have the list here, and I can read out their opinions.

**Babu Baijnath Bajoria:** When I have finished, you may reply. I was surprised that my Honourable friend, Mr. Chapman-Mortimer, opposed it. I doubt whether he has a family at all. This is a point about which we, members of Hindu undivided family, feel very strongly, and I would urge upon the Government that they should not be deterred from doing justice owing to financial reasons. They can find the money by apportioning the loss caused by accepting this amendment, among all the assesseees or by some other means, but they must do justice. What I am asking is not even full justice, but only half of it.

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

"That after part (ii) of the proviso to Part I-A of Schedule II to the Bill, the following be added:

"(iii) for Hindu undivided families with more than one married male member the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act."

**Mr. S. P. Chambers:** This amendment is very similar to the previous one. The two points of difference are, first of all, the earlier amendment moved by Mr. Lalchand Navalrai merely had the effect of approximately doubling the exempt slab; this has the effect of doubling all slabs. The other point is that this is modified by the expression, "if no member thereof claims a separate assessment under the Hindu Gains of Learning Act." On the first point, there is more loss of revenue and I think precisely what I said on the earlier amendment applies here also. On the second point, I think, as was pointed by an interruption, this only deals with a part of the problem. The income under the Hindu Gains of Learning Act does not exhaust all of the separate income of all the members of the Hindu joint family or their wives or children, which it was suggested should be added to the Hindu family's income in the Income-tax Enquiry Report. Apart from that, I have been feeling on this, although I do not press this point, that the expression, "if no member thereof claims a separate assessment under the Hindu Gains of Learning Act" will not have the effect that the Honourable Member anticipates. As the separate income of a member of the family is for all purposes his separate income and as there is no positive provision in the Income-tax Act to amalgamate it with the income of the family, I hardly think that the putting in of a phrase of this kind will have the effect that in other cases we would be able to join up the income of the members with the income of the family.

The effect of this amendment read in that way will, probably, mean loss of more revenue than the earlier amendment. That is all I have to say on the amendment as such. As I was asked where those opinions came from, to which I referred earlier, whilst I do not mean to waste the time of the House in reading out the whole lot of them, I will read out one or two. Let me give one example. The Grain Merchants' Association, Bombay, said:

"They (*the Association's Committee*) believe that the principle obtaining at present is quite alright as it is based not only on law but is just and equitable."

It is difficult for European Members on these Benches to say what is just and equitable if an association of that kind prefer the existing state of the law to a proposal which is intended to give some relief, and clearly we could have hardly proceeded with the proposal. I oppose the amendment.

**Mr. M. S. Aney:** I know the fate of the amendment and I am not going to waste much time in saying anything in support of it. In fact, whatever could have been said on this question has been already said by my friend, Mr. Bajoria, but the one point that has rather troubled me was the reference made by my Honourable friend, Mr. Chambers, to the expression of opinion of certain associations as favouring the position which exists at present. In fact, his own recommendation which he has made to which he is a party is largely in the direction of the amendment which is now proposed here and, I am sure, when he made that recommendation he had before him the evidence of a number of Hindus as well as the opinions of persons or bodies which represented the Hindus at that time and it is because of the expression of opinion placed before him by representative Hindus from all parts of India as well as representative institutions of Hindus from all parts of India that he came to the conclusion that there is a genuine grievance felt by the

[Mr. M. S. Aney.]

**Hindus.** If that was so, I do not understand what are the other institutions which later on thought it worthwhile to change their opinion and to say 'No. There is no need for making any concession whatsoever in favour of the joint Hindu family and there is no need to remove the grievance that exists'. So far as the latter portion of the expression of opinion is concerned, I really do not understand what they mean by saying that what there is at present is equitable and just. It was read out in such a cryptic manner that I was not able to understand exactly to what portion of the recommendations that particular passage has got a reference at all. He may not have meant it but somehow we were misled about the exact trend of opinion of those bodies mentioned. There is only one more remark. It is true that the Hindu Gains of Learning is not the only exclusive source of income in the case of Hindu members. There are other sources and they are not referred to here in this amendment. To that extent the amendment is defective. I can certainly understand that but I do not understand the legal difficulty which was suggested by my friend, Mr. Chambers, that if this amendment is carried out, it will not have legal force. The Hindu Gains of Learning has not been excluded in the original Income-tax Act. Its exclusion here will not have any statutory force. According to him it would have no force at all. I do not understand why it should be so. If we move an amendment here and carry it, it has as much force in law as the original Act. It is for the House to see whether the amendment as proposed should be carried out or not. As my friends, in the Congress Benches, have already come to a decision in the matter, there is little chance of its being carried but so far as justice is concerned, this is the minimum that could have been done to show justice to the Hindu joint family which has been unnecessarily heavily taxed and unjustifiably treated in a discriminating manner.

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

"That after part (ii) of the proviso to Part I-A of Schedule II to the Bill, the following be added :

"(iii) for Hindu undivided families with more than one married male member the above rates shall apply to double the figure of the income noted against each if no member thereof claims a separate assessment under the Hindu Gains of Learning Act."

The motion was negatived.

**Sir Cowasji Jehangir:** Sir, I move :

"That for all the entries in Part II-A of Schedule II to the Bill, the following be substituted :

	Rate.
'(1) On the first Rs. 25,000 of total income	<i>Nil.</i>
(2) On the next Rs. 30,000 of total income ...	One anna in the rupee.
(3) On the next Rs. 45,000 of total income ...	Two annas in the rupee.
(4) On the next Rs. 1,00,000 of total income ...	Three annas in the rupee.
(5) On the next Rs. 1,00,000 of total income ...	Four annas in the rupee.
(6) On the next Rs. 2,00,000 of total income ...	Five annas in the rupee.
(7) On the next Rs. 2,00,000 of total income ...	Six annas in the rupee.
(8) On the balance of the total income	Seven annas in the rupee."

I think the House has by now fairly clearly understood that the increases that have been made in the income-tax are not all according to the slab system. I have said in this House and have been contradicted by the Honourable the Finance Member, that it was never intended that the income-tax and super-tax should be put up any further than what was given as a relief to the lower income-tax payers. I again maintain that it was never intended or it was never present in the minds of the non-official Members of this House. What we agreed to do was to introduce the slab system and, thereby, so arrange the rates as to give considerable relief to the lower assesses and raise the income-tax of those who pay higher income-tax. If the loss was considerable, it would have to be made up in the best way that Government thought. Let me repeat again that the loss that Government make in the concession that they have given to lower income-tax payers in income-tax paid by individuals is 93 lakhs. Now, Sir, let me make another point perfectly clear, that the benefit to the lower income-tax payers is more than 93 lakhs. 93 lakhs is the loss to Government but the exact benefit to the lower income-tax payers is 93 lakhs *plus* the higher income-tax that will be paid by the richer assesses. What that amount is I have not been able to ascertain. Therefore, I for one am very pleased to see that the poorer assesses of income-tax have got this considerable relief. We have been clamouring for this relief for a number of years, and I will repeat, and I think that will be endorsed by every non-official Member of this House, that that relief is welcome, and if we had not wanted to give that relief we might have opposed the slab system. That was what we intended to do and no more, but the Finance Member has taken out of our pockets, over and above the relief he has given, an amount of 76 lakhs of rupees. That is what I resent. If the deficit in the budget was of such a character that it was justified on his part to put up the income-tax and super-tax, he could have said so clearly from the beginning but these are two different things. 93 lakhs have to be made good for the relief of the poorer assesses but that amount does not come into the treasury. It is a relief that is given. The Finance Member now says that he wants more and, therefore, he has raised the super-tax to an extent which would give him 76 lakhs extra. There is not a word in his Budget speech to that effect, whatever he may have had in his mind when the Income-tax Act was being amended, but all we had to go on was the Inquiry Report of 1936, and that Inquiry Report merely showed a scale whereby the lower assesses would get relief and the higher assesses would have to make up for it; and there was no question, through the guise of the slab system, of putting Rs. 76 lakhs on the shoulders of the richer income-tax payers.

By this amendment that I have moved super-tax will be increased by about Rs. 42 or 43 or 44 lakhs instead of 117 lakhs and, thus, there will be a hole of about Rs. 76 lakhs or thereabouts in the pocket of my Honourable friend, if this amendment is passed; that is to say, he will be forced to give up the Rs. 76 lakhs which he added to the total amount over and above the concession he has given to the lower assesses. That in short is the amendment before the House. I must here acknowledge my indebtedness to my Honourable friend, the Finance Member, for having given me considerable assistance in working out this scale. I could not have done it myself, so as to have made it as equitable as possible, and I trust that on examination it will be found that the scale



[Sir Cowasji Jehangir,]

is equitable to all classes of income-tax payers and that it has the effect of reducing the total gain of Rs. 117 lakhs to about Rs. 42 or 43 or 44 lakhs. Now, so much for the amendment itself. When my Honourable friend, Mr. Manu Subedar, was speaking the other day, the Honourable the Finance Member interrupted him, and asked him whether he was here to represent the masses. Now, Sir, I was rather surprised at that question and it made me think. The inference of that question is that the gentleman appointed by His Majesty's Government to be the Finance Member of the Government of India was here as the guardian of all interests, except Industries and Commerce, and whenever anybody got up from any part of this House to defend industries or commerce, he promptly asked, "are you a representative of the masses?"

**An Honourable Member:** Whom does he represent himself?

**Sir Cowasji Jehangir:** Now, Sir, it shows also not only how his mind works, but that he expects, under the constitution under which we are working, that there should be nobody to represent Industries or Trade or Commerce; and again, thinking over this interruption. I come to the conclusion that after five years' stay in our country, after having worked this constitution, good, bad or indifferent, for five years, my Honourable friend, the Finance Member, has still not followed the inner meaning of this constitution,—for, who is my friend, Mr. Manu Subedar? He is a representative directly of Trades and Industries. He is returned by Trades and Industries. His is a special constituency. It is not like the House of Commons where every member is returned by a general constituency. Mr. Manu Subedar is here to represent Trades and Industries.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can leave Mr. Manu Subedar to explain that.

**Sir Cowasji Jehangir:** I raise the point because it has a strong bearing on my amendment. Now, Sir, there are certain Members of this Honourable House who are here to support such amendments, as the ones I have moved, and they represent special constituencies. I do not represent a special constituency. I come here to represent a great and big city in India; and I come here to represent not only Trades and Industries, but the middle classes and the labouring classes and as representing the middle classes and the lower middle classes, I have welcomed the concession that the Honourable Member, through the slab system, gives to the poorer income-tax payer on very low incomes. But, Sir, that is no reason why any of us coming from general constituencies should not see that the Honourable Member does justice to Trade and Industries.

Sir, you can follow the constitution to the letter; you can also follow it in the spirit; and I contend that throughout the five years that my Honourable friend has been Finance Member, he has not followed the constitution in the spirit. He has not followed the constitution in the spirit and perhaps he has not been assisted by his colleagues to do so. The spirit of this constitution, Mr. President, is that the voice of this House should have some effect. The spirit of this constitution is that whenever Government can, they should accept the verdict of this House. In the old days,

working under this very constitution, I have known Finance Members to yield to the wishes of this House when they felt, however much they disagreed with the verdict of this House, that they could do so with a certain amount of safety; but not once, during these five years, has my Honourable friend yielded in any respect. Not once, has he made a concession to the opinion of this House—whether it be for five lakhs or ten lakhs or fifteen lakhs. Today he admitted to have taken two lakhs, it may be a small sum or a trifling sum, out of our pockets. Will he return that? No. Why? Because he has introduced the Budget, and this House shall pass the Budget as he has introduced it and shall have to take it. That is not the spirit of the constitution under which we are working. The power of certification was given to him, in order that the safety of India may be preserved, when certain people came to the conclusion that that safety was jeopardised. That does not mean, as my Honourable friend, the Leader of the Opposition, has so clearly pointed out, that the cutting out of fifty lakhs out of this Budget jeopardizes the financial safety of India. We have differences of opinion as to whether he has over-estimated or not; he has every right to contend that he has not over-estimated, but the spirit of the constitution is that he must also take the opinion of this House into consideration, as to whether he has over-estimated or not. I do not, of course, expect my Honourable friend to accept this amendment. I do not expect him to say, "sit down and I will accept the amendment". Sir, by not following the spirit of this constitution, we have made the working of this House a farce. There is no such thing as reality in our discussions; everything is academic. The Budget is to be certified. You may go on, further cuts may be made, you may cut out another crore, but there is no reality about it. All reality about this Budget has disappeared, and, in fact, all reality for the last five years has disappeared. If we could feel that the Finance Member would be tempted to say that he is prepared to give us, say, 50 or 60 lakhs of rupees and asked us to choose our cuts, it would have been something. We may say that we have differences of opinion as to the over-estimating, but he might have said: "I will take the risk in order that the spirit of this constitution shall be carried out and shall allow you to cut out up to 50 to 60 lakhs of rupees". I am certain that the common sense of this Honourable House would have responded to such an appeal, and we would have had a little more reality in our discussions. But, he has reduced all these discussions in this House to an absolute farce, to an absolute unreality. The Finance Member has converted this House into a debating society, a thing which was never intended by the authors of the Reforms of 1919. I contend most strongly that that was never intended. I, therefore, make a further appeal to the Honourable the Finance Member to consider even now, at this late stage, what he can afford to give. I repeat there may be differences of opinion. He has every right to maintain that he has not over-estimated the budget.

**Mr. Bhalabhai J. Desai:** Question.

**Sir Cowasji Jehangir:** And we have every right to maintain that we think that he has over-estimated it. Put all that aside. Is he prepared now, at this late stage, to say that he will allow a cut of 50 or 60 lakhs of rupees and that the House should give him some indication as to which part they would like him to cut out?

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair supposes the Honourable Member is speaking on the amendment.

**Sir Cowasji Jehangir:** Yes, Sir. Will he be prepared to say that he cannot afford 70 or 80 lakhs but he can afford to give us 50 or 60 lakhs?

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Chair understand that the concession asked for in this amendment amounts to 76 lakhs?

**Sir Cowasji Jehangir:** Yes, Sir. That is all I have got to say. I am not going to press this amendment. One of the reasons for moving this amendment is that I want to give an opportunity to my Honourable friend, Mr. Chapman-Mortimer, to speak and give us his point of view. But I do ask the Honourable Member.....

**Mr. President** (The Honourable Sir Abdur Rahim): Has the Honourable Member moved his amendment?

**Sir Cowasji Jehangir:** Yes, Sir, I have. Before I sit down, I would like to make an appeal to the Honourable the Finance Member that he should really try to make a reality of our debates.

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

"That for all the entries in Part II-A of Schedule II to the Bill, the following be substituted :

	Rate.
(1) On the first Rs. 25,000 of total income ...	Nil.
(2) On the next Rs. 30,000 of total income ...	One anna in the rupee.
(3) On the next Rs. 45,000 of total income ...	Two annas in the rupee.
(4) On the next Rs. 1,00,000 of total income ...	Three annas in the rupee.
(5) On the next Rs. 1,00,000 of total income ...	Four annas in the rupee.
(6) On the next Rs. 2,00,000 of total income ...	Five annas in the rupee.
(7) On the next Rs. 2,00,000 of total income ...	Six annas in the rupee.
(8) On the balance of the total income ...	Seven annas in the rupee."

**The Honourable Sir James Grigg:** Sir, as time is getting on, I do not propose to follow the Honourable Member very far into his constitutional diatribe except to say that I think he is taking a great deal for granted. He assumes that even if I were willing to accept this amendment or not to use external powers to defeat it, if necessary, this House will be willing to pass it. On that my own attitude is this, and I believe, for once, that the vast majority of the House is in complete agreement with me. If I had 50, 60 or 70 lakhs to give away, this is the last amendment to which I would give it.

**Sir Cowasji Jehangir:** Which other amendment will you accept?

**The Honourable Sir James Grigg:** Then, Sir, I will make one other point, because the Honourable Member repeated his opinion that when this House was considering the Income-tax Bill, the agreement arrived at was on the basis that no more should be raised from the new slab system than there had been from the old step system. That is not my recollection and, indeed, throughout it was not my intention. I have, once before in the debates, in this House, exposed the secrets of the prison house to the Honourable Member and I will expose them in one more respect. During the domestic budget discussions, I asked some of my advisers as to whether they thought that the scale as given in the report was the best possible scale and whether it could not be altered in various respects and made more generally in accordance with complete equity. I was told two things. In the view of my advisers, this was the best scale. But even if it were not, they were quite clear in their own minds that the scale which the House had considered in relation to the proposed legislation to change

from the step to slab system was this very specimen scale. Therefore, if that was their impression and the feeling of the House and if the Honourable Member has failed to produce any statement or testimony to the contrary, I must remain of my own opinion in this matter as in so many others, as he complains.

**Sir Cowasji Jehangir:** Sir, I do not press the amendment, and I wish to withdraw it.

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

**Mr. T. S. Avinashilingam Othttlar:** Sir, I beg to move:

"That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:

- 'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

It will be seen that till now in the Schedules to the Income-tax Act a provision of exemption of Rs. 75,000 was given. But under the new provisions, in the Bill under discussion, that exemption has been taken away and the Honourable Member in his speech declared in one line that the exemption hitherto given to the Hindu joint family has been taken away. The Honourable the Finance Member just now said that one of the reasons for adopting the scale of taxation in income-tax and super-tax in the present Bill was that when the House discussed the Income-tax Amending Bill it was having before it these figures. But may I tell him that when the Bill was under discussion the whole of the figures were under the review of the House and not the figures only with regard to the rate of taxation? Now, in Appendix II specimen scales of rates under slab system are specifically given and no idea was given to us anywhere that this exemption of the super-tax that was given to the undivided Hindu family will be taken away in the Finance Bill. I do think that whatever may be the case with regard to other rates of taxation, in this he has really gone behind the back of this House and to a certain extent, if I may say so, has proved false to the idea that he had given to us. I would like to point out the exemption that has been taken away.

The present provision affects the Hindu undivided family in a very adverse manner for two reasons. Firstly, that the income-tax rates for the higher incomes have been increased for all individuals and Hindu undivided families have to suffer that increase along with other people. Besides the increase which they have already got to pay with regard to income-tax, they have again to pay super-tax on the increased form as it is found in the Finance Bill which is more exacting than it was. Over and above these the exemption limit was previously at Rs. 75 thousand and this has been taken away now under the new scale. It is bound to produce more hardship in the Hindu undivided family. The hardships that it works out as it was contained in the previous Finance Bill were accepted by many. I do not want to rely upon the authority of a report that was produced by the three supposed experts to prove that injustice was done. Any Jack that comes from England writes a report and we need not quote that as authority for the position which one may take on justice and fairness. The Hindu undivided family consisting as it does of more members than one, it is quite just that at least in the matter of super-tax exemption that was given before, the same exemption of Rs. 75,000 should be allowed. But in this amendment, we do not seek to ask for exemption to the extent

[Mr. T. S. Avinashilingam Chettiar.]

of Rs. 75,000. We ask for exemption only to the extent of Rs. 45,000. I think that we are meeting Government half way and, therefore, I hope the Government will see the justice of our demand and accept the amendment. I appeal to the House to accept this amendment. Sir, I move.

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

\* "That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:

'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

**Mr. S. P. Chambers:** Sir, I want to deal with this amendment quite briefly because, in the main, what I have said on the amendments on the subject of income-tax payable by a Hindu undivided family applies also to super-tax payable by a Hindu undivided family. I have already pointed out that the recommendations in the Income-tax Enquiry report were in fact put up as a single body of recommendations on this point. There was no attempt at giving something away without taking something back on the same subject. For that reason I hardly think that the suggestion that in the Enquiry committee report it was recommended that we should give any relief in this manner is really justified. What I said on the subject of income-tax payable by Hindu undivided families, I need hardly repeat. Briefly, there are clearly some considerable advantages in the treatment of Hindu undivided families under the present Act. There can be no question about that. Any amendment to that is clearly a difficult matter. On the question of income-tax this House has already rejected the amendment to give relief in the manner proposed in an earlier amendment and if we are going to give any relief at all to Hindu undivided families it would certainly not be only to those families that pay super-tax if any money was available, but it should go to those who pay income-tax. Sir, I oppose the amendment.

**Babu Baijnath Bajoria:** Sir, I rise to support this amendment. At last an amendment has come from the Congress Benches to give relief to Hindu undivided families. I quite realise that this amendment will give relief comparatively to a small number of families and not to all the Hindu undivided families because the Hindu undivided families which have an income of more than Rs. 25,000 will only be benefited and their number is very small. But still, Sir, half a loaf is better than no loaf. As my Leader suggests this will also mean the acceptance of the principle that Hindu undivided families have got some claim to be treated in a differential manner to that of an individual. Obviously, when Rs. 75,000 were exempted before charging the income of an undivided Hindu family to super-tax, I think the guiding principle was that this income was earned not by one individual but by several individuals and this accounted for the swelling up of the total to a higher figure. That was why super-tax was exempted to a higher figure than in the case of ordinary individuals. On that basis, I think the original figure should have remained, but still we will be partially satisfied if this amendment is adopted. But I see there is no hope for that. But still I support the amendment.

**Sir Gowaji Jehangir:** Sir, I am not able quite to follow this amendment. I seek advice and information. The amendment says:

"On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons."

Then that means a company.

**Mr. Bhulabhai J. Desai:** Company is a different entity.

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

"That in Part II-A of Schedule II to the Bill, in entry 1 for the words and figures 'On the first Rs. 25,000 of total income' the following be substituted:—"

'On the first Rs. 45,000 of the total income of every Hindu undivided family and the first Rs. 25,000 of total income of every individual, unregistered firm or other association of persons'."

The Assembly divided.

AYES—52.

Abdul Qaiyum, Mr.  
Aney, Mr. M. S.  
Ayyangar, Mr. M. Ananthasayinam.  
Bajoria, Babu Baijnath.  
Basu, Mr. R. N.  
Bhagchand Soni, Bai Bahadur Seth.  
Chaliha, Mr. Kuladhar.  
Chaudhury, Mr. Brojendra Narayan.  
Chettiar, Mr. T. S. Avinashilingam.  
Chetty, Mr. Sami Vencatachelam.  
Das, Mr. B.  
Desai, Mr. Bhulabhai J.  
Deshmukh, Dr. G. V.  
Deshmukh, Mr. Govind V.  
Gadgil, Mr. N. V.  
Govind Das, Seth.  
Gupta, Mr. K. S.  
Hans Raj, Raizada.  
Hegde, Sri K. B. Jinaraja.  
Hosmani, Mr. S. K.  
Jedhe, Mr. K. M.  
Jehangir, Sir Cowasji.  
Jogendra Singh, Sardar.  
Kailash Behari Lal, Babu.  
Lahiri Chaudhury, Mr. D. K.  
Lalchand Navabhai, Mr.  
Maitra, Pandit Lakshmi Kanta.

Malaviya, Pandit Krishna Kant.  
Mangal Singh, Sardar.  
Manu Subedar, Mr.  
Misra, Pandit Shambhu Dayal.  
Mudaliar, Mr. C. N. Muthuranga.  
Paliwal, Pandit Sri Krishna Dutta.  
Pande, Mr. Badri Dutt.  
Parma Nand, Bhai.  
Raghubir Narayan Singh, Choudhri.  
Rajah, Raja Sir Vasudeva.  
Ramayan Prasad, Mr.  
Ranga, Prof. N. G.  
Rao, Mr. M. Thirumala.  
Saksena, Mr. Mohan Lal.  
Sant Singh, Sardar.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Sheodasa Daga, Seth.  
Singh, Mr. Gauri Shankar.  
Singh, Mr. Ram Narayan.  
Sinha, Mr. Satya Narayan.  
Som, Mr. Suryya Kumar.  
Sri Prakasa, Mr.  
Shubharayan, Shrimati K. Radha Bai.  
Varma, Mr. B. B.

NOES—45.

Abdul Hamid, Khan Bahadur Sir.  
Abdur Rasheed Chaudhury, Maulvi.  
Aikman, Mr. A.  
Aiyar, Mr. T. S. Sankara.  
Ayyar, Mr. N. M.  
Bajpai, Sir Girja Shankar.  
Bewoor, Mr. G. V.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chambers, Mr. S. P.  
Chanda, Mr. A. K.  
Chapman-Mortimer, Mr. T.  
Christie, Mr. W. H. J.  
Dalal, Dr. B. D.  
Dalpat Singh, Sardar Bahadur Captain.  
Gidney, Lieut.-Colonel Sir Henry.  
Greer, Mr. B. R. T.  
Grigg, The Honourable Sir James.  
Hardman, Mr. J. S.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur Sardar Sir.  
Joshi, Mr. N. M.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.  
Mackeown, Mr. J. A.  
Maxwell, The Honourable Sir Reginald.  
Menon, Mr. P. A.  
Menon, Mr. P. M.  
Metcalfe, Sir Aubrey.  
Miller, Mr. C. C.  
Mukerji, Mr. Basanta Kumar.  
Nur Muhammad, Khan Bahadur Shaikh.  
Ogilvie, Mr. C. M. G.  
Rahman, Lieut.-Col. M. A.  
Row, Mr. K. Sanjiva.  
Sher Muhammad Khan, Captain Sardar Sir.  
Sircar, The Honourable Sir Nripendra.  
Sivarej, Rao Sahib N.  
Slade, Mr. M.  
Spence, Mr. G. H.  
Stewart, The Honourable Sir Thomas.  
Sukthanker, Mr. Y. N.  
Sundaram, Mr. V. S.  
Zafrullah Khan, The Honourable Sir Muhammad,

The motion was adopted

**Maulvi Abdur Rasheed Chaudhury** (Assam: Muhammadan): Sir, I move:

"That in part II-A of Schedule II to the Bill, for entries 5, 6, 7 and 8 the following be substituted:

'5. On the balance of total income ... Four annas in the rupee'."

I know that the Finance Member and his supporters will oppose this amendment, but I hope everyone will see that what I am saying is in the best interests of the country. And I have also a ray of hope that at the eleventh hour the Finance Member will come to my rescue. The Finance Member told Sir Cowasji Jehangir that he would not give any concessions so far as his amendments were concerned. From that I have a ray of hope that he may relent a little so far as my amendment is concerned. Whether it is as a concession or not I must say what I have got in my mind. According to Schedule II, part 1, we find that an income of over Rs. 125,000 has to pay income-tax of 2a. 6p. I want that it should bear that income-tax at 2a. 6p. *plus* super-tax not exceeding four annas. That is the sum and substance of my amendment. Nominally it would come to 6a. 6p. in all per rupee of income, but the House will remember that in passing the Income-tax Act issues have become confused and income has been allowed to include a portion of expenditure also, such as capitalised share, depreciation, etc. So although nominally it will be 6a. 6p. it will actually be more and though I have no figures, I think it will be seven annas or probably even eight annas. But this much we can give the Finance Member ungrudgingly and willingly. But if he wants to take anything more we will say "Please cry a halt. We do not want to give any more without a fight." My first objection is that ours is a poor country and the majority of the people are poor. The Finance Member said that in Britain the people are paying as much as eleven annas in the rupee, but a simple comparison will show that we cannot afford to pay so much. Our income is only about Rs. 84 per year per head of the population, while theirs is eleven times more. So even if one levied eleven annas on their income, they would still have 400 or 500 rupees left in their pockets, while here with an income of 70 or 80 rupees, if we pay even eight annas, we will be left only with about 30 or 40 rupees in our pockets. That will not be sufficient even for our maintenance. I have taken only one comparison. I am told that the persons with an income of over Rs. 125,000 a year are only 360. So if the present Finance Bill, which imposes seven annas super-tax *plus* 2½ annas income-tax, making a total of 9½ annas in the rupee nominally but ten or eleven annas actually, is passed, it will, in the course of a few years, have the effect of reducing their numbers. We cannot afford to do that. Our country is undeveloped and we want money to develop our industries. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not repeat all that. All that has been said often during the course of discussions.

**Maulvi Abdur Rasheed Chaudhury**: I am not repeating, Sir. The analogy of England cannot apply to this country. First of all, England is an independent country while India is a dependent country. Every pie that is earned in Europe is spent in Europe and remains within its boundaries.

**Mr. President** (The Honourable Sir Abdur Rahim): That is not relevant to the amendment.

**Maulvi Abdur Rasheed Chaudhury:** I think what I say is relevant. I have said that I want that money should be in our country so that our industries may be developed. In India the State has no concern with our industries: it does not lift its little finger to encourage industries; but it is quite different so far as their country is concerned. Our trade associations, our chambers of commerce. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would ask the Honourable Member to speak to this amendment, which is an amendment to reduce the tax on certain incomes.

**Maulvi Abdur Rasheed Chaudhury:** What I am saying is relevant. Otherwise how can I develop my argument in support of it?

**Mr. President** (The Honourable Sir Abdur Rahim): No, no. The Honourable Member must speak to the amendment. The Chair will not have any sort of general arguments like that now.

**Maulvi Abdur Rasheed Chaudhury:** I feel, Sir, I need not move the amendment and, therefore, I resume my seat.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has not put the amendment to the House. The Honourable Member ought not to have moved it. The Chair will pass on to the next amendment. The Chair takes it he does not move it.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, I move:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

1. In respect of the first Rs. 30,000 of total income ... Nil.
2. On the balance of total income ... One anna in the Rupee."

Sir, the point which I wish to lay before the House,—I will try to be brief,—is this, that there are about ten thousand companies working in this country, and they are well distributed in all the provinces. They are distributed in this manner,—in Bengal 4,900, Bombay and Sind 1,400, Madras 1,262, United Provinces 406, the Punjab 786, Central Provinces and Berar 78, Assam 192, and in Delhi itself there are no less than 202 companies working. Sir, it is a general principle in all civilized Governments to encourage the form of joint stock enterprise, while in this country we find that, unfortunately, instead of affording any encouragement, there is a method in systematically discouraging this form of enterprise. I do not wish to dilate on the advantages of joint stock enterprise; how large enterprises could not be undertaken by one individual even by putting all his money into the enterprise, and how risky undertakings require co-operation with limited liability, but generally it is well-recognised in all countries of the world, and, particularly, in a backward country like India this form of enterprise is one which needs all the encouragement possible. Now, Sir, when it was a question of tightening the Companies Act, we all co-operated with the Government, because, we want the business organizations of our country to be placed on the best possible basis and to be as free and as clear from abuses as possible. But when it is a question of taxation, there is one method of discouragement which is worse than any other, and that is the method of taxation. Sir, I find that the taxation on



[Mr. Manu Subedar.]

companies has been increased systematically. In 1929, the rate of income-tax payable by a limited company was Re. 0-1-6 in the rupee. This was the rate which was payable on the whole income whether it was one rupee or any amount. Then in 1930 it was raised to Re. 0-1-7, in 1931 it was raised to Re. 0-2-0, then a surcharge was put on. Then, in 1933, it was raised to Re. 0-2-2, and now the Honourable the Finance Member seeks to raise it from Re. 0-2-4½ to Re. 0-2-6. This is certainly a very heavy rate, but in addition to this, the Honourable the Finance Member now proposes that the exemption for all joint stock companies with regard to super-tax should be taken away. My submission, Sir, is this. We heard the Honourable the Finance Member say a good deal in defence of the slab system. The outstanding merit of the slab system over the step system which was pointed out to us was that lower incomes would pay less. The Honourable the Finance Member sung a lullaby with regard to the advantages of the slab system. He persuaded this House to adopt it, and now all I say is this, that he is himself by his proposal denying, to joint stock companies, this particular benefit of which he himself was the most outstanding exponent before this House. I say, Sir, that there are numerous small companies. Out of these 10,000 companies, or 9,400 companies to be correct, the companies which pay super-tax under the present scale would not be very many. It is usual, Sir, to associate very large profits with large companies. There are a few large companies in this country, public utility companies like the Telephone companies, the Steel works, a few textile mills, and also a few of the older businesses like banks and others, who are making very large profits, but my submission is that the largest number of the companies are small companies. When they are not small, they are making losses. When a company incurs a loss, the Government do not come and contribute or offer to make up that loss . . .

**The Honourable Sir James Grigg:** We do it in the new Income-tax Act.

**Mr. Manu Subedar:** When a company makes a very small profit, the Government want to take it, but when the company itself is very small, it is made to pay much more. Supposing there is a company with a capital of say Rs. 10,000. Instead of a man engaging in business with Rs. 10,000, instead of any Honourable Member here putting some money in some business, he puts his son saying—'All right, I can give you a little money and you collect a little more from other friends and you start a little shop'. Instead of a man doing work on his own name, if he chooses to do it in the form of a joint stock company, he has to pay no less than Re. 0-3-6 in the rupee on the whole of the income which that company will make under the new dispensation sought to be established by the Honourable the Finance Member. I feel, Sir, that the Honourable the Finance Member has been consistently hostile to business generally, but his hostility stands out, so far as the proposed very savage treatment of this particular class of enterprise is concerned. Sir, the Honourable the Finance Member told us yesterday that the total amount of money he will get in this manner would be 21 lakhs. He told us that a substantial amount out of this 21 lakhs is going to come from companies whose income will not be Rs. 50,000, but a much bigger income and who are now enjoying the exemption. Sir, may I ask why the Finance Member did not introduce

to us a taxation in this form, that when a company makes an income exceeding Rs. 50,000, no exemption would be given to it on the income made up to Rs. 50,000? First of all, he himself seeks to treat all companies alike, the small and the big, and then, when we plead with him that it is a terrible injustice to tax small companies to the extent of  $3\frac{1}{2}$  annas in the rupee, then, Sir, he turns round and says: "Oh, the bulk of this money is coming from the big companies". If that is so, I would like to ask him why did you try to introduce a tax scheme in this form by which the rich and the poor come in alike?

Sir, the Honourable the Finance Member is very fond of talking about the masses, about small men, the class of small men he has favoured in the scheme of income-tax in the slab system. I ask, what happens to men of the same class who are trading in a joint stock form? Are you singling them out for extinction? Are you going to annihilate them by this additional impost which you are going to put? Sir, the Honourable the Finance Member belongs to a corporation or a company which does not pay taxes, but which makes others pay. I was hoping that corporation would go into voluntary liquidation. As a matter of fact, that corporation has been talking for a long time of going into voluntary liquidation, but it appears to me that instead of their going into voluntary liquidation, we will have to get a compulsory order signed by my Honourable friends, Mr. Bhulabhai Desai, Mr. Jinnah and Mr. Aney, the Party Leaders representing the people of this country. Sir, the Honourable the Finance Member will, I am very sorry to say, again accuse me of ascribing motives. I assure this House that I have no intention of doing so, but the facts stare me in the face. He was a revenue official in the United Kingdom, and in that capacity he doubtless discovered that a lot of capital from the United Kingdom was making its way to India, because, the taxation was lower in India. That being so, he came out to this country, and I have no doubt about it,—at least the facts indicate that it must have been so,—he came out to this country, and made up his mind to make arrangements by which this drain of British capital into India in order to escape the very heavy taxation in the United Kingdom could be stopped . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): All this sort of thing has been said several times before. The Chair thinks the Honourable Member must confine himself to the merits of his amendment.

**Mr. Manu Subedar**: I am dealing with the merits. The level of taxation in this country, so far as joint stock companies are concerned, is now being raised to the level which is in the United Kingdom. There is a small difference, but that is a difference of vulgar fractions, which I must hand over to the mathematician in the House to decide. There is a very small difference now, and my submission is that joint stock enterprise in this country is sought to be taxed too heavily. Even if this House, therefore, agrees to the enhancement of the rate from two annas  $4\frac{1}{2}$  pies to two annas six pies, I submit that the proposed exemption should not be taken away from the joint stock companies. The last point I wish to make is this. I have moved an amendment for Rs. 20,000, that is to say, the present exemption of 50,000 goes, but 30,000 remains. I seek to justify this to the House on this ground. When super-tax was charged

[Mr. Manu Subedar.]

on individuals, the original level was 50,000. When Government needed more money and that came down, they rested it at the level of 80,000. But in this present Finance Bill it is sought to be reduced from 80,000 to 25,000 in the case of individuals. My submission is that at least for the time being the House should not agree to the complete exemption of 50,000 being taken away, but that, as in the case of individuals the Government themselves did, we ought to rest at the level of 80,000, and that will relieve most of the small companies. My own guess, though I should like a more precise figure to come from Mr. Chambers if he has got any,—my own guess is that out of 9,500 odd companies, more than three quarters will be saved from the super-tax levied on the basis of this 30,000 level. Another thing is that the amount of Rs. 21 lakhs which the Finance Member calculated and which he thought would be lost, I think, if I understood him rightly,—if the bulk of this money was coming from such companies, in that case it will still continue to come to the treasury to the extent of the tax on incomes between 80,000 and 50,000. If it is a matter, as I expect, of five or seven lakhs which he loses by the measure which I am advocating, I think he ought to be content. He said the other day,—he used words which were historical, his great predecessor Clive used them—he said that he was surprised at his own moderation. I want him to intensify that surprise a little and accept the very modest amendment which I am asking, not to take away the complete exemption from joint stock enterprise in this country, but to allow it to rest at the figure of 80,000.

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

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

- |   |                             |
|---|-----------------------------|
| 1. In respect of the first Rs. 30,000 of total income ... | <i>Nil.</i>                 |
| 2. On the balance of total income ...                     | ... One anna in the Rupee." |

**The Honourable Sir James Grigg:** I oppose the amendment. The Honourable Member is talking in terms solely of small companies, but the exemption which he proposes to give will give the exemption of 80,000 to every company, large or small, and we cannot afford the money. He mentioned a net figure of 21 lakhs for company super-tax from the abolition of the exemption. But that is the net amount after allowing for the abolition of the surcharge, and if you take that into account the figure of 21 lakhs would be increased to 35 or 40 lakhs, and the proportionate part of that would be 20 or 25 lakhs. I simply cannot afford it.

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

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

- |  |                             |
|--|-----------------------------|
| 1. In respect of the first Rs 30,000 of total income ... | <i>Nil.</i>                 |
| 2. On the balance of total income ...                    | ... One anna in the Rupee." |

The motion was negatived.

**Babu Baijnath Bajoria:** I beg to move:

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

- |   |                             |
|---|-----------------------------|
| 1. In respect of the first Rs. 25,000 of total income ... | <i>Nil.</i>                 |
| 2. On the balance of total income ...                     | ... One anna in the Rupee." |

I do not want to make a big speech on this. I only want to say a few words, and that is, that when all individuals, Hindu undivided families, associations, are all exempt from the first 25,000 from the payment of super-tax, why should the companies be taxed on the first 25,000 of their income? In my opinion it will be the smaller companies which will be more hit by the abolition of the exemption of Rs. 50,000 than the bigger companies. If this amendment is carried, smaller companies with less than 25,000 income will not have to pay the corporation tax at all, whereas the bigger companies will get relief only to the extent of 25,000. I am pleading the cause of the smaller companies, which was done so eloquently by my Honourable friend, Mr. Manu Subedar. At the present moment there is a tendency for formation of small companies, and this abolition of exemption will be a great handicap to that process and it will retard the progress of industries in this country. Though there is no chance of this amendment being carried, I move it so that it may be on record.

**The Honourable Sir James Grigg:** I oppose the amendment.

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

"That in Part II-B of Schedule II to the Bill, for all the words occurring after the words 'local authority' the following be substituted:

'1. In respect of the first Rs. 25,000 of total income ...

*Nil.*

2. On the balance of total income ... One anna in the Rupee'."

The motion was negatived.

**Mr. M. Ananthasayanam Ayyangar:** I beg to move:

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

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

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

**The Honourable Sir James Grigg:** Sir, I oppose the amendment, in spite of the fact that the Honourable Member has moved it in the shortest speech that he has ever made in this life. This amendment is, of course, free from the objection which I mentioned just now that the relief will be not to all companies, big and small, but only to the latter, and, therefore, it is less objectionable in principle. But I would point out to the Honourable Member that he has made no provision for marginal relief anyhow. But if Honourable Members will refer to the Income-tax Inquiry Report, they will find that the grounds on which they proposed the abolition of the super-tax exemption were grounds of principle and not of cost alone and they quoted from the Taxation Inquiry Report of 1924-25. I will just read a few sentences.

"If the tax is recognised as a corporation profits tax, it becomes clear that the exemption limit of Rs. 50,000 is illogical. Small companies derive relatively as much advantage as large ones from the privilege of incorporation and the amount of profit made by a company bears no necessary relation to the wealth or poverty of its shareholders. It is recommended therefore that the present exemption limit, which seems to have been based on a false analogy, should be abolished."

Sir, I oppose the amendment.

**Mr. T. S. Avinashilingam Chettiar:** The quotation that the Honourable the Finance Member made is by no means complete. It must be examined on its merits. We find that this tax will do a lot of hardship. I shall not go into the grounds which have been covered by my friend, Mr. Manu Subedar, in his speech over a previous amendment. I would like to tell the House what the effect of this tax will be. There are companies and companies. There are companies with a capital of two lakhs or five lakhs or more. There are companies with a paid up capital of much less than a lakh, about 50 thousand or 60 thousand. Let us examine the position of a company which gets an income of Rs. 5,000 and also see how it compares with the tax levied on individuals with the same income. Take the case of an individual who gets Rs. 5,000. He has to pay income-tax of Rs. 151-9-0. As far as the companies are concerned it comes to Rs. 780-8-0. That is for the income-tax alone and for the super-tax another Rs. 312-8-0. That is Rs. 1,092. That means that for the same income, an individual, a firm or an association of persons pay Rs. 151-9-0 and a company pays Rs. 1,092. May I ask whether it is fair? Is that the way in which the growth of companies is to be encouraged? I come to Rs. 10,000. There is no super-tax for him because super-tax begins only after 25,000, when an individual pays 540, the company for the same income pays 2,186. The position is all right for big companies like those started by Sir Cowasji Jehangir with capital of five lakhs or ten lakhs but it is the poor man's companies with a capital of one lakh or less than one lakh that will be affected. They would not be able to compete in the open market, because the tax will lie on them heavily and they would not be able to compete with individuals. For this reason I think that this tax will result in materially discouraging the growth of companies. Not only that. It will result in killing some of the companies for the reason that they will not be able to compete with individuals who do not have to pay these taxes. The Honourable the Finance Member quotes from the Taxation Report whenever it suits him. These things have to be judged on their own merits. I do not know what the position in England is but as far as India is concerned this tax will be a handicap in the growth of smaller companies and I feel that this exemption is absolutely essential. Sir, I support the motion.

**Mr. Manu Subedar:** I shall be very brief. I will only cover the ground that my friend has covered in his reply. I want to mention to the House that joint stock enterprise is now being victimised in order to cover up an error of Government themselves. There is, under section 311, a definition of corporation tax which the Honourable the Finance Member himself, on one of the previous occasions, said was a rather awkward definition and would want to be amended. I do not know whether in the amendment of the Government of India Act, now in hand, this amendment is going to be made. I want to put before the House the position as I see it. If Rs. 10 is taken from me on one account and Rs. 10 on another account, I still have to pay Rs. 20 and to say that part of it was for incorporation and part of it for some other purpose is not fair. Both these levies are scaled on the actual income made by companies. The party paying is the same. The party collecting is the same. The credit in the Government accounts is also under the same head of corporation tax and to bring before the House the dilemma that the benefit of incorporation is as real to little companies as

it is to big companies and, therefore, heavy tax should be levied on small companies is somewhat unfair. In addition to what I have said before, may I say that this savage treatment of business interests generally and of joint stock companies in particular at the hands of the Finance Member will remain one of the darkest pages of British administration in this country. Sir, I support the motion.

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

"That in the entry in Part II-B of Schedule II to the Bill after the words 'total income' the words 'if it exceeds Rs. 10,000' be inserted."

The Assembly divided:

AYES—51

Abdul Qaiyum. Mr.  
Abdur Rasheed Chaudhury, Maulvi.  
Aney, Mr. M. S.  
Ayyangar, Mr. M. Ananthasayanam.  
Bajoria, Babu Baijnath.  
Basu, Mr. R. N.  
Bhagchand Soni, Rai Bahadur Seth.  
Chaliha, Mr. Kuladhar.  
Chaudhury, Mr. Brojendra Narayan.  
Chettiar, Mr. T. S. Avinashilingam.  
Chetty, Mr. Sami Vencatachelum.  
Das, Mr. B.  
Desai, Mr. Bhulabhai J.  
Deshmukh, Dr. G. V.  
Deshmukh, Mr. Govind V.  
Gadgil, Mr. N. V.  
Govind Das, Seth.  
Gupta, Mr. K. S.  
Hans Rai, Raizada.  
Hegde, Sri K. B. Jinaraja.  
Hosmani, Mr. S. K.  
Jehangir, Sir Cowasji.  
Jogendra Singh, Sirdar.  
Joshi, Mr. N. M.  
Kailash Behari Lal, Babu.  
Lahiri Chaudhury, Mr. D. K.

Lalchand Navalrai, Mr.  
Maitra, Pandit Lakshmi Kanta.  
Mangal Singh, Sardar.  
Manu Subedar, Mr.  
Misra, Pandit Shambhu Dayal.  
Mody, Sir H. P.  
Mudaliar, Mr. C. N. Muthuranga.  
Paliwal, Pandit Sri Krishna Dutta.  
Pande, Mr. Badri Dutt.  
Raghubir Narayan Singh, Choudhri.  
Ramayan Prasad, Mr.  
Ranga, Prof. N. G.  
Rao, Mr. M. Thirumala.  
Saksena, Mr. Mohan Lal.  
Sant Singh, Sardar.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Sheodass Daga, Seth.  
Singh, Mr. Gauri Shankar.  
Singh, Mr. Ram Narayan.  
Sinha, Mr. Satya Narayan.  
Som, Mr. Suryya Kumar.  
Sri Prakasa, Mr.  
Subbarayan, Shrimati K. Radha Bai.  
Varma, Mr. B. B.

NOES—43

Abdul Hamid, Khan Bahadur Sir.  
Aikman, Mr. A.  
Aiyar, Mr. T. S. Sankara.  
Ayyar, Mr. N. M.  
Bajpai, Sir Girja Shankar.  
Bewoor, Mr. G. V.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chambers, Mr. S. P.  
Chanda, Mr. A. K.  
Chapman-Mortimer, Mr. T.  
Christie, Mr. W. H. J.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur  
Captain.  
Greer, Mr. B. R. T.  
Grigg, The Honourable Sir James.  
Hardman, Mr. J. S.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur  
Sardar Sir.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Kushalpal Singh, Raja Bahadur.  
Lillie, Mr. C. J. W.  
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir  
Reginald.  
Menon, Mr. P. A.  
Menon, Mr. P. M.  
Metcalf, Sir Aubrey.  
Miller, Mr. C. C.  
Mukerji, Mr. Basanta Kumar.  
Nur Muhammad, Khan Bahadur  
Shaikh.  
Ogilvie, Mr. C. M. G.  
Rahman, Lieut.-Col. M. A.  
Row, Mr. K. Sanjiva.  
Scott, Mr. J. Ramsay.  
Sher Muhammad Khan, Captain  
Sardar Sir.  
Sircar, The Honourable Sir  
Nripendra.  
Sivara, Rao Sahib N.  
Slade, Mr. M.  
Spence, Mr. G. H.  
Stewart, The Honourable Sir Thomas.  
Sukthakar, Mr. Y. N.  
Sundaram, Mr. V. S.  
Zafarullah Khan, The Honourable Sir  
Muhammad.

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That Schedule II, as amended, stand part of the Bill."

The motion was adopted.

Schedule II, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 1 stand part of the Bill."

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

"That in sub-clause (1) of clause 1 of the Bill, before the word 'Indian' the word 'British' be inserted."

This is only a consequential amendment. Sir, I move.

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

"That in sub-clause (1) of clause 1 of the Bill, before the word 'Indian' the word 'British' be inserted."

The motion was adopted.

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

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

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

"That the Preamble stand part of the Bill."

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

"That in the Preamble to the Bill, the words 'to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934' be omitted."

**The Honourable Sir James Grigg**: Sir, this is a consequential amendment, and I shall not be so silly as to divide the House on it.

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

"That in the Preamble to the Bill, the words 'to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934' be omitted."

The motion was adopted.

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

"That the Long Title stand part of the Bill."

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

"That in the Long Title of the Bill, the words 'to vary certain duties leviable under the Indian Tariff Act, 1934' be omitted."

This is only consequential, and I move.

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

"That in the Long Title of the Bill, the words 'to vary certain duties leviable under the Indian Tariff Act, 1934' be omitted."

The motion was adopted.

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

"That the Title and Preamble, as amended, stand part of the Bill."

The motion was adopted.

The Title and the Preamble, as amended, were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): Sir James Grigg.

**The Honourable Sir James Grigg:** Sir, I do not move.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 25th March, 1939.