

19th March 1942

THE LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume II, 1942

(11th March to 2nd April, 1942)

FIFTEENTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1942



NEW DELHI : PRINTED BY THE MANAGER
GOVERNMENT OF INDIA PRESS : 1942

LEGISLATIVE ASSEMBLY.

President:

The Honourable Sir ABDUR RAHIM, K.C.S.I.

Deputy President:

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

Panel of Chairmen:

SYED GHULAM BHIK NAIRANG, M.L.A.

Lieut.-Colonel Sir HENRY GIDNEY, M.L.A.

Sir HENRY RICHARDSON, M.L.A.

Sir COWASJI JEHANGIR, Bart., K.C.I.E., O.B.E., M.L.A.

Secretary:

Mian MUHAMMAD RAFI, Barrister-at-Law.

Assistants of the Secretary:

Mr. M. N. KAUL, Barrister-at-Law.

Khan Bahadur S. G. HASNAIN.

Marshal:

Captain Haji Sardar NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions:

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

SYED GHULAM BHIK NAIRANG, M.L.A.

Mr. JAMNADAS M. MEHTA, M.L.A.

Sir ABDUL HALIM GHUZHNAVI, M.L.A.

Mr. N. M. JOSHI, M.L.A.

CONTENTS.

VOLUME II.—11th March to 2nd April 1942.

	PAGES.		PAGES.
WEDNESDAY, 11TH MARCH, 1942—		MONDAY, 16TH MARCH, 1942—	
Member Sworn	959	Starred Questions and Answers	1145—52
Starred Questions and Answers	959—67	Motion for Adjournment <i>re</i> Alleged unmannerly and rude Treatment by a British Officer of the Information Department—Ruled out of order	1152—53
Unstarred Questions and Answers	967—70	The Industrial Statistics Bill	1153
Motion for Adjournment <i>re</i> —Alleged misconduct of Soldiers at Hujur Paga near Poona—Leave refused	970—71	The Agricultural Produce (Grading and Marking) Amendment Bill—Introduced	1153
Shortage of Wheat and Wheat Flour in Delhi—Withdrawn	971, 1014—33	The Indian Tolls (Army) Amendment Bill—Introduced	1153—54
Message from the Council of State	971	The Indian Finance Bill—Discussion on the motion to consider not concluded	1154—1200
Election of Members on the Standing Committee for the Department of Commerce	972	TUESDAY, 17TH MARCH, 1942—	
Election of Members on the Standing Committee for the Department of Communications	972	Member Sworn	1201
Election of Members on the Standing Committee for Roads	972	Starred Questions and Answers	1201—10
Election of the Standing Finance Committee for Railways	972—73	Unstarred Question and Answer	1210—12
Election of the Central Advisory Council for Railways	973—75	Short Notice Question and Answer	1213—16
The Weekly Holidays Bill—Presentation of the Report of the Select Committee	975	Election of Members to the Standing Committee for the Department of Commerce	1216
The Indian Finance Bill—Discussion on the motion to consider not concluded	975—1014	The Cantonments (Amendment) Bill—Introduced	1216—17
THURSDAY, 12TH MARCH, 1942—		The Indian Finance Bill—Discussion on the motion to consider not concluded	1217—68
Member Sworn	1035	WEDNESDAY, 18TH MARCH, 1942—	
Starred Questions and Answers	1035—38	Member Sworn	1269
The Indian Finance Bill—Discussion on the motion to consider not concluded	1038—88	Starred Questions and Answers	1269—76
FRIDAY, 13TH MARCH, 1942—		Statements laid on the Table	1276—78
Starred Questions and Answers	1089—90	Motion for Adjournment <i>re</i> Closing of certain Latrines to the Clerks of the Railway Clearing Accounts Office—Ruled out of order	1278—79
Statements laid on the Table	1090—93	Election of Members to the Standing Finance Committee for Railways	1279
The Indian Finance Bill—Discussion on the motion to consider not concluded	1094—1144		

PAGES.	PAGES.
WEDNESDAY 18TH MARCH 1942.	
Home Department Declaration of Expenditure issued under the Registration of Foreigners Act	1279—80
The Indian Finance Bill—Discussion on the consideration of clauses not concluded	1280—1328
THURSDAY, 19TH MARCH, 1942—	
Starred Questions and Answers	1329—33
Unstarred Questions and Answers	1334—36
Election of Members to the Standing Committee for Roads	1336—37
Election of Members to the Standing Committee for the Department of Communications	1337
Election of Members to the Central Advisory Council for Railways	1337
The Industrial Statistics Bill—Presentation of the Report of the Select Committee	1338
Election of a Member for the Central Committee of the Tuberculosis Association of India	1338
Election of Members for the Standing Committee for the Department of Labour	1338
The Indian Finance Bill—Discussion on the consideration of clauses not concluded	1339—89
FRIDAY, 20TH MARCH, 1942—	
Starred Questions and Answers	1391—97
Motion for Adjournment re Alleged Rowdyism by Soldiers at Bareilly—Postponed	1397—98
The Indian Finance Bill—Passed as amended	1399—1415
Resolution re Moratorium on the payment of arrears from the Railway Revenues—Adopted	1416—24
The Agricultural Produce (Grading and Marking) Amendment Bill—Passed	1424—25
The Indian Tolls (Army) Amendment Bill—Passed	1425
The Cantonments (Amendment) Bill—Passed	1425—26
Statement of Business	1426
MONDAY, 23RD MARCH, 1942—	
Members Sworn	1427
Starred Questions and Answers	1427—37
Unstarred Questions and Answers	1437—39
Motion for Adjournment re Alleged Rowdyism by Soldiers at Bareilly—Not moved	1439—40
Home Department Declaration of Exemption issued under the Registration of Foreigners Act	1440
Election of a Muslim Member for the Standing Committee on Pilgrimage to the Hejaz	1440
Election of Members for the Standing Committee for the Department of Civil Defence	1441
Demands for Supplementary Grants	1441—73
TUESDAY, 24TH MARCH, 1942—	
Member Sworn	1475
Starred Questions and Answers	1475—91
Unstarred Questions and Answers	1491—95
Statements laid on the Table The Motor Vehicles (Amendment) Bill—Presentation of the Report of the Select Committee	1495—97
The Indian Limitation (Amendment) Bill—Passed	1497
The Indian Companies (Amendment) Bill—Passed	1497—1501
The Muslim Personal Law (Shariat) Application (Amendment) Bill—Passed	1501—02
The Federal Court (Supplemental Powers) Bill—Passed	1502—03
The Code of Criminal Procedure (Amendment) Bill (Amendment of Section 4)—Passed	1503—04
The Reciprocity Bill—Postponed	1504—05
The Delhi Muslim Wakfs Bill—Resolution for reference to Joint Committee—Adopted	1505—07
The Indian Succession (Amendment) Bill—Circulated	1507—08
The Code of Criminal Procedure (Amendment) Bill—Circulated	1508—09
	1509—10

PAGES.	PAGES.
TUESDAY, 24TH MARCH, 1942—contd.	
The Muslim Personal Law (Shariat) Application (Second Amendment) Bill—Circulated	1511
The Usurious Loans (Amendment) Bill—Motion not moved	1511
The Indian Medical Council (Amendment) Bill—Introduced	1512
The Sugar Industry Protection) Repealing Bill—Introduced	1512
The Code of Criminal Procedure (Amendment) Bill (Amendment of Sections 386 and 539-B)—Introduced	1512
The Indian Tea Cess Repealing Bill—Introduced	1512
The Indian States (Protection against Disaffection) Amendment Bill—Introduced	1513
WEDNESDAY, 25TH MARCH, 1942—	
Member Sworn	1515
Starred Questions and Answers	1515—23
Unstarred Questions and Answers	1524—33
Competency of the Indian Legislative Assembly to entertain a Bill relating to a certain class of Multi-unit Co-operative Societies	1533—36
Messages from the Council of State	1536
The Weekly Holidays Bill—Passed as amended	1536—51
The Industrial Statistics Bill—Passed as amended	1551—63
TUESDAY, 31ST MARCH, 1942—	
Member Sworn	1565
Starred Questions and Answers	1565—81
Unstarred Questions and Answers	1581—93
Transferred Starred Questions and Answers	1593—97
Transferred Unstarred Questions and Answers	1597—1602
TUESDAY 31st MARCH 1942—contd.	
Motion for Adjournment re Proposals of the British War Cabinet concerning India—Leave refused	1602—04, 1616—17
Election of Members to the Standing Committee for the Department of Labour	1604—05
Election of a Member to the Central Committee of the Tuberculosis Association	1605
Election of a Member to the Standing Committee on Pilgrimage to the Hejaz	1605
Message from the Council of State	1605
Statement laid on the Table re Cases in which the Lowest Tenders have not been accepted by the High Commissioner for India	1605—09
The Motor Vehicles (Amendment) Bill—Passed	1610—16
WEDNESDAY, 1ST APRIL, 1942—	
Members Sworn	1619
Starred Questions and Answers	1619—29
Unstarred Questions and Answers	1629—34
Message from the Council of State	1635
Election of Members to the Standing Committee for the Department of Civil Defence	1635
Resolution re—	
Release of Political Prisoners and Detenus—Negotiated	1635—56
The Supply Department—Withdrawn	1656—74
Appointment of a Committee on the Kamaran Quarantine Station—Withdrawn	1674—86
THURSDAY, 2ND APRIL, 1942—	
Starred Questions and Answers	1687—94
Short Notice Questions and Answers	1694—95
Statements laid on the Table	1695—98

- PAGES.	PAGES.
THURSDAY, 2ND APRIL, 1942—concl.	THURSDAY, 2ND APRIL, 1942—concl.
Motion for Adjournment re Alleged misconduct of European Soldiers at Sar- nath—Disallowed	The Sugar Industry (Pro- tection) Repealing Bill— Circulated
1698—1700	1703—21
Home Department Declar- ation of Exemption issued under the Registration of Foreigners Act	The Indian Tea Cess Repeal- ing Bill—Motion to refer to Select Committee— Negatived
1700	1721—32
The Delhi Muslim Wakfs Bill—Nomination of Members to the Joint Committee	The Abolition of Whipping Bill—Introduced
1701—02	1732
The Indian Medical Council (Amendment) Bill—Cir- culated	Message from the Council of State
1702—03	1732

LEGISLATIVE ASSEMBLY

Thursday, 19th March, 1948.

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.

AMBASSADOR FOR INDIA IN CHINA.

208. *Sardar Sant Singh: (a) Will the Secretary for External Affairs please state whether any Ambassador for India in China has recently been appointed? If so, when?

(b) Was no Indian available for this appointment?

(c) Who made this appointment, and on what salary?

Mr. O. K. Caroe: (a) The answer is in the negative.

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

DEBARRING GRADUATES FOR CERTAIN POSTS OF GUARDS ON NORTH WESTERN RAILWAY.

†209. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that qualifications for recruitment to the post of Guards Class I, grade I, on the North Western Railway, were laid down in notification No. 132 appearing on page 342 of the North Western Railway Gazette No. 16, dated the 8th August, 1941, as Intermediate in Arts or Intermediate in Science?

(b) Is it a fact that Bachelors of Arts or Bachelors of Science were debarred from applying for posts referred to in part (a) above? If so, why?

(c) If the reply to part (b) above be in the negative, is it a fact that applications from Arts Graduates (Bachelors of Arts) received by the Divisional Superintendent, North Western Railway, Karachi, were rejected on the plea that the candidates did not possess "requisite qualifications"? If so, why?

(d) Will the Honourable Member please state which officer passed the orders referred to in part (c) above? Was he a member of the Selection Board? If not, why are applications accepted or rejected by officers other than those who form the personnel of the Selection Board?

(e) What action do Government propose to take in the matter?

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

The Honourable Sir Andrew Olow: (a) Yes.

(b) The reply to the first part is in the negative: the latter part does not arise.

(c) No application from Graduates Art or Science, received by the Divisional Superintendent, North Western Railway, Karachi, was rejected on the plea that the candidate did not possess the requisite educational qualifications. The second part does not arise.

(d) As no such orders referred to in part (c) of the question were passed, as stated in (c) above, the question does not arise.

(e) No action is called for.

EXTENSIONS TO SUPERANNUATED STAFF ON NORTH WESTERN RAILWAY.

†210. ***Mr. Lalchand Navalrai:** (a) Will the Honourable Member for Railways be pleased to state if it is a fact that protests have been addressed by North Western Railway staff to the authorities against the policy of giving extensions to superannuated staff? If so, how the same have been disposed of?

(b) If it is not proposed to abandon the policy of extensions, is it proposed to sanction supernumerary posts of the grades in which extensions are given? If not, what other methods do Government propose to adopt to ensure that the chances of promotion of the subordinate staff on the railways are not stifled by extensions to superannuated persons?

The Honourable Sir Andrew Olow: (a) Yes as regards the second part I have no information.

(b) The answer to the first part is in the negative. As regards the last part, Government's policy of granting extensions is designed to meet the requirements of the present emergency; requirements which cannot be met in any other way. Extensions have always been permissible and Government have never accepted the view that the grant of an extension created a right to compensation on the part of any one who expected to succeed to the post. Any hardship arising does not appear likely to be of such magnitude as to justify special steps being taken.

WAGON ALLOTMENT SUPERVISORS ON EAST INDIAN RAILWAY.

†211. ***Shaikh Rafuddin Ahmad Siddique:** Will the Honourable Member for Railways be pleased to state:

- (a) the number and the scale of pay of the posts of Wagon Allotment Supervisors on the East Indian Railway, Division by Division;
- (b) the class of staff who are eligible for those posts;
- (c) the methods usually adopted by the respective Divisional Superintendents of the East Indian Railway for finally selecting staff for these posts; and
- (d) any rule in the Rules for the Recruitment and Training of Non-gazetted Staff on State-managed Railways by which the classes of Staff included in the Commercial Group can be exceptionally considered suitable and selected for the said post?

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

The Honourable Sir Andrew Olow: I would refer the Honourable Member to the reply given to Khan Bahadur Shaikh Fazl-i-Haq Piracha's unstarred question No. 71 on 28th February, 1941.

CLAIMS OF MUSLIMS FOR SELECTION POSTS ON EAST INDIAN RAILWAY.

†212. ***Shaikh Rafuddin Ahmad Siddique:** (a) Is the Honourable Member for Railways aware that on all the Divisions of the East Indian Railway, deserving Muslims are lost sight of when candidates for the posts, for which Selection Boards are contemplated to be held, are recommended by immediate and branch officers for the said Selection Boards?

(b) Will the Honourable Member be pleased to state the number of Muslims on all Divisions of the East Indian Railway who are drawing pay between Rs. 80—800?

The Honourable Sir Andrew Olow: (a) No.

(b) As regards officers, I would refer the Honourable Member to the classified list of railway officers. As regards non-gazetted staff, the information available with Government is contained in Appendix C-II of Vol. II and the statements at pages 69 and 70 of Vol. I of the Report by the Railway Board on Indian Railways for 1940-41, copies of which are in the Library of the House.

MUSLIMS DRAWING CERTAIN SALARIES ON EAST INDIAN RAILWAY.

†213. ***Shaikh Rafuddin Ahmad Siddique:** Will the Honourable Member for Railways be pleased to state:

- (a) the percentage of Muslims on all the Divisions of the East Indian Railway drawing pay between Rs. 80 to Rs. 200 in comparison with the percentage of staff of other communities drawing pay between Rs. 80 to Rs. 200;
- (b) the percentage of Muslims on all Divisions of the East Indian Railway drawing salaries between Rs. 201 to Rs. 500 as substantive pay; and
- (c) the percentage of Muslims drawing Salaries between Rs. 501 to Rs. 750 on all Divisions of the East Indian Railway as substantive pay?

The Honourable Sir Andrew Olow: (a), (b) and (c). I would refer the Honourable Member to my reply to part (b) of the preceding question. I regret that our statistics are not maintained in a form which enables me to extract figures for the ranges suggested in the question.

CLAIMS OF MUSLIMS FOR SELECTION POSTS ON EAST INDIAN AND EASTERN BENGAL RAILWAYS.

†214. ***Shaikh Rafuddin Ahmad Siddique:** (a) Is the Honourable Member for Railways aware that Anglo-Indian, Domiciled European and Hindu candidates were sent up in good number before the Divisional, District, and Head Office Selection Boards held for the selection posts during the years 1936-40 on both the East Indian Railway and the Eastern Bengal Railway?

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

(b) Is the Honourable Member aware that the question of seniority was relaxed in most of the cases of non-Muslim candidates appearing before the Divisional, District and Head Office Selection Boards held on the East Indian Railway and the Eastern Bengal Railway during the years 1936-40 for selection posts?

(c) Is the Honourable Member aware that the Divisional Personnel Officer and Executive Officers of the Transportation and Commercial Departments of the Howrah Division, East Indian Railway, did not even send up efficient and senior Muslims before the Head Office Selection Committee appointed for the selection of candidates for the Lower Gazetted service, Transportation Inspectors during the period, 1936 to 1941, though several Muslims were examined by the Divisional Selection Committee during that period?

(d) Will the Honourable Member be pleased to state whether the Divisional Selection Committee, referred to in part (c) above, mentioned any thing against those candidates? If so, what?

The Honourable Sir Andrew Olow: (a) and (b). I would refer the Honourable Member to my replies to Mr. H. M. Abdullah's starred questions Nos. 252 and 253 respectively asked on 25th November, 1940.

(c) and (d). Transportation Inspectors are not part of the Lower Gazetted Service; on the assumption that the question relates to this service, I would refer the Honourable Member to the reply given to Mr. H. M. Abdullah's question No. 254 on the 25th November, 1940, and would add that on inquiry it was found that a Muslim candidate was sent up.

CASH AND PAY CONTRACTORS ON NORTH WESTERN RAILWAY.

215. *Mr. Amarendra Nath Ghattopadhyaya: (a) Will the Honourable Member for Railways please state if it is a fact that the Cash and Pay Department work on the North Western Railway is run on contract basis, while that of the Great Indian Peninsula Railway and the East Indian Railway is run on departmental basis? If so, why is there no uniform system adopted on State-owned Railways?

(b) Is it a fact that the contractors on the North Western Railway for cash and pay work are a firm of Messrs. Dina Nath Sheo Parshad of Lahore who have got the contract since 1917?

(c) Is it a fact that when the contract was placed with the said firm in 1917, the rate accepted was about -/15/- per open mile per month and since then the rate has been gradually allowed to rise and once it rose to the highest level of Rs. 2/10/- and which now stands at Rs. 2/4/-? Will the Honourable Member please state reasons for this abnormal rise in rate, off-and-on, without calling for fresh tenders?

(d) Is there any instance on the North Western Railway or other State Railways in which rates are increased from time to time without calling for tenders, as has been done in the case of Cash and Pay contractors on the North Western Railway?

(e) When the rates were revised in 1936, was any time limit fixed for the re-examination of the rates? If so, what was that time limit? Have these rates since been examined? When are these rates to be examined again or fresh tenders called for?

Mr. T. S. Sankara Aiyar: (a) The answer to the first part is in the affirmative.

As regards the second part, uniformity is not the overriding consideration in this matter.

(b) Yes.

(c) Increases were sanctioned in 1919, 1920, 1923 and 1924. The first two increases were due entirely to rises in the rates of wages in other departments of the railway. The increase in 1923 was due partly to a rise in the rates of wages and partly to an increase in work. The increase in 1924 was due to the decentralisation of Pay Offices on the introduction of the Divisional system.

(d) It is not proposed to undertake a special investigation of the kind suggested. It is enough to state that the rules on railway codes do permit of the variation of rates, or the giving out of contracts, without inviting tenders when circumstances so require.

(e) The rates were revised in April, 1937, and were liable to revision as from the 1st of April, 1940. No change was recommended by the General Manager. The rates have not been re-examined since, as it is obvious that in the present circumstances no such re-examination will result in any reduction. The contract does not specifically provide for any fresh examination of rates. It continues in force up to 31st March, 1943, and, thereafter, subject to six months' notice on either side.

CASH AND PAY CONTRACTORS ON NORTH WESTERN RAILWAY.

216. *Mr. Amarendra Nath Chattopadhyaya: (a) Will the Honourable Member for Railways please state whether it is a fact that the Cash Contractors of the North Western Railway are paid separately for payment to the Clearing Accounts Office staff?

(b) If the reply to part (a) above be in the affirmative, why is this separate payment made when a very large number of the Clearing Accounts Office staff was transferred from Lahore on the establishment of the Clearing Accounts Office and the cost of payment to them was included in the flat rate per mile paid to the Cash and Pay Contractors?

(c) Is it a fact that payments to workshop staff on the North Western Railway are made by their own staff and not by the Contractors, who only hand over the total sum required for the payment to workshop staff? Was this concession notified in the tender?

(d) Is it a fact that the Cash Contractor is allowed contingent expenses, such as, Telephone Connection Charges, Telephone Trunk calls, tonga hire, stationery, etc? If so, what is the total amount debited to the North Western Railway for such expenses and what is the check over it as well as over the working expenses of his Office? Why are these expenses not included in the remuneration paid to the contractors? What are the other concessions allowed outside the contract and what are the reasons for allowing the same?

Mr. T. S. Sankara Aiyar: I have called for information and a reply will be laid on the table of the House.

UNSTARRED QUESTIONS AND ANSWERS.

SOLE MUSLIM FIRM OF SUPPLIERS OF MINERAL WATERS ON RAILWAYS.

56. Mr. M. Ghiasuddin: Will the Honourable Member for Railways be pleased to state whether it is a fact that only one Muslim firm is supplying mineral waters on the entire railways in India? If so, are Government prepared to consider the employment of any other Muslim manufacturers of mineral waters?

The Honourable Sir Andrew Olow: I am unable to say if it is a fact as neither Government nor the Railway Board maintain a list of the firms holding mineral water contracts on all the Indian Railways. As regards the second portion of the question, I would refer the Honourable Member to Sir Thomas Stewart's reply to part (c) of Maulana Zafar Ali's starred question No. 669 of 5th March, 1938.

REDUCTION OF THE NUMBER OF AERATED WATER CONTRACTORS ON NORTH WESTERN RAILWAY.

57. Mr. M. Ghiasuddin: Will the Honourable Member for Railways be pleased to state:

- (a) whether there is only one aerated water contractor on the entire Great Indian Peninsula Railway;
- (b) whether there are four aerated water contractors on the North Western Railway; and
- (c) if the answer to parts (a) and (b) above be in the affirmative, why the number of aerated water contractors is not reduced on the North Western Railway?

The Honourable Sir Andrew Olow: (a) and (b). I understand this is so.

(c) The matter is one primarily for the North Western Railway Administration, but I would remind the Honourable Member of the conclusion reached by the Central Advisory Council that contractors who have rendered satisfactory service should ordinarily not be replaced.

CASH AND PAY CONTRACTORS ON NORTH WESTERN RAILWAY.

58. Mr. Amarendra Nath Chattopadhyaya: Will the Honourable Member for Communications please state if it is a fact that on the North Western Railway, it was decided to run the Cash and Pay Department departmentally in 1936 and the post of Chief Cashier was advertised for but at the last moment the policy was changed and the previous Pay Contractors again got the contract on reduced rates?

Mr. T. S. Sankara Aiyar: Yes.

GUARDS ON NORTH WESTERN RAILWAY.

59. Sardar Sant Singh: Will the Honourable Member for Communications please refer to the information given on the 5th November, 1940, to my unstarred questions Nos. 26 (c) and 27 asked in the Legislative Assembly on the 23rd February, 1940, viz. "26 (c). None, for the reason

stated in reply to part (b). But in accordance with an undertaking given in the House, the block in promotion of guards on the North Western Railway is being examined" and "27. The classification of grades of guards on the revised scales of pay as equivalent to grades on the old scales of pay and the allotment of the existing posts under the revised scales of pay is under consideration", and state the result of the consideration?

The Honourable Sir Andrew Clow: As a result of the investigations and careful consideration, Government reached the conclusion that no action was necessary as the men were not deprived of any avenue of promotion that they previously enjoyed.

GUARDS ON NORTH WESTERN RAILWAY.

60. Sardar Sant Singh: Will the Honourable Member for Communications please refer to the reply given to my unstarred question No. 108 (b), dated the 10th March, 1941, and state the sanctioned and actual strength of guards in each grade on the North Western Railway in years 1932 to 1940?

The Honourable Sir Andrew Clow: I regret that the information available does not enable me to add to the particulars already supplied to the Honourable Member in reply to part (b) of his unstarred question No. 108 and to question No. 109 asked on 10th March, 1941.

PROMOTION OF GUARDS ON NORTH WESTERN RAILWAY.

61. Sardar Sant Singh: Will the Honourable Member for Communications please refer to the reply given to my unstarred question No. 110, dated the 10th March, 1941, and state the action taken by Government to remove the hardship caused by not promoting any grade II guard to grade III from 1928 to 1940? If no action has been taken, do Government now propose to take any? If not, why not?

The Honourable Sir Andrew Clow: No action was or is being taken by Government who cannot accept the view that special measures are called for when changes in organization and in traffic tend to retard the promotion of staff. I understand, however, that 58 guards were promoted from Grade II to Grade III in 1940 and 1941.

PROMOTION OF GUARDS ON NORTH WESTERN RAILWAY.

62. Sardar Sant Singh: (a) Will the Honourable Member for Railways please state if some guards were selected and placed on the waiting list in the Headquarters Office on the North Western Railway in the year 1928 and promoted to grade III in 1940?

(b) Is it a fact that the list of selected guards suitable for grade promotions made in Delhi Division on the North Western Railway was replaced by a fresh list in 1940?

(c) Is it a fact that some guards who were declared fit in the first selection were declared unfit in the second, and those who were unfit in the first selection were considered fit in the second? If so, what were the reasons for the change?

(d) Will the Honourable Member please state the reasons for the difference in the procedure adopted by Headquarters Office and Divisional Offices, *vis.*, keeping a list valid for twelve years by the Headquarters Office and changing it after two years by Divisions?

The Honourable Sir Andrew Clow: (a) Yes.

(b) The list of selected guards is maintained by the Headquarters Office and not by the Divisional Offices.

(c) When recommendations are sent up from divisions they are based on the up-to-date records of the men's work and efficiency, changes in the recommendations from year to year are, therefore, possible.

(d) Does not arise in view of the reply to part (b).

PASSES TO RAILWAY EMPLOYEES ON RETIREMENT.

63. Sardar Sant Singh: (a) Will the Honourable Member for Communications please state what passes are given to railway employees who retire from Railway service to take their luggage and livestock to their home stations if situated on home lines or foreign lines on each State-managed Railway and reasons for the difference, if any, between home and foreign lines?

(b) Is the Honourable Member prepared to issue the same class of passes for foreign lines as on home line for employees who retire and whose permanent residence is on foreign Railways? If not, why not?

The Honourable Sir Andrew Clow: (a) I understand that it is the general practice on both State and Company-managed Railways to issue such passes to staff on retirement over their own home lines. Railways party to the Conference Association have not agreed to the interchange of such passes over foreign lines.

(b) No, because I consider that the present pass concessions are adequate.

GUARDS WORKING BRANCH LINE TRAINS IN RAWALPINDI DIVISION.

64. Sardar Sant Singh: Will the Honourable Member for Communications please state if the Branch line trains are worked by senior grade II guards in some Divisions on the North Western Railway? If so, why is this privilege denied to senior guards of the Rawalpindi Division?

The Honourable Sir Andrew Clow: Government have no specific information but are prepared to take the Honourable Member's words for it. The allocation of Grade II guards to work of this kind must depend on administrative considerations; it is not a privilege inherent in the holding of such appointments.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Friday, the 18th March, 1942, the time fixed for receiving nominations for the Standing Committee for Roads ten nominations were received. Subsequently four candidates withdrew

their candidature. As the number of remaining candidates is equal to the number of vacancies I declare the following Members to be duly elected, namely:

- (1) Haji Chaudhury Muhammad Ismail Khan,
- (2) Sardar Bahadur Captain Dalpat Singh,
- (3) Mr. Saiyid Haider Imam,
- (4) Captain Thakur Singh,
- (5) Raja T. Manavedan, and
- (6) Sardar Sant Singh.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMUNICATIONS.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that upto 12 Noon on Friday, the 13th March, 1942, the time fixed for receiving nominations for the Standing Committee for the Department of Communications eight nominations were received. Subsequently the candidature of one member was withdrawn by the proposer and three members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected:

- (1) Maulvi Muhammad Abdul Ghani,
- (2) Mr. C. C. Miller,
- (3) Mr. Muhammad Muazzam Sahib Bahadur, and
- (4) Bhai Parma Nand.

ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that upto 12 Noon on Wednesday, the 18th March, 1942, the time fixed for receiving nominations for the Central Advisory Council for Railways ten nominations were received. Subsequently four members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected, namely:

- (1) Haji Chaudhury Muhammad Ismail Khan,
- (2) Dr. Sir Ratanji Dinshaw Dalal,
- (3) Mr. H. M. Abdullah,
- (4) Mr. H. G. Stokes,
- (5) Mr. Kailash Behari Lal, and
- (6) Lieut.-Colonel Sir Henry Gidney.

THE INDUSTRIAL STATISTICS BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Commerce Member): Sir, I present the Report of the Select Committee on the Bill to facilitate the collection of statistics of certain kinds relating to industries.

ELECTION OF A MEMBER FOR THE CENTRAL COMMITTEE OF THE TUBERCULOSIS ASSOCIATION OF INDIA.

The Honourable Mr. N. B. Sarker (Member for Education, Health and Lands): Sir, I move:

"That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their number to sit on the Central Committee of the Tuberculosis Association of India."

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

"That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their number to sit on the Central Committee of the Tuberculosis Association of India."

The motion was adopted.

ELECTION OF MEMBERS FOR THE STANDING COMMITTEE FOR THE DEPARTMENT OF LABOUR.

Mr. H. C. Prior (Labour Secretary): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, three non-official members to serve on the Standing Committee to advise on subjects with which the Labour Department is concerned."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of members for the Central Committee of the Tuberculosis Association of India and the Standing Committee for the Department of Labour the Notice Office will be open to receive nominations up to 12 Noon on Monday, the 23rd March, 1942, and that the elections, if necessary, will take place on Wednesday, the 25th March, 1942. The elections, which will be held in the Assistant Secretary's room in the Council House between the hours of 10-30 A.M. and 1 P.M., will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE INDIAN FINANCE BILL—contd.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Indian Finance Bill, clause by clause. I believe Qazi Muhammad Ahmad Kazmi is in possession of the House. Will he come down nearer, so that the Chair may be able to follow him?

Qazi Muhammad Ahmad Kazmi (Meerut Division: Muhammadan Rural): Very well, Sir. (After coming down nearer.) When I was speaking last evening, I submitted that in case a person who alleges that his income is Rs. 1,150 and in accordance with that allegation deposits a sum of Rs. 16 which is to cover that amount, and later on, on an inspection of his accounts, it is found that his income was really Rs. 1,200 the result will be that all the consequences and penalties will follow. Mr. Sheehy gave an emphatic denial to that. With the experience and learning of that Honourable Member, I felt nervous and at once I said that if he could satisfy me, I would withdraw. At that time I was speaking from memory only. I have seen the law now, and though I am still afraid on account of his experience and learning that I may be wrong and he may be correct, I think that before he gives me a reply he will just look at two provisions of the Income-tax Act.

The Honourable Sir Jeremy Raisman (Finance Member): It might perhaps shorten the discussion if I inform the Honourable Member that we do contemplate a special simplified procedure for dealing with these low income cases, which I shall explain in replying to this discussion.

Qazi Muhammad Ahmad Kazmi: I personally did not want to deal with this matter at length, and before I started speaking on this subject I approached Mr. Sheehy as to what they think of the hardship of this section but I was not satisfied and no satisfactory explanation was given to me.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has got the assurance now.

Qazi Muhammad Ahmad Kazmi: The Department is under a wrong impression, on account of which this interruption was made by Mr. Sheehy. The point is that once you call upon a person with an income of between Rs. 1,000 and Rs. 2,000 to produce the accounts, the whole trouble of accounting under section 22 and the penalties under section 28 arise and for that very reason, in a further amendment, amendment No. 15, I propose this. If the Government is so very anxious to realise something from people who have got incomes between Rs. 1,000 and Rs. 2,000, let there be a uniform rate of Rs. 10 for every person without any accounting. You may increase that, but so long as it is to be based on accounting, the result will be mere harassment and trouble to the people and a great amount of work for the employees of the Income-tax Department and I shall just make out that point by referring to section 22 of the Income-tax Act. I would not read the whole of it but only the relevant portion.

[Qazi Muhammad Ahmad Kazmi.]

It provides that a certain notice is to be given by the Income-tax Officer for asking people to send returns. Then it says:

"The Income tax Officer shall give notice requiring every person whose total income during the previous year exceeded the maximum amount which is not chargeable to income-tax to furnish within such period not being less than sixty days as may be specified in the notice a return in the prescribed form and verified in the prescribed manner, setting forth (along with such other particulars as may be required by the notice) his total income and total world income during that year."

The maximum has now been lowered to Rs. 1,000. All persons having incomes between Rs. 1,000 and Rs. 2,000 will be covered by this. As soon as the notice is issued, they are bound to send returns. What is the result. A person in pursuance of this notice sends a return of Rs. 1,150. Then under this very section the Income-tax Officer calls for the account books of the man and he examines them and he says: 'Your estimate is incorrect. Your income ought to be Rs. 1,200'. Then, according to my submission, all the subsequent penalties would follow. I would draw your attention in this connection to section 28 of the Income-tax Act. That is the section which provides penalties for wrong accounts. Even in this case I would not bother you with the whole section but only refer to the relevant portions thereof:

"If the Income-tax Officer, the Appellate Assistant Commissioner or the Appellate Tribunal, in the course of any proceedings under this Act, is satisfied that any person . . . has concealed the particulars of his income or deliberately furnished inaccurate particulars of such income, he or it may direct that such person shall pay by way of penalty. . . . in addition to any tax payable by him, a sum not exceeding one and half times the amount of the income-tax and super-tax, if any, which would have been avoided if the income as returned by such person had been accepted as the correct income."

Then comes the proviso. I have got to see whether a case of this kind is covered by the proviso and is exempted from the penalty. The very first proviso says:

"Provided that:

'no penalty for failure to furnish the return of his total income shall be imposed on an assessee whose total income is less than three thousand five hundred rupees unless he has been served with a notice under sub-section (2) of section 22'."

The case with which I am dealing is a case in which the return has been furnished and the return has been found to be inaccurate and as such he is liable under sub-section (c) of section 28 and it is not correct to allege that these people who are to be taxed will not be put to the worries to which any person who keeps slipshod accounts, as is the case with these people, will be subjected and that was the reason why I suggested that if really the Government are bent on having something from this class of people—and I have maintained again and again that this is not the type of people from whom you ought to realise any tax—then I have suggested an amendment No. 15. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has moved that amendment.

Qazi Muhammad Ahmad Kazmi: Yes, with your permission, I have moved both, in order to save time. What I say is—do away with this tax altogether. (After a pause and in reply to an Honourable Member.) It means Rs. 10 per annum in two six-monthly instalments of Rs. 5.

Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban): It is wrongly printed here.

Qazi Muhammad Ahmad Kazmi: Yes, it is wrongly printed. I read it rightly.

Mr. President (The Honourable Sir Abdur Rahim): I have got in my copy "six monthly instalments of Rs. 5 each".

Qazi Muhammad Ahmad Kazmi: It is a mistake, Sir,

As I was saying, the whole position is this. And in the end, I would only submit to the Honourable the Finance Member that while he was speaking, he threw a challenge to Dr. Banerjea that he was prepared to tax all incomes of salaries above Rs. 200 a month, on a graded scale, provided they were prepared to accept that challenge and provided also it was not to be confined only to Government servants. That was partly accepted by Dr. Banerjea, but I think the Honourable the Finance Member was discreet enough to throw the challenge to him and not to me, because, from the hesitation of Dr. Banerjea I started suspecting that he is either a rich man or he has got very rich friends. In my case, however, he will find that the acceptance of the challenge will be pure and simple and there will be no amendment to that challenge.

The Honourable Sir Jeremy Raisman: Do I understand the Honourable Member to say that he can bear with equanimity any tax levied on anybody's income that does not affect him?

Qazi Muhammad Ahmad Kazmi: Not necessarily; this tax would also affect my friends. But I am prepared to undergo that sacrifice for purposes of war and for strengthening your hands for the conduct of the war. The sacrifice must come from everybody. It is not only from the poor people that the sacrifice must come and not from the richer people, especially, in view of what I said in the beginning that the previous amendment to this effect was accompanied with a cut in salaries. Then, again, you will find that the cut in salaries was removed first and this tax was removed afterwards. This time they have been discreet enough not to bring in salaries at all.

The Honourable Sir Jeremy Raisman: I think the Honourable Member is mistaken in thinking that anybody was subjected both to a cut in salary and to the additional rates of income-tax. The objection of the community which my friend, Sir Henry Richardson, represents was that Government servants who were subjected to the cuts were not subjected to the additional income-tax. They were not subjected to both.

Qazi Muhammad Ahmad Kazmi: I stand corrected on that point. But what I do say is that both the component parts of the population were looked after at the time of the amendments,—the persons who were outside the scope of the salary cut and also persons who were within the scope of the salary cut. But now you are only considering the cases of those who are outside the scope of the salary cut and are leaving those who are inside that amendment. My argument has got all the greater force by this amendment of the Honourable the Finance Member. On the last

[Qazi Muhammad Ahmad Kazmi.]

occasion the amendment contemplated both those who drew salaries and also those who did not draw such salaries. So, it does not take away the force of my argument and I think in my own humble opinion that it has gathered a greater force.

(Lieut.-Colonel Sir Henry Gidney was talking to the Chair and the speaker stopped speaking.)

Sir Owasji Jehangir (Bombay City: Non-Muhammadan Urban): May I point out, Sir, that the Honourable Member has stopped speaking for the last three minutes?

Mr. President (The Honourable Sir Abdur Rahim): Then, the Honourable Member can go on. I am afraid, sometimes the Chair has got to listen to the Member who comes to him.

Qazi Muhammad Ahmad Kazmi: In the end, I would again appeal to the Honourable the Finance Member that it is not only the machine tools of Mr. Husenbhai Laljee or the coal wagons of Mr. Neogy or the short-staple cotton of Mr. Deshmukh that we need for the success in the war but we also need facilities for procreation, maintenance and physical development of the children of this country, and any hardships that are to be imposed on the class of people who are responsible mainly for the reproduction of the future generation will badly tell upon the future prospects of the country itself.

Mr. President (The Honourable Sir Abdur Rahim): I will put both the amendments to Schedule II. The first amendment moved is:

"That clause (a) of part I-A of Schedule II to the Bill be omitted."

The second amendment moved is:

"That for clause (a) of Part I-A of Schedule II to the Bill, the following be substituted:

'(a) Where the total income exceeds Rs. 1,000 but does not exceed Rs. 2,000—a sum of Rs. 10 in six monthly instalments of Rs. 5 each shall be payable by the assessee.'

Mr. J. F. Sheehy (Government of India: Nominated Official): Sir, I interrupted my Honourable friend, Mr. Kazmi, yesterday when he expounded the case of a man who declared an income of Rs. 1,150 and was found afterwards to have an assessable income of Rs. 1,200—he said that such a man made himself liable to a penalty under section 28. I said that was not correct. In the first place, I quarrelled with his exposition of the law. Section 28 would only make such a man liable to penalty if he concealed the particulars of his income or deliberately furnished inaccurate particulars of his income. Now, there would be no question in a case like that of penalising a man for miscalculating his income by Rs. 50. However, leaving that aside, what I had chiefly in mind was—because Mr. Kazmi had mentioned the question of the deposit of Rs. 16 which that man makes—that the Income-tax Officer would not take any advantage of the deposit not being sufficient. We have worked out a scheme in draft so as to allow in a case precisely like that for the Income-tax Officer to say to this assessee, "your deposit is Rs. 16, this is not enough. I am going

to give you one month's time to make up the correct amount". That is why I said my Honourable friend, Qazi Muhammad Ahmad Kazmi, was not correct. We have these rules in draft and we have sent them for criticism to our officers who will have to administer this provision.

The Honourable Member, Mr. Kazmi, raised a point about accounts and the difficulties which these assesses are going to have in this matter. This question of accounts arises also in the cases of assesses with much bigger incomes than Rs. 2,000. It is a perennial question with the Income-tax Department. It does not arise only in the case of assesses between Rs. 1,000 and Rs. 2,000. If they have not got accounts, the Income-tax Officer has got to do the best he can. In order to make things simple for these people, if they, as we expect them to do, elect to make the deposit instead of being assessed to income-tax, we have devised a draft form of return consisting of one sheet of paper. Anybody who knows the present form of income-tax return knows that it contains a great many sheets of paper. We have heard complaints from Mr. Lalchand Navalrai about the complexity of the form and so on.

Qazi Muhammad Ahmad Kazmi: Even Income-tax Officers find it difficult to understand this form.

Mr. J. F. Sheehy: We have devised a simple form of return of one sheet of paper. This is still in draft form, it is not yet final.

Sir Cowasji Jehangir: Only for these people?

Mr. J. F. Sheehy: In the case of my Honourable friend, Sir Cowasji Jehangir, he will be required to furnish some more particulars. This form runs as follows:

* * * * *

In compliance with the public notice under section 22(I) calling for returns of income by the.....194....., I hereby declare that—

my total income for the year endingamounted to Rs....., the family's as follows:

Salaries	Rs.
Interest on securities	Rs.
Property	Rs.
Business, profession and vocation	Rs.
other sources	Rs.
* * * * *	

Total Rs.

2. In discharge of my liability to be assessed, I have deposited on the of 194....., a sum of Rs.....in the Defence Savings Bank Account at thePost office as per certificate attached.

Signature.....
Status.....

Mr. H. A. Sathar H. Essak Seit (West Coast and Nilgiris: Muhammadan): Will that be accepted as it is or will the accounts be called for?

Mr. J. F. Sheehy: Normally it will be accepted. You must realise that these are the people who are not on our books. If a man who is now on our books as an assessee with an income of over Rs. 2,000 comes along with one of these forms, naturally the Income-tax Officer will grow suspicious. But if a man who is not on our books—mind you, you have got to realise that now every assessee and everybody who comes within the purview of this Finance Bill is, under the provisions of the Income-tax Act, as amended in 1939, liable to make a compulsory return of his income.

Sir Cowasji Jehangir: Have you not got a limit?

Mr. J. F. Sheehy: No; everybody must.

Pandit Lakshmi Kanta Maitra (Presidency Division: Non-Muhammadan Rural): Has the Honourable Member calculated the income that is to be derived and the expenditure that has got to be incurred?

Mr. J. F. Sheehy: We have some idea of that. The Honourable the Finance Member will deal with that. We will not worry these assesseees who are not on our books and whom we think are assesseees with genuine lower incomes and we will not enquire too closely into their returns. That is all I have to say on the points raised by Mr. Kazmi.

Pandit Lakshmi Kanta Maitra: Sir, I rise to support amendment No. 14 which stands in my name also and reads thus:

“That clause (a) of part I-A of Schedule II to the Bill be omitted.”

This amendment seeks to delete the provision for assessment to income-tax of all incomes below Rs. 2,000.

Sir, as one who with my Honourable friend, the Mover, tabled this amendment, I feel I should in a few words explain what was at the back of my mind in tabling this amendment. Fortunately the statement just made by the Honourable the Finance Member has clarified the position to a very large extent so far as the legal or rather the procedural aspect is concerned. I shall be spared the necessity of explaining in detail the provisions of the Income-tax Act which, in my opinion, do not quite fit in with the proposed taxation in the Finance Bill. It is a welcome relief to learn from my Honourable friend, Mr. Sheehy, that the income-tax return form which is a very complex and complicated document is going to be simplified in the case of poor assesseees which I have in mind in this amendment. I would also suggest to the Honourable Member that the entries may be worded so clearly as to leave no room for doubt in the minds of either the Income-tax Officers or of the assesseees as to their real import. I have complained very often in this House that the income-tax return forms are something not very intelligible to us. I had an occasion, very recently, to fill up an income-tax return form of a client of mine who was the trustee of a religious organisation holding certain Government securities. While filling the return, I could not fill one single item in the

whole document. At last I had to approach an officer of the Department who advised me to enter simply, "no, no, no, and so on". I said if I had filled up all the columns with 'nos', then I would get no refund of the tax. The Income-tax Officer said: "you do like that, because as it stands, you do not come under any category whatsoever". Well, Sir, this means at any rate a huge waste of paper in these days when we are being advised in season and out of season to use less paper. So let us have a clear simple and precise form for the benefit of the assesseees as well as of the assessors.

Then, Sir, I am afraid I cannot agree with the interpretation put on section 28 just now by my Honourable friend, Mr. Sheehy. Mr. Sheehy seems to think that the penal provisions contained in section 28 are only applicable to cases where there has been a deliberate suppression of facts with regard to income or where there has been a deliberate mis-statement in order to dodge taxes. While these provisions are undoubtedly there for such cases, I would respectfully draw the attention of my Honourable friend, Mr. Sheehy, to the fact that section 28 also contemplates cases where there has not been any filing of return at all.

Mr. J. F. Sheehy: I know that quite well. I was only dealing with the particular case mentioned by Mr. Kazmi where a man filed a return declaring Rs. 1,150 and was then found on assessment to have an income of Rs. 1,200. I know all about these penal provisions.

Pandit Lakshmi Kanta Maitra: You are expected to know it, but I would not presume too much. Coming to the merits of this amendment I would like to point out to the Government that as an incidence of taxation, it will add substantially to the burden of the vast body of people who are known as middle classes of society. I have not been able to understand what substantial benefit Government are going to derive from it, so as to justify this violent departure from what has been the practice up till now. They propose to have different rates on different slabs of income with increased surcharge in cases where they were not applicable. Mr. Sheehy could not give us an idea of the number of persons likely to be trapped by this provision, nor is he in a position just now to tell us the amount of expenditure that would be involved in the collection of the tax and the nett gain. I hope the Finance Member will, in his reply, explain that in detail; but we have our experience of the past when income-tax was imposed on all incomes from Rs. 1,000 and upwards. Those were days of acute trade depression and there was tremendous fall of revenue of the Central Government under all heads; and the public had no other alternative at the time but to submit to that taxation. In actual operation of the measure it was found to work incalculable mischief and misery to the assesseees. *Biriwalas, panwalas, petty grocers*,—all classes of people came to be roped in and were persecuted; and the result was that there was so much bitterness against the Department that I believe although there might have been some gain in money, there was considerable loss to Government in prestige. We heard from the Honourable the Finance Member's reply yesterday that though it was not possible for him to lay his finger on the visible increased spending power of the people, it was undoubtedly there; nevertheless, he in all fairness admitted that in a country where more than 99 per cent. of the people were poor, it was impossible not to add to their burden by any measure of taxation. How

[Pandit Lakshmi Kanta Maitra.]

far this war has improved the economic condition of the people at large is at best an academic question. The fact remains that those who had already been in service and in receipt of fixed and moderate incomes, without any additional emoluments accruing from the adventitious circumstances of the war, are a class which far out-number those who have got jobs or earned incomes on account of war production and supply.

If this tax were imposed on people who had been directly benefited as a result of the war, or who had got employment as wage-earners, technicians, mechanics, fitters or as contractors or in a thousand and other ways, there would certainly have been justification for this measure. But this tax will fall uniformly on the shoulders of all persons with modicum of income and in case of persons unconnected with any kind of war service, how can it be said that their incomes have in any way been enhanced or that their economic power of resistance increased? Now, Sir, it is well-known that since the outbreak of the war, in spite of the efforts of Government to keep down prices no appreciable success has been achieved. In September, 1939, immediately after the declaration of war, price control boards were set up and at that time Government permitted ten per cent. all-round increases in the cost of commodities. What is the condition now? In spite of the price control boards and of other agencies set up by the Government of India and the Provincial Governments, the prices of all kinds of commodities have gone up to an abnormal extent,—in some cases to cent. per cent., in others to 75 per cent. but in most cases ranging between 50 and 75 per cent. If the Government of India had a rough idea of the family budget of an average respectable Indian gentleman of the middle class they would have realised that as an incidence of taxation this would weigh far more heavily on that class than on any other classes of persons. And it is known to everybody that every conceivable thing that goes to make human life possible on this earth is now costing the people more and more. Sir, the recent international developments have further aggravated the situation and I ask Honourable Members of the Treasury Benches to realise that. Certain areas of the provinces of Bengal and Assam have been declared emergency areas from which there has been a large-scale exodus of the civil population. People in receipt of fixed salaries have had to shift their families to mofussil places at heavy cost. They have now got to maintain two distinct sets of establishments, one in the mofussil where their family had been shifted, and the other, in the cities where they have to remain to earn their livelihood. Then, again, lately in the urban areas so many factors have come into play that it is becoming almost impossible for them to carry on with their normal income. In the rural areas where they have shifted their families house-rent has gone up to such a high figure that Provincial Governments have been contemplating rent control Acts for them. But whatever may be the outcome of such measures, for the present at any rate, they must have to go in for these increased burdens.

But apart from all this you have to take another very vital factor into consideration, and that is, in certain provinces, such as Bengal and the Central Provinces, assesses of income-tax are automatically subjected to an additional Provincial Tax which is provided in their Finance Acts. For instance, any assessee of income-tax in Bengal is subjected to another tax of Rs. 30, which he has to pay in addition to the income-tax. Thus, a person in Bengal with an income of Rs. 1,050 will be assessed to Rs. 18

odd by the Central Government and he will also be called upon to pay, as soon as he is assessed here, another tax on a flat rate of Rs. 30 in accordance with the Finance Act of his own Provincial Government. That is a factor which has to be very carefully borne in mind. If it were possible in the Finance Bill,—and I do not know if it would be *intra vires* of this Legislature,—to make a provision that people assessed to income-tax on incomes up to Rs. 2,000 should not be liable to any other tax on income in Provincial Governments, that of course would have been something. But I am not certain if this Legislature has got any power to do anything in that direction. So this fact ought not to escape the consideration of the Honourable the Finance Member who is imposing this fresh burden on the middle-class people.

The Honourable Sir Jeremy Raisman: I am sorry I did not catch the last observation of the Honourable Member.

Pandit Lakshmi Kanta Maitra: Sir, I will repeat. The Bengal Government has got a provision in its Finance Act by which every assessee of income-tax is subjected to another income-tax at a flat rate of Rs. 30. In other words an assessee who has an income of Rs. 2,000 and is assessed to income-tax under the Central Finance Act is also subjected to an additional tax in the Province of Bengal of Rs. 30. In the Central Provinces and also perhaps in one or two other Provinces similar Finance Acts have been passed. I know agitation had been going on to bring this matter up to the Federal Court to have a decision of their Lordships whether such a special Provincial Income-tax was not *ultra vires* of the Provincial Legislature. This being the position, Sir, I think the Honourable the Finance Member should have made some provision in the Finance Bill to the effect that assessee of Income-tax with incomes upto Rs. 2,000 should not be subjected to any additional taxation in respect of their incomes anywhere. If there were a provision like that, I would have partially supported it, but, as it is, when a person is liable to double taxation one by the Central Government and the other by his Provincial Government, I have no other course left open than to oppose this taxation here.

Sir, in the past we contended that burdens should not be imposed on people to such an extent as would compel them to lower their standard of living. We do believe that the people of this country are over-burdened with taxes. We do feel that though it is incumbent on every one of us to make heavy sacrifices at the time of war, it is the duty of the Government also to see that the burden is not made too heavy for the people to bear it. And, personally, I do not understand why the amount which is sought to be raised by this tax should not be met by borrowing. If the Honourable the Finance Member could borrow to the tune of 35 crores of rupees, I do not understand why this 50 lakhs could not also be so met. But by taxing the poor man in order to raise this 50 lakhs, you do not seem to realise how much it would cost you? Do you realise how much bitterness you would create in the people of this country, especially at a time when goodwill is so much needed? Do you think by taking such steps you could keep up the morale of the people at a high level? If the impression gains ground that far from giving any relief to the people in any direction, you go on piling tax over tax on the poor, do you think that is going to create for you the kind of atmosphere you want? I think, Sir, this would be height of indiscretion on the part of Government to impose this tax.

[Pandit Lakshmi Kanta Maitra.]

The different Trade Union organizations in this country have submitted memorials to the Government for the consideration of their hard cases. The All-India Postal Union have also submitted memorials to the Government praying for consideration of the hard lot of the second-grade staff, the new entrants in service, the clerical staff, postmen and peons. Uptil now no relief has been given, but at a time like this when they are carrying on their duties to the Crown and to the country at tremendous risks to themselves, you impose this additional burden on them which they cannot at all bear. This new measure of taxation has come to them as a bolt from the blue. I have been flooded with representations from all parts of the country to bring to the notice of the House the grievances of these ill-paid people.

My Honourable friend, the Deputy Leader of my Party, the other day made an observation that in these hard days it was the duty of the Government to see that the labour force of the country was not discontented. So, from all points of view, this new tax on incomes ranging from Rs. 1,000 to Rs. 2,000 should not be supported by anyone.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Sir, we are now dealing with two amendments: one with regard to new imposition of income-tax on incomes between Rs. 1,000 and Rs. 2,000; and the other with regard to alternative of defence loan. I am not dealing with the administrative aspect of the question—as regards difficulty of accounting and difficulty of collecting and the expenditure to be incurred in collecting the tax. I do not propose to deal, either, with general arguments against this taxation which have been very ably dealt with by my Honourable friend, Pandit Lakshmi Kanta. I shall confine myself to the question as to whether this special imposition of tax is justifiable from the point of view of the capacity of the assesseees to bear this new burden. In justification of this taxation, the Honourable the Finance Member has given us his ideas about the financial position of the assesseees likely to be affected by this fresh imposition. He has given his definition of a poor man in this country. I speak subject to correction, if I understood him aright he has told us, on a previous occasion, that the poor man in this country is a man with an annual income of Rs. 100 or Rs. 200 a year and he has also told us that a man in this country with an income of Rs. 1,000 a year is not a poor man. I had some doubt. The proposition seems to me to be so devoid of any regard to actual facts that I had some doubts as to whether I really understood him properly, but now I am satisfied that that was his definition. Let us examine this position. He considers a man with an annual income of 100 to be a poor man, A man with Rs. 1,000 a year, what is his monthly income? A little over Rs. 75. My Honourable friend is not prepared to accept that man as a poor man and under that conception he does not feel any difficulty in imposing this new tax upon him. I can only say this that it is very unfortunate that the Honourable the Finance Member has got no clear idea about the financial position of a man in this country who enjoys only an income of say Rs. 80 a month. A man with an income of Rs. 80 a month, burdened with an average family of 4 or 5, especially in view of the customs and usages of our country—good or bad—unlike the people of any other country we have to incur a large expenditure on occasions of marriage, *shraddh*, and on a hundred

and one other things. Whether these institutions are good or bad is a different matter. The fact is that those are the customs and we have to meet all this extraordinary expenditure. In view of that, it is not correct to think that a man with a thousand rupees a year is not a poor man, but that he is quite able to bear this fresh burden. It is only betraying ignorance about the actual position of our people.

The Honourable the Finance Member has given us another proposition. He has said that 95 per cent of the businessmen now enjoying an income of five to seven thousand rupees had an income of 2,000 to 3,000 before the war. I most emphatically challenge that statement. Will this proposition stand a moment's examination? Are we to forget that the income of our people has gone down in various directions during this war time? Export business has gone; import business has gone; we have lost our trade very substantially on account of the loss of the European market and several other markets. These are not isolated cases but they cover a very large number of people. From being trebled, as the Honourable the Finance Member seems to think, from 2,000 to 6,000, their income has been reduced from 6,000 to 2,000—quite the reverse. Any number of instances can be cited. Take the case of the taxi driver, the lorry drivers; take even the legal profession. I may perhaps inform the Honourable the Finance Member that the legal profession is practically doomed in all parts of India as their total income has been reduced—it will be no exaggeration if I say—by at least half; in fact I am making a most modest statement. Business in directions like coal, mining, timber, cotton, stock exchange, machinery and tools and even rice has gone down and the income of people in all these has been reduced, not increased. Therefore, there is no justification in fact for that proposition, that the income of 95 per cent. of businessmen has increased.

Then it is said that we are taxing only those persons who have benefited from the increase in national income as a result of war supply. That point has been discussed by various speakers. I shall not go into that exhaustively. Allow me, Sir, to make this one observation, that we must have a correct idea about the national income. The income of some people, of some industrialists, of some capitalists or of some who have been dumped into the Supply Department, may have increased; but that is no justification for saying that the national income has increased. I should like to give one illustration. It will not do to speak of the average income. Without meaning any disrespect may I give this illustration? The Honourable the Finance Member has an income of over half a lakh of rupees a year. He has got half a dozen servants in his house; their income is say 15 to 20 or even more per month. If he takes an average, then certainly the average income of those servants will be very considerably higher than 20 or 30 or 40 or 50 rupees. That is a very misleading idea, to talk of the general rise in national income and the rise in income of some isolated people.

We are told that only those are at present being assessed whose income has increased, and that it is in his contemplation to assess the masses of the people later on. Let us only hope that that time will not come. My submission is that it is not a question of theory or of any principle of economics—the question is whether having regard to the actual position of this class of people, this taxation is justifiable or not. As regards the alternative of compulsory saving, anybody who has got any idea of the people of this country whose income was about 75 or 80 rupees a month

[Mr. Akhil Chandra Datta.]

ought to know that it is impossible for these people to make any savings at all. I have got something to do with a bank. My own experience as a banker is this, that those people who have got an income of Rs. 250 a month can never save anything. There may be a few isolated cases like bachelors and so on; but the average Indian family man with an average small family of four or five people, with an income of Rs. 250 or even Rs. 300 a month—I say it is impossible as a matter of fact for him to make any savings at all. Now, Sir, you are asking these people, men with say an income of Rs. 85 a month, to make savings. They may save by borrowing, and not by any other way. Therefore, Sir, I do hope that after a more dispassionate examination, not out of any political consideration, because I am not referring to the war situation,—you will agree to reconsider your proposals. Even apart from any political considerations, there are very good grounds why this question should be considered more carefully. Sir, I support the motion.

Mr. N. M. Joshi (Nominated Non-Official): Mr. President, in ordinary times I consider that an income between one thousand and two thousand rupees should not be exempt from income-tax. I had expressed my view several times before, that there was a good case for imposing income-tax on incomes between Rs. 1,000 and Rs. 2,000. But, Sir, so far as this class is concerned, the present times are not ordinary times. The cost of living has gone up between 25 per cent. and 35 per cent. at least, and the salaries of people who get say between Rs. 80 and above have not gone up at all during this war, and, therefore, on account of the rise in the cost of living, there is already a cut in the salaries of these people, and that is a very heavy cut, because a man with an income of between Rs. 1,000 and Rs. 2,000 will have practically a cut in his earning between 25 and 35 per cent. and he has already paid a very heavy tax. I, therefore, feel that this is not a time for imposing a further tax on this class of persons. The Honourable the Finance Member is anxious that people should not purchase more things and make their living more expensive. He wants to prevent them from purchasing certain things like luxuries. But, Sir, a man having an income between Rs. 1,000 and Rs. 2,000 has not got a larger purchasing power at all. His purchasing power is already reduced by 25 per cent. Therefore, I feel that there is no case at all at this time for imposing an income-tax on people whose incomes are between Rs. 1,000 and Rs. 2,000. Not only that, there is no case for the Honourable the Finance Member to say that this tax is only intended to prevent people from buying certain things which they should not buy at this time and add to the dearth which already prevails in the country. I hope, Sir, the Honourable the Finance Member will not insist on imposing this tax on this occasion.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural): Sir, I should particularly like to emphasise one of the points made by my friend, Pandit Maitra in support of the amendment moved by my friend, Mr. Kazmi. My friend drew the attention of the House to the fact that by the lowering of the exemption limit in respect of income-tax, we would be subjecting a large class of people, with comparatively small incomes, not merely to the incidence of the central income-tax, but also to the incidence of certain provincial taxation. I have in my hand the Bengal Finance Act, being Act No. IX of 1939, which is known as the Tax on

Professions, Trades, Callings and Employments Act, and I shall read out its operative section :

"As from the 1st day of April, 1939, every person who was assessed to income-tax under the Indian Income-tax Act, 1922, in the preceding financial year in respect of earnings on any profession, trade, calling or employment pursued either wholly or in part within the province either by himself or by an agent or representative, shall be liable to pay for each financial year a tax in respect of any such profession, trade, calling or employment at the rate of Rs. 30, in addition to any tax, rate or duty or fee which he is liable to pay under any other enactment for the time being in force."

Now, Sir, take the case of a person in receipt of taxable income of Rs. 1,250. Under the Central Act he would be liable to pay Rs. 16 as the tax, but automatically he would be liable to pay another Rs. 30 under the Bengal Act. I do not know whether the Government have taken into account this circumstance before coming to their decision in regard to the lowering of the taxable limit. Nowadays the Provincial Legislatures exercise very much extended powers in respect of finance and other subjects, and it is very necessary for the Government of India to be more circumspect in such matters, particularly in matters relating to legislation, than they appear to have been in this particular case. I should like to be assured by my Honourable friend that he had actually had this point examined before coming to the conclusion that the taxable limit could be lowered all round in the manner which he proposes. Sir, in the United Provinces an attempt like this was made, that is to say, an attempt to impose a taxation of the nature which is imposed in Bengal, but as the tax was proposed to be levied on a graduated scale, a constitutional objection was taken on the ground that that would be virtually entrenching upon the sphere of Central taxation and would be *ultra vires* in so far as it would be tantamount to a competitive income-tax. But in order to avoid that difficulty, the Bengal Government imposed a flat rate of taxation which really operates harshly, particularly on the lower scales of incomes. I am glad to find the Honourable the Member for Education, Health and Lands in his seat, because he had something to do with the passing of this Bengal Act, and I hope that during the conversation that I noticed he was having with the Honourable the Finance Member, he has been able to persuade him to accept the amendment moved by my friend, Mr. Kazmi, in the interest, particularly, of the poorer sections of the assesses in Bengal.

Now, Sir, I am informed by my friend, Mr. Kazmi, that, apart from any positive measure of taxation which the United Provinces may pass on this subject, there is already a measure under which certain privileges and concessions are granted to agriculturists, in case they are not assessable to income-tax. I am told that in regard to the instalments for payment of their debt, in regard, again, to the rate of interest payable by them on their loans, the agriculturists are entitled to certain concessions in case they are not assessable to income-tax. Now, Sir, we are not merely legislating here for the purpose of replenishing the coffers of the Central exchequer, but we are automatically taking away certain privileges which certain classes of people may enjoy in the provinces under certain enactments. As I said before, having regard to the independent jurisdiction which the Provincial Legislatures enjoy in this matter, a much more careful examination of the position is called for before enactments of this character can be considered by this House.

[Mr. K. C. Neogy.]

I do not want to say anything on the general aspect of the question, but I should like my Honourable friend to remember that the exemption limit in regard to the income-tax should be fixed on a minimum standard of subsistence which is expected to be allowed to the people who are going to be taxed under a measure of this kind. I should like him to tell us what, in accordance with the opinion of the Government, is the minimum standard of subsistence which should escape assessment. From the form which was read out by my Honourable friend, Mr. Sheehy, it appears to me as if Government were more anxious that the assesses should subscribe to the war bonds than that they should be subjected to assessment to the income-tax. I wondered as to whether this particular measure, which reduces the taxable minimum, is really intended to operate as a sort of fillip to subscriptions to the war funds, rather than as a measure of contribution to the Central exchequer.

Sir Cowasji Jehangir: War loans.

Mr. K. C. Neogy: Yes, war loans. Certainly the Income-tax Department is interested in the collection of tax leviable under the Act and it is not part of their duty to utilise an enactment of this character for the purpose of enforcing either national savings or contribution to the war loans. I support the statement made by my Honourable friend, the Deputy President, that from what we know about the financial position of our people, the Honourable the Finance Member is likely to be disappointed in regard to one part of his scheme, namely, that the assesses would choose to invest in war bonds rather than pay the tax. They will have to pay the tax, of course, they will have no alternative left, but the amount of hardship to which they will be subjected is known to us, and I do not think that my Honourable friend is in a position to realise the extent of the hardship which he is imposing on this class of people. They have to maintain a standard of living, I would rather say they have to keep up appearances, having regard to the manifold liabilities of a financial character which they have to bear. It is really regrettable that, when prices are soaring high, when in every direction conditions of living are becoming more and more difficult, the Government should think of coming forward with a proposal of this character.

Sir Cowasji Jehangir: I am one of those who believe that, at least in war time, all classes of people should be made to contribute to the treasury, but in legislation of this kind I do think that Government must consider the consequences other than merely questions of raising revenue. We have certainly heard today of one consequence, and if the facts that have been given to us are correct, that is to say, that people earning between Rs. 1,000 and 2,000 would, in addition to the tax that this House is asked to levy, would also have to pay to a Provincial Government—the Bengal Government—another Rs. 30, which is much more than what the Honourable Member is levying

An Honourable Member: Nearly double.

Sir Cowasji Jehangir: nearly double the amount; then I think it is one of those consequences which this House will not agree to. It is not possible for us to agree to an automatic payment to a Provincial Government of double the tax that we levy. But, Mr. President, there are other consequences that Government seem to have forgotten. They are in a different direction, nothing to do with revenue—I mean, franchise. By this Bill Government are bringing within the franchise thousands upon thousands of people. At present they have no vote for the Legislative Assembly, but as soon as they pay income-tax they acquire a vote, and, practically, the franchise is doubled. That is one of the consequences that Sir George Schuster's action had in lowering the limit to one thousand rupees, and I believe the Congress were most grateful to him for his action, for he brought on to the rolls thousands upon thousands of men who voted for the Congress, which otherwise they would have lost. Now, my Honourable friend is doing the same thing, and if an election takes place next year or within a few months, thousands of people will get the vote which they would not otherwise get.

The Honourable Sir Jeremy Raisman: Is it not a fact that at the time when the Government of India Act, 1935, was passed, those additional taxpayers already had the votes then?

Sir Cowasji Jehangir: No. Every income-tax payer has been given a vote for the Legislative Assembly, at least in the City of Bombay, but if he is not an income-tax payer he does not get the vote, and that was actually what took place. I am sure my Honourable friend, the Commerce Member, will realise that fully and I believe he knows it.

The Honourable Sir Jeremy Raisman: We levied a tax on the lower incomes up to the year 1935-36, so that, at the time the present Government of India Act was passed, these lower income-tax payers were qualified. And what has happened is that by abolishing the tax on these lower incomes we considerably reduced the extent of the franchise.

Sir Cowasji Jehangir: No, it is the other way about. In the election of 1934, all these income-tax payers, that is to say, those earning between Rs. 1,000 and 2,000, had the vote due to the action of Sir George Schuster, and there has been no election since. They are now deprived of it because subsequently the tax was again brought within the limits of Rs. 2,000 and above. But when we fought the elections of 1934, I well remember to what extent the voting rolls had increased and the consequences of that.

Mr. Akhil Chandra Datta: May I know if it is your own point of view, or if you are speaking from the point of view of the Government?

Sir Cowasji Jehangir: I am speaking from my own point of view, nothing to do with Government. What I say is that in a legislation which is intended to raise revenue you do something very different. You may raise a little revenue, but you do something different and the consequences are great in other directions. Therefore, you have to look at legislation intended to raise revenue from all points of view. I repeat that, when I came into this House this morning, I had not the slightest idea that all

[Sir Cowasji Jehangir.]

these poor people earning between Rs. 1,000 and 2,000 would be mulcted in Bengal to the extent of another Rs. 30. I do not know whether my Honourable friend, the Finance Member, knows whether it is correct or not. I believe the Honourable Mr. Sarker knows something. It was one of his actions, but whatever that may be, if that is a fact, we did not realise it and luckily it has been brought to our attention before we vote.

Now, Sir, I do also look, in these dangerous and difficult times, to the political aspect of the case. I may admit that even before I heard of this Bengal Act I had decided to vote against this measure and support the amendment, but I am more convinced than ever now, and one of the reasons that led me to make up my mind to vote against this measure was the political aspect. After all, in a country like India, people earning between thousand and two thousand are mostly literate and it has been one of those groups of people who have had considerable influence in political affairs, and at this time I do not desire in any way to disturb their mental equilibrium, to put it very mildly. I would rather not risk it. But, naturally, such arguments can only be raised when we know what is the amount at stake. How much do Government expect to get out of this tax?

There are three questions to which I should like to have answers, I would like to know, firstly, what amount Government expect to raise, net and gross, net being actually what they will get, the gross being what they will get on paper. But the cost of collection will be considerable. Have Government actually worked out these figures? These are the most important factors of which the House must be made aware. One of the reasons for relieving this class of people from the income-tax was, we were told, this cost of collection, and it is actually on Government records that the cost of collection being heavy it is not worth while imposing this tax. But, naturally, things are now different. Attention has been drawn to an amendment of the Act since those days whereby things may become easier for Government to collect this tax. Then, again, the object of Government is not merely to collect this tax. The real aim is to make these people more responsible mentally by subscribing to the loans. At any rate, whatever, it is, whether it is a subscription to the loans or whether it be a direct tax, it must cost money to collect. What is that cost? Is it commensurate with the risks we run? Is it worth while? Government must have studied the question from this aspect before they proposed this tax. We would like to have a few figures which would be most useful to the House and would lead them to a proper appreciation of the position.

Mr. President, we know very well that it is no question of voting in this House just now. It is only for Government to decide as to what they will do. A few may walk into the lobby ineffectively. That makes no difference to the position as it stands. Looking at the matter from the political point of view, from the point of view of the double taxation that it will impose, from the point of view of the franchise, I trust that Government will give up this proposal altogether. They may find out other ways and means whereby this class of people can be made to pay, and their mentality can be made more responsible. I am all in favour of

savings, of making people subscribe to the war loan. I repeat here with a sense of responsibility that I am in favour of making people, from the lowest to the highest, subscribe to the war loan, specially all those who have the money and refuse to do so from one motive or another. I am all for making them do it, and any proposals of that sort would, and should, receive most serious consideration, specially from the better classes who do not subscribe to the loans. I think you cannot get more than a couple of crores from this class of people. That is a mere bagatelle, so far as loans are concerned and it is not worth while trying. In the circumstances, I would appeal to Government to give up this measure. Looking at it from all points of view, it is not worth while. I trust that Government will give this matter their very earnest consideration, and if they make up their mind soon, the debate can be easily stopped.

Dr. P. N. Banerjæ: Sir, the income-tax is regarded as the fairest of all forms of taxation because it is based on the principle of ability to pay. Now, let us judge this proposal from the standpoint of that principle. Has the class of people who are being subjected to this income-tax got the ability to pay? Many of the previous speakers have already pointed out that they do not possess that ability. Now, let us consider what is the composition of the class on which this burden will fall. This burden will fall on the poorer section of the middle classes and this section consists of school masters, petty traders, lawyers with small incomes, clerks and pensioners and other men of very small means. Now, is it desirable to subject this class to further taxation in view of the fact that already the cost of living has gone up by more than 50 per cent. This class of persons has not benefited in the least from a rise in prices.

The other day the Honourable the Finance Member spoke eloquently on the increase in the spending power of the people. It is true that there has been an increase in the spending power of some classes but so far as this particular class is concerned their spending power has not only not increased but has greatly diminished. We should also consider the standard of living of this class. This class consists mainly of educated persons, although with very small incomes. They have to spend money on their books and newspapers and they have to educate their children. That takes up a good deal of their income, and the monthly income of this class which the Government now propose subject to this additional taxation, ranges from Rs. 84 to Rs. 167. Now, you can easily imagine the condition of a person drawing a salary of Rs. 84 or of a lawyer practising in a court in the interior of the country earning that amount. They have to keep up their style of living; they have to educate their children; they have to clothe themselves in a gentlemanly fashion; and when they are subjected to further taxation, it becomes impossible for them to make their both ends meet. Further, as has been pointed out by my Honourable friend, Pandit Maitra, as soon as they are subjected to this tax, the Government of Bengal will pounce upon them and will demand a further tax of Rs. 30 a year.

Now, I know something about this tax. When the Finance Act of 1939 was passed, I did not exactly comprehend its provisions and I submitted an application to the effect that I should not be included in the list of taxpayers because this tax professedly wanted to tax those who

[Dr. P. N. Banerjee.]

had any professions or were engaged in trade and so forth. I pointed out that I had retired from my work in the University, that I was not practising as a barrister and that I was not engaged in any trade. But I was told that because I paid the income-tax, I should have to pay this tax also; and I was compelled to pay it. Therefore, it is clearly that by lowering the limit of exemption you are not only imposing a Central tax but you are compelling these taxpayers to pay another Provincial Tax. Sir, this is very unfair and in the name of fairness I appeal to the Government to reconsider the decision and to omit this item from their taxation scheme.

Now, the question will be asked: what about the deficit? It will be a very small amount. It will be less than a crore; perhaps it may be only half a crore. If an addition is made to the borrowing programme by half a crore, nothing will be lost. The credit of India is good at the present moment as has been pointed out by the Honourable the Finance Member. So, this small addition to the borrowing programme will not harm anybody. On the other hand, if the Government persist in this tax, it will not only do great harm to the poorer section of the middle classes but will give rise to very grave discontent. This poorer section of the middle class is the backbone of the country and it should be encouraged and should not be stifled. No attempt should be made to injure this section of the population. Therefore, I appeal once more to the Government to reconsider the position and to omit this tax from the Finance Bill.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): Sir, in order that I may not have to raise the same debate on my amendments and in order to shorten further discussion, I rise to make my submissions and I support the amendment which has been moved by my Honourable friend, Mr. Kazmi. I do not support his second amendment.

Before I make my submission, I want to disarm the fears of my Honourable friend, Sir Cowasji Jehangir, that any extension to the franchise will be made because of the lowering of the level of this tax. The Government of India Act has abolished any representation to the Central Legislature by direct election. He knows that. There is no direct election now under the Government of India Act, 1935, for the Federal Legislature.

Sir Cowasji Jehangir: That Act is not in force. May I ask the Honourable Member, if an election took place next month, under what franchise it will take place?

Mr. Jamnadas M. Mehta: I am telling my Honourable friend that in future he must not be afraid because under the Government of India Act, 1935, no extension of franchise can make any difference. On the other hand, I am telling him that the present provincial franchise is such that a man need not pay income-tax and still be a voter; the payment of rent of, say, Rs. 5 or even Rs. 2, entitles him to vote. And if the same voter is to elect a member to the Central Legislature, then there is

absolutely no fear for my friend of any extended franchise coming into the way of his being elected to the Central Legislature. But it is a good reason today; I entirely agree there. It is a good stick to beat the Government with, because they are likely to be afraid of a lower franchise. From that point of view I agree with him that it is a good fighting point of Sir Cowasji Jehangir. But apart from any results in the franchise, I beg to submit that the proposed lowering of the income for the purpose of income-tax will be a great calamity not merely to Government but to the poorer classes of people. I have been pained and distressed that the Honourable the Finance Member has got no consideration for the poorer classes of people in his financial proposals. He knows what is going about. He knows the rising level of prices. He knows that a man who was earning Rs. 2,000 yesterday cannot now maintain the same standard even with Rs. 3,100. He knows all this. He has agreed to the increment of the railway rates. He has increased the customs duty on necessary supplies

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member knows all that.

Mr. Jamnadas M. Mehta I am not going into it fully; I am merely showing the totality of the burden which he is imposing. The railway rate has gone up; duty on kerosene oil has gone up; and postage is added to. On the one hand, this taxation is mounting up; on the other hand, prices are going up. This pincer economic movement on the poor is going to sabotage him and make him absolutely incapable of maintaining that minimum standard of health and physical efficiency which is necessary for the purpose of the war. I wish to submit to the House that it is this very class which you want most in the war that you are pushing below the economic level. In case my friend thinks that his economic knowledge ought to prevail against me, I wish to quote to him the authority of people whom he is inclined to honour. The distinction in the matter of this standard of life made by economists is this: that there are two levels, the first is above the subsistence level, the second is, the poverty line below which nobody should be pushed; the vicious spiral of rising prices and rising wages is only to be considered when you have crossed and gone above the poverty line. The *Economist* news(paper which my Honourable friend knows is ably edited and its previous Editor had earned fame and renown all over the world—I wish to quote from this newspaper for yet inducing, before it is too late, my Honourable friend to relax his ruthless taxation of the poor. The *Economist* dated the 20th January, 1940, says:

“The first principle of wage policy in war time must inevitably be that enunciated by the Prime Minister.”

I think it was Mr. Neville Chamberlain at that time who was the Prime Minister.

“Any attempt to raise all wage-rates in proportion to the rise in the cost of living must be self-defeating. But there should be a second principle also;”

Here I wish to invite the Honourable Member's attention:

“no one whose wages provide no margin over the cost of minimum subsistence must be pushed below that level by the rise in prices.”

[Mr. Jamnadas M. Mehta.]

Sir, this is what I am standing for ever since the Railway Budget was introduced that no one whose wages provide no margin over the cost of minimum subsistence must be pushed below that level by the rise in prices. What has happened to people who are earning up to Rs. 2,000 per annum? Even when they were earning up to Rs. 2,000, evidence has accumulated that most of them were living either on the charity of a brother or of a father-in-law or they were in chronic indebtedness. These are the classes of people who are affected by the proposals in the Finance Bill for taxing their income or taking a forced loan from them in the name of saving. If in 1940 the people who were earning up to Rs. 2,000 a year were below poverty line, they were on the bare subsistence line when the prices were only 116 against 151 the amount which will help to push them above poverty line would be Rs. 8,100. What the *Economist* is differentiating is this. Do not give them any luxury, deny them even some amenities, but do not deny them bare necessities of life. Where the bare necessities of life are concerned, you must not push down those fellows below that level. What the Honourable the Finance Member is doing is pushing below thousands and thousands of people below this poverty line, this bare subsistence line by his new proposals of imposing income-tax on incomes between Rs. 1,000 and Rs. 2,000. For that reason, I would beg of him that he should withdraw this part of his Bill. It is going to be most unpopular and deservedly unpopular. It is going to tax the very scanty resources of the poorest of the poor, it is going to bring disease to infants to much greater degree than is even possible today. The children that will be born because of diseased parents for want of bare subsistence will be a liability on the future State, apart from the great misery that will be produced at the present moment. For these reasons I wish to appeal to my Honourable friend, the Finance Member, that he should agree to abolish this new proposal.

Apart from this economic distress which will be very widespread, it will also produce a chronic indebtedness to a larger extent than it is today. There is no doubt that this will compel poor people to go and borrow. Their Rs. 1,100 will not help them, their Rs. 1,200 a year will not help them; up to Rs. 2,000 it will not help them. They will not be able to pay either the income-tax or the forced loan. This saving campaign must be kept within a reasonable margin; saving by looting is not saving. It is a loot to tax people up to Rs. 2,000 in these days when their income does not fetch even two-thirds it was fetching. To compel them to pay further to the State either in the name of tax or in the name of loan is, I wish to submit with greatest respect, nothing but downright day light loot. It is bound to reduce and shrink the standards which are already low. Therefore, the one necessity of the day when the war is the greatest concern of every one of us, and the Rau Committee also has particularly emphasised it, that in the war when you want to make a great call on the efficiency of the workers, you should not drive anybody under the subsistence level. The last word on this question is that of the Rau Committee which says, let us all make some sacrifices for the war. Where there is not enough for everybody, each should accept some less, but so far as the marginal consumer is concerned, it is said, do not tax

him further because to the latter we should fully neutralise the cost of living that has arisen. Is this proposal likely to neutralise to the cost of living on the right side or further drag down that level?

I shall close with the observations of the Rau Committee which says:

“To the latter we would point out that when there is less for everybody, the necessities of the poorest workers must come first and last and all the time, for it is among them that the nation dwells.”

Babu Kailash Behari Lal (Bhagalpur, Purnea and the Sonthal Parganas :

Non-Muhammadan): Sir, I would not have taken part in this
1 P.M. debate had it not been for the fact that I have to place my point of view about an argument which was placed by my Honourable friend, Qazi Muhammad Ahmad Kazmi. Although I agree with his views that the poor man has got more procreating power than the rich man, I differ from him that the necessity of procreating is as much there. While wounding up the debate the other day, Qazi Muhammad Ahmad Kazmi said that it was necessary for the poor man to procreate and beget children. To my mind it seems that the problem is otherwise. Of course, in a country like India, the one problem is over-population. Therefore, I would have just argued the reverse. But for the fact that I know that this will still create broods of poor men, I would not do that. Had I been a white man and in the position of the present Government of India whose policy perhaps differs from the policy which a National Government would have pursued, of course making broad allowance so far as the present Expanded Council is concerned, I would not have pursued a different policy. And we see from the schemes of such legislation as has been placed before the Legislature that the policy is much the same as it used to be before. What is that policy? I have said that had I been in his position I would have followed this policy which is a policy of brutalising men by such legislation. I appeal to the Government that even now under the stress of war time they should give up this policy. Different Honourable Members have said how this tax will fall heavily upon the middle class people who form the backbone of society. Even the Finance Member told us that he is a poor man; and the condition of people drawing Rs. 75 or 80 a month can be easily imagined. I think in some countries that is the wage of an ordinary labourer, and Mr. Joshi with his knowledge of labour problems can say whether that is the wages of a labourer in the more prosperous countries of Europe and America. If the middle class gentleman has to frame his budget within this means his plight can be more imagined than described; and I hope the Finance Member will consider the appeals made to him from all sides of the House. This law will work as loot law, particularly in provinces which are poor and also in places like Bengal where there will be double taxation.

I, therefore, hope that the Finance Member will consider the poor lot of these people on whom this will fall heavily and will not pursue the insensate policy of making brutes of men. Even today we know the condition of middle class people. We hear of suicides, of people who cannot bring up their children or marry their daughters or feed the hungry mouths in the family. All these things should be taken into consideration. The Finance Member has to carry on the war efforts and

[Babu Kailash Behari Lal.]

so this legislation is an important one, but he should also keep in view the state of the society on which it will prove a heavy blow and I appeal to him to withdraw this provision.

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

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

The Honourable Sir Jeremy Raisman: As Honourable Members will no doubt have guessed, we have during the lunch interval on these Benches considered whether any modification should be made in our proposals. But I must say here and now that I am not prepared to accept the amendment No. 14 which has been moved by my Honourable friend, Qazi Muhammad Ahmad Kazmi. But before I go on to explain what we are prepared to do in order to meet the view of Honourable Members, I would like to place before the House again the considerations on which this proposal in the Budget is based. It is not merely an ordinary case of reducing the minimum for income-tax. If it had been a proposal of that nature, many of the criticisms would have been valid, but even on that basis, I would have been prepared to argue that at a time like the present, it is justifiable to carry the demands of the State on the individual as low down as the classes which the Budget proposal would affect, and I would say that at a time like this sacrifices must inevitably be called for from larger and larger numbers of the community and that those sacrifices must undoubtedly involve a certain amount of hardship. There is no meaning in sacrifice unless it involves some hardship. But this was not, as I say, merely a scheme for raising additional revenue by lowering the minimum liable to income-tax. It was a proposal which is in line with the generally accepted thought in all countries now-a-days as to some of the ways whereby the fundamental economic difficulties that arise in a time like this can be tackled. The scheme is particularly devised in order to make it worth the while of the assessee to choose the option of saving rather than paying the tax and the object of that is to furnish a powerful inducement to him to endeavour to postpone even at considerable sacrifice his claims for current consumption in order to ease the general effect on the price level and, therefore, on his own well-being. Now, Sir, the total amount of purchasing power which my proposal would affect is estimated at not less than 100 crores. The revenue to be derived, if it were purely a tax scheme, would in itself probably be over a crore of rupees in the present conditions, but I do not emphasise that aspect of the matter.

Qazi Muhammad Ahmad Kazmi: Savings fund or tax?

The Honourable Sir Jeremy Raisman: Tax. But I do emphasise that no less a part of the national income than Rs. 100 crores which at present tends to push up the price level, that that volume of purchasing power would be affected by a proposal of this kind. In other words, a certain amount of belt tightening and postponing of current consumption would take place throughout the whole of that range as a result of this proposal.

Sir F. E. James (Madras: European): Will the Honourable Member kindly give the figures of the estimated number of assesseees likely to be affected?

The Honourable Sir Jeremy Raisman: I have only got figures of the last occasion when these lower incomes were taxed.

Sir F. E. James: Now, it must be more.

The Honourable Sir Jeremy Raisman: It must be considerably more now. In the last year in which the lower incomes were taxed and came within our cognisance, that was the year 1935-36, it was of course a time of lower economic activity than at present.

Dr. P. N. Banerjee: That was the last phase of depression.

The Honourable Sir Jeremy Raisman: Yes, at that time the total number affected was about 400 thousand and the total income affected, was about 56 crores. Now, I estimate that at the present time, the total number of people affected would be considerably greater and the income affected would be probably of the order of 100 crores of rupees. It is common experience that if a man has a certain income, even a small reduction, even a five per cent. reduction in his current income alters the whole basis of his approach to the question of current consumption. He has probably to adjust his way of living to some extent, he may in the worst case have to decide to reduce his standard of living by that amount, or he may decide to give up some particular form of consumption which is less essential to him than others.

Pandit Lakshmi Kanta Maitra: Does the Honourable Member expect an increase of 25 per cent. in the number of assesseees over the figure of 1935-36?

The Honourable Sir Jeremy Raisman: I expect a much larger increase. Now, Sir, my Honourable friend, Sir Cowasji Jehangir, I am afraid must have been in a rather volatile mood today because he approached this House, he came this morning feeling that this proposal was a sound one and he was very quickly converted.

Sir Cowasji Jehangir: I definitely said. I was against the proposal.

The Honourable Sir Jeremy Raisman: I beg the Honourable Member's pardon. I thought he had changed his mind in the course of the discussion. But the point which seemed to influence him the most was that certain consequences might flow from the extension of the income-tax to further classes. Now, Sir, as regards the franchise, I do not know that it is my business or the business of the House to attempt to prevent changes in the constitution of the electorate. I believe that the total number who were enfranchised under the existing scheme was estimated to be something like 30 millions in the whole of India. The number of persons involved in this proposal is probably somewhere between half a million and a million, but very many of those are already, I understand, enfranchised because they are literate.

Sir F. E. James: Most of them are.

The Honourable Sir Jeremy Raisman: All the salaried workers are literate.

Sir Cowasji Jehangir: There are certain constituencies in which income-tax payers have a vote. Such a constituency is the one I represent, the City of Bombay, under the old constitution,—the new one has not yet come into force and it does not look like coming into force at all,—mostly income-tax payers form the electorate. Therefore, by your measure the electorate might be doubled. That is the point. Going into the question of whether a man is literate or illiterate for some other constituencies is irrelevant.

The Honourable Sir Jeremy Raisman: In that case, the effect on the franchise is much more limited than I had even thought myself, because it only affects certain constituencies. However, as I pointed out to my Honourable friend at the time he was speaking, when the existing constitution was enacted, the fact is that people in this income class were paying taxes and were therefore contemplated as being voters. So it is not that we are making entirely unexpected changes in the constitutional position, but on the contrary, the changes took place purely incidentally in the years after the tax on lower incomes was removed.

Now, Sir, an argument was put forward, particularly by Honourable Members from Bengal, that the extension of income-tax to lower income classes will automatically render a large number of persons liable to the Bengal Profession Tax for which I understand they have to thank my Honourable colleague, Mr. N. R. Sarker. Now, if it were so, this would be an entirely unintended consequence, but there is also an entirely unintended remedy for this. Under my proposal in the Finance Bill, an individual would not be liable to tax at all if he made a certain deposit. Now, Sir, if he makes that deposit, he will not be assessed to income-tax and, therefore, he now has an additional inducement for taking what is in any case the only prudent course. Instead of choosing to pay Rs. 30 tax, he has to save Rs. 30 odd and that will also save him a sum of Rs. 30 as Profession Tax. In any case, I must point out that the adoption of the income-tax criterion for a province for the purpose of its own tax is a matter which concerns the Provincial Legislature and it surely is remediable by that same Legislature. Actually, in the case of the Bengal Profession Tax, the Provincial Government has taken power to exempt certain classes who would be liable to tax.

Dr. P. N. Banerjee: You cannot compel them to exempt.

The Honourable Sir Jeremy Raisman: No; I cannot compel them. If I could, I would be prepared to accept an amendment to that effect. I have not got the power to produce that effect, but it does seem to me that if Honourable Member wish to pursue the argument that when an entirely unintended effect has been produced, the executive power should be exercised by the Provincial Government in order to prevent that effect, that argument would be a powerful one. . . .

Sir F. E. James: If they had not declined to come within the scope of provisions of my Profession Tax Bill, they would not have been in this predicament.

The Honourable Sir Jeremy Raisman: At any rate, as far as I am concerned, my own proposal provides an escape from that particular dilemma for the persons affected. My Honourable colleagues and I have given further considerable thought to what modification might be made to meet the wishes of Honourable Members of this House without destroying what is really an important feature of any war time budget and certainly of this budget—a feature which should be judged as I have already said not merely by its revenue effect, but as an attempt to mitigate factors which are already strongly operative and which may become even more powerful in the course of the forthcoming months. That is a situation which no Government can fail to take into account and Governments must attempt to devise some means of mitigating these undesirable effects, and all Governments, I may say, or practically all attempt to adopt means of the kind which I have proposed in order to meet a situation of that kind. I admit that they are always met by exactly the same kind of argument which my Honourable friend, Mr. Jamnadas Mehta, and others have brought forth in this House, namely, that with the cost of living rising you cannot reduce the income of the classes affected. But it is very like certain types of therapeutic treatment which may seem at first to the patient to accentuate his discomfort, but which, nevertheless, may have an exceedingly valuable effect. However, having considered this matter carefully, my Honourable colleagues and I are disposed to accept the amendment put down on the agenda paper as No. 18, which says:

“That in the proviso to clause (a) of Part I-A of Schedule-II to the Bill for the figures ‘1,000’ the figures ‘1,500’ be substituted.”

That amendment has not been moved. I do not know whether the Honourable Member, Mr. Lalchand Navalrai, who has tabled that amendment will move it. I see he is absent. Perhaps he is ill. I submit that the furthest we can possibly go in the direction of meeting the criticism which has been raised is to reduce the taxable minimum from the present figure of Rs. 2,000 to the figure of Rs. 1,500.

Sir F. E. James: What would be the effect of that?

Pandit Lakshmi Kanta Maitra: There will be consequential changes also.

The Honourable Sir Jeremy Raisman: One of the reasons why we are disposed to adopt that amendment is that there would be virtually no consequential changes and the alternative scheme of savings will still be obtained.

Qazi Muhammad Ahmad Kazmi: 750 onwards?

The Honourable Sir Jeremy Raisman: Yes. The rest of the Bill will stand unaffected. The scheme of alternative savings will also remain and I would also pursue the proposal we have in mind for simplifying the whole

[Sir Jeremy Raisman.]

system of income-tax assessment in relation to these small incomes. Mr. Sheehy explained this morning what we contemplate. We contemplate a very simple form of income-tax return in which the assessee (a) declares his total income indicating from what sources, and (b) states thereupon that he has deposited the requisite amount of savings in Post Office Savings Bank account, and, thereby, claims to be exempt from taxation. Now, it is part of this scheme that no appreciable administrative machinery would be required and it is our intention that the scheme should, as far as possible, administer itself. The individual will give the number of the certificate which is obtained for the deposit, and, broadly speaking. . . .

Qazi Muhammad Ahmad Kazmi: Will the assessment be made before?

The Honourable Sir Jeremy Raisman: No, Sir. The intention is that unless any strong reason to the contrary appears, the return in that form would be ordinarily accepted, and we do not intend to call into being a large mass of lower administrative officers and we do not intend to spend any considerable amount on additional staff.

It is true, as several speakers have said, that on the last occasion when the Income-tax limit was lowered, the cost of administration was very great in proportion to the actual revenue raised, and that is a very serious criticism of any tax. But the present proposal being essentially a savings rather than a taxation scheme, would not involve any considerable expenditure in administration. The large majority, of course, in this class are salaried persons and in their case, as Sir Henry Richardson suggested, the loan could be deducted monthly instead of the tax as is done at present in the case of taxable salary-earners. As for the others the assessee would be taking a chance if he decided not to make the necessary deposit in the Post Office Savings Bank because if it were subsequently discovered that he had a taxable income he would then be liable to tax and would not have the option of the saving. It is on that feature of the scheme that we rely to make the system more or less self-administering.

Qazi Muhammad Ahmad Kazmi: Will notices be issued?

The Honourable Sir Jeremy Raisman: No individual notices will be issued. A general notice will be issued and, thereupon, individuals with a taxable income will be liable to make a return. After all, the position is that in the case of non-salaried persons the income fluctuates and they may at any time come within the cognizance of the Income-tax Department because the income may rise above 2,000. If such an assessee, having had an income which was taxable under this scheme, had not exercised the choice of making a deposit and had not returned his income return, then on a subsequent occasion or in a subsequent year he would find himself liable to the tax without the option of the deposit in the Savings Bank.

Sir Cowasji Jehangir: I take it that this new form is only for those who want to save and not pay a tax.

The Honourable Sir Jeremy Raisman: Yes, Sir.

Sir Cowasji Jehangir: Then what about those who want to pay tax?

The Honourable Sir Jeremy Raisman: In those cases it means that they are insisting on an assessment and, therefore, they have to furnish the information which is necessary in order to go through the ordinary assessment. It is the individual who chooses both: (a) the savings provision; and (b) to be relieved entirely of the detailed assessment procedure; it is for him that this simplified form of return will provide a solution of his problem.

Dr. P. N. Banerjea: Will the Honourable the Finance Member guarantee that if an assessee chooses the savings alternative, he will not be called upon to pay the tax of Rs. 30 in Bengal.

The Honourable Sir Jeremy Raisman: I am not in a position to give that guarantee. For all I know, the Bengal Government may tomorrow amend their Act and make everybody with an income of 500 liable to Profession Tax. It is purely accidental from my point of view that they chose 2,000 as a suitable income and based their tax on the income-tax paying classes.

Dr. P. N. Banerjea: But we are talking about the present basis.

The Honourable Sir Jeremy Raisman: You mean the guarantee that if he makes the deposit . . . ?

Dr. P. N. Banerjea: Yes, Sir. If he makes the deposit then he will not be charged for the payment of Bengal tax of Rs. 30.

The Honourable Sir Jeremy Raisman: I have discussed that matter with my Honourable colleague, the Law Member, and I understand I was correct in saying what I did, that if an individual chooses the savings alternative he will not be assessed to income-tax under my scheme, and, therefore, he will not be liable. The Bengal Act says: "Every person who was assessed to income-tax in the preceding financial year"—incidentally, this will take effect in the following year—whereas, the essence of our proposal is that if he shall have made the requisite saving he will not be liable to income-tax. I must say that I view with some regret the narrowing of the schemes which are regarded as an important contribution to the solving of economic problems of the present day.

Sir F. E. James: Could the Honourable Member give us any idea as to the number of assesseees who will now be relieved and the amount that he will actually surrender?

The Honourable Sir Jeremy Raisman: On the basis of the 1935-36 returns, the actual number of persons involved were about two-thirds in the class 1,000 to 1,500, and one-third in the class from 1,500 to 2,000. So, if you suppose that say 750,000 persons were affected then 500,000 would have been let out by this amendment, and only 250,000 remain. Similarly, as regards purchasing power, the amount in the 1,000 to 1,500 class was about one and a half times the amount in the higher bracket. So if that proportion should still obtain and if we assume that 100 crores is affected, it would leave 40 crores of purchasing power affected and would

[Sir Jeremy Raisman.]

allow 60 crores to go free; and strictly speaking according to present-day economic thinking, and with due respect to the views of my friend, Mr. Jamnadas Mehta, it is particularly in the lower income classes that the necessity of trying to inculcate the lesson of postponing purchasing at this time is so necessary. For these reasons I view somewhat ruefully the damage to a scheme to which I attach some importance. However, I am prepared to make this contribution to a settlement which I trust will be acceptable to the whole House.

Mr. Deputy President (Mr. Akhil Chandra Datta): So far as the Chair is concerned, it is necessary to know what is the effect of the statement of the Honourable the Finance Member so far as Mr. Kazmi's amendments are concerned. Does the Honourable Member want the leave of the House to withdraw the amendments?

Qazi Muhammad Ahmad Kazmi: Would it not be better that the amendment which it is proposed to accept, be just moved?

Dr. P. N. Banerjea: The Honourable the Finance Member may himself move it with the permission of the Chair.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got an assurance already. I do not think he need worry himself about who moves it.

Qazi Muhammad Ahmad Kazmi: Unless some amendment is passed . .

Mr. Deputy President (Mr. Akhil Chandra Datta): It will be moved in due course. I understand that Mr. Kazmi asks for leave of the House to withdraw his amendments.

The amendments were, by leave of the Assembly, withdrawn.

Dr. P. N. Banerjea: As regards amendment No. 18, I suggest that the Honourable the Finance Member move it, or if he is not prepared to move it, I may move it on behalf of Mr. Lalchand Navalrai, with the permission of the Chair and the assent of the House.

Mr. Deputy President (Mr. Akhil Chandra Datta): I am afraid the Finance Member cannot move it, nor can anybody else move it on behalf of Mr. Lalchand Navalrai. But I can allow certainly Dr. Banerjea to move it on his own account. The question is:

"That Schedule II stand part of the Bill."

Dr. P. N. Banerjea: All right, Sir. With your permission, I move:

"That in the proviso to clause (a) of Part I-A of Schedule II to the Bill, for the figures '1,000' the figures '1,500' be substituted."

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

"That in the proviso to clause (a) of Part I-A of Schedule II to the Bill, for the figures '1,000' the figures '1,500' be substituted."

The motion was adopted.

Mr. Jamnadas M. Mehta: What about amendment No. 20, Sir? It is not relevant to this.

Mr. Deputy President (Mr. Akhil Chandra Datta): We are on the Schedule now; if you want to move it, you must move it now.

Mr. Jamnadas M. Mehta: Sir, I move:

“That in Schedule II to the Bill, in Part I-B, the words ‘and local authority’ be omitted.”

In moving this amendment I want to seek a clarification from Government in respect of the position of local bodies. I tried to secure that explanation yesterday, but one or two points still remain to be clarified before I can make up my mind. Local authority would mean municipality and local board, and if their income is to be taxed there is no limit to the burden which most municipalities will have to bear because of this provision in the Schedule. I am told that this provision to which I am objecting applies not to the ordinary income of the local authorities or to any commercial enterprise which they may be having within their own jurisdiction, but that it will only apply where any commercial enterprise is being run by a local authority outside its jurisdiction and to that extent the local authority is taxable. I do not know what the activities of other municipalities in the country may be, but I know that the Bombay Municipality has several activities outside its municipal jurisdiction: for instance, we supply water to the Government of Bombay for its development schemes outside the municipal jurisdiction; we supply water to several municipalities like Bandra, Thana and several other places; and I am afraid that if this provision remains, the Bombay Municipality will be taxed on its income from the water supply to local bodies outside its jurisdiction as well as for providing water to the Government of Bombay. The Bombay Municipality will, of course, pass it on by adding to their rates for these municipalities and local bodies concerned, but the result will be the same, that the poorer people will have to pay the additional tax on water supply to them. I may assure the House that people who are getting water from the Bombay Municipality outside its jurisdiction are mostly poor people, and the fact that they are within the municipalities in the suburban area in Bombay should not lead the Government to assume that they are able to bear this burden. The municipality makes a special provision for them by charging them much less than it charges to industries within its own borders. And the net effect of this would be that the water supply of nearly two lakhs of people or perhaps more in the Bombay suburban districts would be taxed, and also to those who are getting water for the Government of Bombay Development Schemes the price of water will rise high. This is one of the unexpected effects of this provision. I would, therefore, very earnestly suggest to Government to exclude by any change in the Schedule the taxation of these poor interests. I do not know what other municipalities have commercial activities outside their own jurisdiction as the Bombay Municipality has, and, therefore, I am not in a position to comment, but the result of this provision will affect the Bombay suburban area, where mostly very poor people and agriculturists live. Sir, I move.

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

"That in Schedule II to the Bill, in Part I-B, the words 'and local authority' be omitted."

Mr. J. F. Sheehy: Sir, what the Honourable Member seems to be trying to do is to amend the Indian Income-tax Act which exempts the income of a local authority except income from a trade or business carried on by the authority so far as that income is not income arising from the supply of a commodity or service within its own jurisdictional area. Now, all we are doing in the Finance Act is to apply a rate to that income which is taxable under the Income-Tax Act. So when the Honourable Member is trying to delete the local authority from the Finance Act, he is really trying to amend the Income-tax Act, and not the Finance Act. Now, I think he wanted to know what a local authority was. It is defined in section 8 (28) of the General Clauses Act as follows:

"A Municipal Committee, District Board, Body of Port Commissioners or other authority legally entitled to or entrusted by the Government with the control or management of a Municipal or local fund"

The words 'legally entitled to or entrusted by the Government' should be construed to mean "entitled by the law of British India to" or "entrusted by a Governmental authority in British India with". The Honourable Member spoke of the Bombay Corporation, and I think he suggested that they might be taxed for supplying water outside the municipality. Well, I am pretty certain that they are not in practice being taxed, because cases in which local authorities are taxed are generally seen by the Central Board of Revenue, and I do not remember having seen any case from Bombay City . . .

Mr. Huseinbhai Abdullabhai Lajee (Bombay Central Division: Muhammadan Rural): Not yet.

Mr. J. F. Sheehy: This provision has been in the Income-tax Act for three years. So I am pretty certain that the Bombay Corporation is not being taxed for supplying water outside the Municipal area.

Mr. Jamnadas M. Mehta: I want to ask a question, Sir, for clarification . . .

Mr. Deputy President (Mr. Akhil Chandra Datta): You can ask a question for clarification, but you cannot make a speech.

Mr. Jamnadas M. Mehta: If I have followed my friend correctly, it means this that because during the last three years the Bombay Municipality has not been taxed, therefore I can take an assurance from Government that it will not be taxed hereafter?

Mr. J. F. Sheehy: No, you cannot, Sir. But your own speech here may be the cause of getting them taxed.

Mr. Jamnadas M. Mehta: I entirely agree with you, that instead of doing any good my diligence might do some harm. That is what I have found, but I am not without . . .

Mr. Deputy President (Mr. Akhil Chandra Datta): Do you want to withdraw?

Mr. Jamnadas M. Mehta: No, Sir, I don't want to, because I get no assurance.

Mr. Deputy President (Mr. Akhil Chandra Datta): Then I will put the Amendment: The question is:

"That in Schedule II to the Bill, in Part IB, the words 'and local authority' be omitted."

The motion was negatived.

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

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

Mr. Jamnadas M. Mehta: Sir, as I could not make another speech for getting an explanation, I am rising at this stage to assure my friend, Mr. Sheehy, that the Bombay Municipality will not allow itself to be taxed, I have pointed out to you that the result of this amendment will be that the Bombay Municipality will pass on that tax to the poorer people in the suburban area. Therefore, I wish he had not excited the risibility of the House misunderstanding what I said. The net result of this provision will be that the poorer people in the suburban area will be taxed for their water supply unless the Government allows the sleeping dogs to lie.

The Honourable Sir Jeremy Raisman: Why don't you sometimes allow the sleeping dogs to lie?

Mr. Jamnadas M. Mehta: Because I thought you are so much on an alert to find out the possible victim. I knew that the Bombay Municipality might come in for trouble. But all I can say is that it is not the Bombay Municipality which will suffer, but it is the poorer people living in the suburban areas who will suffer, and it is in their interest I request that sleeping dogs should not be disturbed.

The Honourable Sir Jeremy Raisman: I think the Honourable Member is now learning the virtue in the old maxim that silence is golden.

Mr. Deputy President (Mr. Akhil Chandra Datta): 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. Deputy President (Mr. Akhil Chandra Datta): We will now go back to clause 8, amendment No. 7.

Mr. J. F. Sheehy: Sir, I move:

"That to sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that where the total income includes any income chargeable under the head 'Salaries' or under the head 'interest on securities' or any income from dividends in respect of which he is deemed under section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.'

This is a formidable looking amendment, but I hope to make it clear by an example. The object of this amendment is to bring sub-clause (5) into line with sub-clause (2). According to sub-clause (2) in the case of any income from which tax has been deducted at source, last year's rates will apply; so that if, for example there is an assessee who in 1941-42 had an income of Rs. 1,200 from salaries, and Rs. 600 from other sources, he will pay no tax on the Rs. 1,200, because there was no rate of tax applicable to an income of that size last year; he will pay only on the other income of Rs. 600. Now, when we come to sub-clause (5) which deals with his deposit in lieu of tax as the clause stands at present, he would have to pay a deposit in respect of the total income of Rs. 1,800. Now, the effect of the amendment that I propose will be that he will be required to make a deposit only in respect of Rs. 600. Sir, I move.

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

"That to sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that where the total income includes any income chargeable under the head 'Salaries' or under the head 'interest on securities' or any income from dividends in respect of which he is deemed under section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.'

Pandit Lakshmi Kanta Maitra: I am afraid I cannot congratulate the Honourable the Mover on the phraseology he has adopted in giving effect to this provision. It has been our painful experience that unless a provision in a taxing statute is expressed in the clearest possible language, it lends itself to all manner of unnatural interpretations. There is a similar provision in other parts of the Income-tax Act, and very often difficulty arises with regard to their interpretation. I have a great admiration for Sir Jeremy Raisman's knowledge of the English language which is singularly exact and profound, and his drafting is admirable. But my grievance is that the simple hypothetical case which Mr. Sheehy has put before the House and the interpretation he has given of the amendment is not easily deducible from the phraseology of the amendment itself. The concluding portion of this amendment is very confusing. My Honourable friend has given the illustration of a person with a salary income of Rs. 1,200, and an income from other sources of Rs. 600. He says that according to this amendment he will have to make a deposit in respect of Rs. 600 which is not his salary income.

Mr. J. F. Sheehy: That is right.

Pandit Lakshmi Kanta Maitra: But I do not understand how he arrives at that. If he will kindly apply his mind to the concluding portion of his amendment. . .

Mr. J. F. Sheehy: You will first calculate the deposit that he would have to make on Rs. 1,800, and then you will ask him to deposit one-third of that. You take the proportion of 600 to 1,800 and ask him to deposit that proportion.

Pandit Lakshmi Kanta Maitra: But the phraseology used here is confusing.

Mr. J. F. Sheehy: If the Honourable Member will compare this with sub-clause (2) (a) of the same clause—and the language there is the same as in the last year's Finance Bill which the Honourable Member swallowed lock, stock and barrel—he will see that the language used is not my fault.

Pandit Lakshmi Kanta Maitra: That is because it was rammed down our throats last year by the sheer force of the votes of the Treasury Benches, but in actual operation it caused difficulty. The language in which it is worded is very confusing. I am not speaking in a light vein, and I find that this does not bear, on the face of it, the easy interpretation which my Honourable friend puts on it. I would have been very happy, if the phraseology could have been more simplified and the position clarified in clearer language. The language used towards the end of this amendment is:

“ . . . the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.”

Why this circumlocutory phraseology? If you merely want to confer certain benefit on assessees, why do you go on using circumlocutory language? Could there not be a simpler formula so that the income-tax officer might straightaway get at your point and give the relief? I think it is possible to simplify the language and because it was the phraseology used in the last year's Finance Bill, it must not be presumed that it embodied the ideal of wisdom and the model of draftsmanship that the Treasury Benches were capable of. Knowing Sir Jeremy Raisman as I do, I am sure he is capable of a better draft. I give him this certificate for what it is worth, and I trust it will stand him in good stead.

The Honourable Sir Jeremy Raisman: I must point out to my Honourable friend that income-tax legislation is drafted in a language of its own. If my Honourable friend has ever read any of the British Income-tax statutes. . .

Pandit Lakshmi Kanta Maitra: I know a little about that, but I want more of basic English.

The Honourable Sir Jeremy Raisman: These amendments are drafted in consultation with the Draftsman of the Legislative Department. . . .

Pandit Lakshmi Kanta Maitra: They make confusion worse confounded.

The Honourable Sir Jeremy Raisman: . . . and they are intended to make certain that the precise effect which is to be secured is actually secured.

Dr. P. N. Banerjee: Pandit Lakshmi Kanta Maitra is an honorary member of the Income-tax Bar.

The Honourable Sir Jeremy Raisman: This kind of language is somewhat similar to that in which some propositions of Euclid are couched. If you read them as a piece of literary English, they will probably give you a pain in the abdomen, but, nevertheless, if you study them carefully and draw a diagram or example, you will find that they have an absolutely precise and accurate meaning, although that meaning may not be evident on the face of the language used.

Sir Cowasji Jehangir: I believe my Honourable friend has a very good motto, live and let live. He wants to live and he wants my Honourable friend's profession to live, and that is why he drafts them like this.

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

"That to sub-clause (5) of clause 8 of the Bill, the following proviso be added:

'Provided that where the total income includes any income chargeable under the head 'Salaries' or under the head 'interest on securities' or any income from dividends in respect of which he is deemed under section 49-B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the amount to be deposited by the assessee in order to obtain the exemption conferred by this sub-section shall be an amount bearing to the minimum required to be deposited under the foregoing provisions of this sub-section the same proportion as the amount of his total income diminished by the amount of such inclusions bears to the amount of his total income.'

The motion was adopted.

Mr. J. F. Sheehy: Sir, I beg to move:

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be renumbered as sub-clause (7):

'(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being assigned or charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit.'

This amendment is proposed in order to meet the suggestion made by Sir Henry Richardson that we should provide for the safeguarding of these deposits against the claims of creditors. The wording of the amendment is taken from section 8 of the Provident Funds Act, 1925, which means that we are giving these deposits the same protection which Government gives to the Provident Fund contributions of its own servants. Sir, I move.

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

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be renumbered as sub-clause (7):

"(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being assigned or charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit."

Dr. P. N. Banerjee: Sir, this is a very good amendment, and I give my whole-hearted support to it.

Pandit Lakshmi Kanta Maitra: Sir, I wish to put in a few sentences on this amendment moved by my Honourable friend, Mr. Sheehy. Apparently, the idea is that the money held on deposit for the assessee is to be secured against attachment by creditors. On the principle of this, the members of the legal profession will agree, there is room for honest difference of opinion as it impedes the free circulation of property which is the fundamental principle of all property law, but what I fail to understand is this. If the idea is merely to secure for the depositor the amount which he is forced to save or, in other words, if as a result of this act of governmental paternalism an improvident person is forced to lay by something, it passes my understanding why his power of assignment to his legal heirs or somebody else should be restricted. I can understand the ousting of jurisdiction of courts, civil, revenue and criminal in the matter of dealing with such property but I fail to understand the proposed restriction in this respect. If a person deposits money under this scheme and if before the time he is entitled to take it back he wishes to make, for instance, a testamentary disposition of the amount lying in deposit for him in the post office in the shape of defence loans, why should you stand in the way? He is not to withdraw the money before it is due. Why should you interfere with his right of assignment? It may defeat the very purpose for which he makes the deposit. Where is the incentive for him to make such deposits? I put into the post office Rs. 50 or 100 or 1,000 or whatever it may be. I cannot withdraw it till after the expiry of one year after the war. Very good. I abide by it but why do you fetter my discretion to make a gift of it? The effect of this will be to interfere with his right of disposition. While I think there is a good deal of merit in this amendment, the insertion of the words 'assigned or' takes away a lot of its good element. I would ask the Honourable the Finance Member or Mr. Sheehy to give a thought to what I have suggested. I think the ordinary law of the land does not view with favour these restrictions on the power of disposition of property by individuals and I do not see why the Legislature should make a violent departure from the accepted principles of jurisprudence. I hope some member from the Government Benches will explain his objections, if any, to the acceptance of my suggestion and if they have no objections, then they should accept my suggestion. I see that I have already set them furiously thinking and I hope that something will come out of this. With these words, I request the Honourable the Finance Member to accept my suggestion.

The Honourable Sir Jeremy Raisman: The main object from my point of view is that a certain amount of money which would be otherwise spent during the period of the war should not be spent during that period. But we have also accepted a suggestion from Sir Henry Richardson that the deposit, in the interests of the depositor, should be subject to the same kind of protection as the Provident Funds and, actually, I think, this clause is taken from the Provident Funds Act. However, I agree that there is no necessity why it should be so rigidly frozen as this terminology would effect and I would be prepared to omit the words 'assigned or', if that is what is generally desired, because I agree that he should certainly be able to make a testamentary disposition of it.

Mr. Deputy President (Mr. Akhil Chandra Datta): Pandit Maitra's objection was only to the words "assigned or". Have I the consent of the House that these two words be taken out?

Honourable Members: Yes, yes.

Pandit Lakshmi Kanta Maitra: I think an amendment has got to be moved to regularise it.

Mr. Deputy President (Mr. Akhil Chandra Datta): I have already taken the consent of the House to the omission of those two words and I can do it. The question is:

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be renumbered as sub-clause (7):

'(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit'."

Sir Cowasji Jehangir: Have you moved the amendment yourself from the Chair? You have put the motion in a different form to which it was moved.

Mr. Deputy President (Mr. Akhil Chandra Datta): I have done it with the implicit consent of the House.

The questions is:

"That after sub-clause (5) of clause 8 of the Bill, the following new sub-clause be inserted and the existing sub-clause (6) be re-numbered as sub-clause (7):

'(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on any such deposit'."

The motion was adopted.

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

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Clause 9 was added to the Bill.

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

"That clause 10 stand part of the Bill."

Mr. C. W. Ayers (Government of India: Nominated Official): Sir, might I have your permission to move amendments Nos. 9 and 10 together? They are closely inter-related and they have the same subject-matter. Both of them relate to the same sub-clause, sub-clause (1).

Mr. Deputy President (Mr. Akhil Chandra Datta): You may.

Mr. C. W. Ayers: Sir, I move:

"That in sub-clause (1) of clause 10 of the Bill, after the word 'If', where it occurs for the first time, the words 'before the 1st day of July, 1942, or', and after the words 'becomes payable', occurring in the fourth line, the words 'whichever of these dates is later' be inserted."

and

"That in the third proviso to sub-clause (1) of clause 10 of the Bill, for the words 'within thirty days of the commencement of this Act' the words 'before the 1st day of July, 1942,' be substituted."

I think that the intention of both amendments is clear. If not, it was made quite clear in the Honourable the Finance Member's speech yesterday. The whole intention is that the assessee who may wish to take advantage of the clause by making a deposit and securing an ultimate return of the part of his tax paid may have reasonable time in which to decide whether or not to make a deposit.

Mr. Deputy President (Mr. Akhil Chandra Datta): Amendments moved:

"That in sub-clause (1) of clause 10 of the Bill, after the word 'If', where it occurs for the first time, the words 'before the 1st day of July, 1942, or', and after the words 'becomes payable', occurring in the fourth line, the words 'whichever of these dates is later' be inserted."

and

"That in the third proviso to sub-clause (1) of clause 10 of the Bill, for the words 'within thirty days of the commencement of this Act' the words 'before the 1st day of July, 1942,' be substituted."

Pandit Lakshmi Kanta Maitra: Sir, I am afraid I could not catch what the Honourable Member advanced as arguments in support of his amendments to explain their scope and purpose. I do not really understand the difference as a result of the two different options given to the depositor under these amendments. If the Honourable Member had given a hypothetical case to explain their effects, we would have been able to grasp them better and understand their implications. As it is, reading the clause with the proposed amendments, it is not very clear what is really at the back of the mind of the Honourable the Mover who moved these amendments. I suggest that a little more light should be thrown on this matter because in all such matters, I want to make it perfectly plain that we do not want to leave anything to the region of speculation.

[Pandit Lakshmi Kanta Maitra.]

Any point that the Honourable the Mover of these amendments wishes to make should be made in such a way, rather in such an illustrative way that there may not be any loophole left.

The Honourable Sir Jeremy Raisman: Sir, I do not think there can be any doubt about the meaning of this amendment. The position is that any assessee is given up to the 1st day of July, 1942, in which to make up his mind whether to make a deposit under the provisions of this clause. The clause, as drafted, only gave him 30 days in which to do it. In respect of all taxes already paid, it gave him 30 days from the passing of this Act and in respect of any further assessment henceforward, it gave him 30 days. Now, for the reasons which I explained yesterday in order to give ourselves time to consider how far we can define the conditions and consult industry about them and possibly publish something on the matter, we have decided to extend the period, and we now will give everybody up to the 1st July in order to make up his mind. I think that is quite clear. Thereafter, having had this period up to the 1st July in which to make up his mind, in the case of assessments which are made close up to the 1st July, he gets 30 days, in any case, in which to make up his mind. The object of the amendment is to give us a 'three months' period to enable us to examine and formulate conditions.

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

"That in sub-clause (1) of clause 10 of the Bill, after the word 'If', where it occurs for the first time, the words 'before the 1st day of July, 1942, or', and after the words 'becomes payable', occurring in the fourth line, the words 'whichever of these dates is later' be inserted."

The motion was adopted.

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

"That in the third proviso to sub-clause (1) of clause 10 of the Bill, for the words 'within thirty days of the commencement of this Act' the words 'before the 1st day of July, 1942,' be substituted."

The motion was adopted.

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

"That clause 10, as amended, stand part of the Bill."

The motion was adopted.

Clause 10, as amended, was added to the Bill.

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

"That Schedule I stand part of the Bill."

Qari Muhammad Ahmad Kazmi: Sir, I move:

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head 'Letters' for the words 'one and a half annas' the words 'one and a quarter annas' be substituted."

Of all Departments of Government the one Department which serves the rich and the poor is the Post Office to which we are all thankful. Perhaps no official of Government is such a welcome visitor to any place

as the postman; he brings us messages from our friends and relations. But there is one feature about this Postal Department that it does not wish to confine itself to the principles on which its foundation was laid. Time and again it has been asserted that it is a utility service and is required to pay its own way. And as a Commercial Department I think it is necessary that the expenses incurred in running it should be met from the Department itself. But I protest against its being made into a revenue raising Department. We have got many other methods and ways by which revenue can be raised.

The Honourable Sir Jeremy Raisman: Nearly every speaker has said that there is some other way in which to raise revenue; and on every item too.

Qazi Muhammad Ahmad Kazmi: But Government have not listened to anything. This should be an absolutely public utility Department to be run on commercial lines. And when by the force of your majority you have succeeded in carrying out your proposals on other items, you should at least give us some justification for making this Commercial Department into a revenue raising Department. It is a monopoly and in every monopoly you must see that it is not misused. If Government think they are carrying on the business at a loss they can easily take away the sections of the Post Office Act about the prohibition on sending letters through messengers, etc.; they may cease to have a monopoly and enter into competition with other people in the business of carrying these letters and parcels. At any rate the conditions require that this Department should not have any motive behind it for raising revenue from people whose incomes may vary from a few annas a day to a larger amount. In previous years we used to be told the extent of the benefits which they contemplated would accrue by increasing the postage; and I think it would have been better if the Finance Member might have worked out the figure and told us what he expects to get by raising the price of the envelope by one pice. Otherwise it becomes very difficult for us to discuss the question. In former years we used to get facts and figures as to the gain anticipated or the loss which would follow if a particular proposal was carried. But this year I find that Government are conscious of their majority and they think that argument or no argument, whether it is valid or not valid, they can carry their proposals; and so they have not taken the trouble to inform us about the loss that would follow if the amendment is accepted. I strongly protest against this action. On a previous amendment I wanted to know the amount of loss if the amendment were accepted. They were reluctant to give a reply but I quoted figures from a speech of Sir James Grigg so far back as 1935 that it would not be more than 50 lakhs; after this to make their amendment more plausible they said that it may be a crore. What figures have Government got as to the increased revenue that they would get out of this increase in postage? Specially when the difference between the price of the post card and that of the envelope is going to be three pice, and the cost of the envelope is to be a hundred per cent. more than the post card, I think people would resort more to the post card than to the envelope. So, before this increase is sanctioned we must know what is the increased revenue that is expected and the loss that would follow if the amendment is accepted. I commend the motion to the acceptance of the House Sir, I move.

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

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, against the first entry under the head 'Letters' for the words 'one and a half annas' the words 'one and a quarter annas' be substituted."

Pandit Lakshmi Kanta Maitra: Mr. Deputy President, as one who tabled this amendment with a number of other friends including the Honourable the Mover, I feel I should put in a few words on this. Sir, it is a pity that throughout this debate on the Finance Bill and even at this stage when matters relating to the Department of Posts and Telegraphs are under discussion, the Director-General of Posts and Telegraphs could not be in his place in this House. I do not know whether he is a member of this House.

Qazi Muhammad Ahmad Kazmi: His predecessor is present.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (Commerce Member): He is not a member.

Pandit Lakshmi Kanta Maitra: I am told, Sir, that he is not sworn in in this House, and my Honourable friend, Mr. Kazmi, suggests that the late Director General of Posts and Telegraphs is here. But from handling the postal seal he has now perhaps started handling rifles and guns and has become a military expert overnight. And because he is in the War Department, I find him with a rose in his button-hole so unlike like a bullet.

Sir I want, in the first place, to enquire from the Government why is it that it is proposed to enhance postal rates this year also? Sir, on many an occasion in the past I have demonstrated that the Indian postal rates are higher than those prevailing in any other country in the world.

An Honourable Member: No.

Pandit Lakshmi Kanta Maitra: It is only ignorance which prompts you to say "no". I say that the postal rates in India are easily the highest in the world. I am a student of Postal economics and I challenge a contradiction of this statement from any quarter, but I do not want to go into details now.

The Honourable Sir Jeremy Raisman: Did my Honourable friend say that they are the cheapest in the world.

Pandit Lakshmi Kanta Maitra: Highest.

The Honourable Sir Jeremy Raisman: I am sorry.

Pandit Lakshmi Kanta Maitra: It is highest having regard to the size of the country, the average income of the people and all other relevant considerations, its foreign postal rate is ridiculously high.

Sir, the policy of the Posts and Telegraphs Department was clearly enunciated on the floor of this House on more than one occasion by responsible Members on the Treasury Benches. It had been declared that the

Department of Posts and Telegraphs was not a revenue earning Department of the Government at all but it was a public utility service concern and that it was not to be looked upon as a commercial concern pure and simple. The view that it might be looked upon as a commercial concern only in the sense that it should pay its own way and that its accounting should be on a commercial basis, came to be established nearly 15 years ago. As early as 1921, I think, the Honourable Sir A. C. Chatterjea the then Member in charge of the Department, laid down in clear and unequivocal terms that the surplus income of the Department of Posts and Telegraphs should not be absorbed in the general revenues but should be applied, in the first place, to the development and further increase of postal facilities and, secondly, to the amelioration of the conditions of service. That is to say, the employees of the Posts and Telegraphs Department, which was a big organization, should be well paid. This was reiterated by the Honourable Sir B. N. Mitra a few years later.

Now, what is the position of the Posts and Telegraphs Department? Sir, I am not going to give the House elaborate figures spread over a number of years, but I will place before the House figures for the last three or four years only which will disclose the story they have to tell: The profit earned during the year 1938-39 by this Department was 18.98 lakhs of rupees. In 1939-40 the Department made a profit of 89 lakhs. In the year 1940-41 it fetched a profit of 102 lakhs. In the year 1941-42 it earned a profit of 140 lakhs. And this year we hear from the Honourable the Finance Member that the profit would be 179 lakhs more than what he had estimated in the last budget. Now, may I ask the Honourable Member in charge of this Department what justification is there for a Department which makes such colossal profits, a Department, which, as I have so often pointed out, has a monopolistic business in this land, to increase postal rates and make a further addition to the burden on the middle class people in this country? Throughout this day we have been explaining in detail, the very hard lot of the educated middle class men in this country who have not adequate incomes. Certainly this increase in postal and telegraph rates would add to their difficulties, and would increase their burden. Now, let us see whether this Department has done anything in the direction of better postal amenities. Has it improved the service or increased postal facilities for the people of this country?

Some Honourable Members: No.

Pandit Lakshmi Kanta Maitra: None. Is there anybody in this House who will tell me honestly that this Department maintains its efficiency today?

Some Honourable Members on the Treasury Benches: Yes.

Pandit Lakshmi Kanta Maitra: I address this query to the elected Members of this House. I know my Honourable friends on the Treasury Benches do not find any thing to complain against.

Dr. P. N. Banerjea: The elected Members are the only honest Members.

Pandit Lakshmi Kanta Maitra: The ordinary people have experience of the inordinate delay that have become usual in transit, in these days, both of letters and telegrams. Telegrams reach three or four days after their transmission; even Express telegrams take more than two days. This is the efficiency of the Posts and Telegraphs Department. And my Honourable friend to the left tells me—and it is a piece of information to me—that the transport of Mail by motor car from Shillong to Sylhet has been stopped. This is to increase the efficiency of the Department!

Some Honourable Members: This is because of war with Japan!

Pandit Lakshmi Kanta Maitra: These days we have Japan-phobia but before Japan came into the war, I pointed out year before last and also on several other occasions that this Department had been earning tremendous profits and that it was only fair that it should set apart but a portion for the betterment of postal facilities for the people of this country, and also for relieving the distress of the poorly-paid and overworked staff who run the administration. All my appeals have fallen flat on them. What is the reason for this growing deterioration in efficiency in the Posts and Telegraphs Department? It is due, in the first place to paucity of hands; the whole of the Postal Department is under-manned and the staff overworked. In other words, the hands that are justified by the criterion which is associated with the name of the new Army Secretary, the test popularly known as the Bewoor-Mukerjee time test, are not given to the Post Offices in this country. Go to any Post Office to register or to insure a postal article or even to purchase postal stamps and you have got to wait for hours on end. You see people standing and waiting, not knowing when they will be disposed of. In other words, while the work of the Postal Department has increased tremendously, the Department has systematically kept down the strength of the officers in the Department.

As I said, this is not the first time I am placing this matter before the authorities. A few months ago, presiding over the All-India Postal and Railway Mail Service Conference at Agra I brought this matter to the notice of the Government and I made constructive suggestions to them. In the year 1939, presiding over the All-India Postal and Railway Mail Service Conference at Lahore, I drew the pointed attention of the Department to the fact that the whole of the Postal and Telegraph Department was under-staffed, that the Government were trading on the poverty of my countrymen. What is the justification for not giving additional hands? Do you seriously tell me that a Department which makes a profit of two crores a year cannot spend a few lakhs to provide additional hands for the better service of the people from whom it derives its vast revenues? So far about the kind of amenities offered to the public by this Department, a Department, which until lately was so popular because of its ideal of service to the public at large, but which has been now gradually lining itself with the other Departments and losing steadily in popularity with the public. Let me now deal with a few matters connected with the employees

The Honourable Sir Jeremy Raisman: Sir, the Honourable Member is making a considerable speech surely in relation to the scope of the amendment.

Pandit Lakshmi Kanta Maitra: May I make a submission? May I point out that I am going to refuse this financial provision on the ground that they are not giving increased facilities to the public and also on the grounds that they are not ameliorating the conditions of the service men? I am not going at considerable length into these matters.

Mr. Deputy President (Mr. Akhil Chandra Datta): We are concerned at the present moment with the narrow question raised in this particular amendment.

Pandit Lakshmi Kanta Maitra: Yes; this particular amendment seeks the retention of the old postal rates and my argument in support of their retention is that the Government have departed from the two established principles, *viz.*, increased postal facilities to the public out of the surplus and the betterment of the conditions of those who serve the Department. I have disposed of the first part and I am now dealing with the second and I will not be very long. Sir, I have got to tell the House how the Department deals with its own men; and because the Honourable Member is afraid that some unpleasant facts will come to light he wants to muzzle me by raising technical objections. I can only speak to the Finance Member now, as I cannot get hold of the Director General who is not here but is watching the proceedings from a different place. He has my sympathy though he has made himself scarce and fights shy of us.

The grievances of new entrants in service have been stated before now. The All-India Postal Union submitted before the Government well reasoned memoranda not once but several times, pointing out the very hard conditions of service of these men and the low scales of salaries given to the lower grade staff in the Postal Department. I can well understand that in times of war they cannot go in for general revision of their scales of pay involving increased expenditure, but certainly an assurance may be given here and now that the question will be sympathetically considered as soon as the situation improves.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: On a point of order, Sir. I do venture to submit that the Honourable Member is making a speech which would have been relevant at the first reading stage—this question of redress of grievances before supplies. But the question before the House now is whether this amendment should be made—substituting one rate for another; and only this argument would be relevant which suggested that the old rate would be enough or that the new rate is not necessary.

Mr. Deputy President (Mr. Akhil Chandra Datta): As I have stated before we are now concerned with this particular amendment. Passing references may very well be made to these matters of general weal, but the Honourable Member cannot pursue these points to the length that is being done.

Pandit Lakshmi Kanta Maitra: I will keep your observations in view, Sir, and I will restrict myself to only a few points, and not speak at length. The employees prayed that some war allowance should be given to them to relieve their acute distress caused by the abnormal increase in

[Pandit Lakshmi Kanta Maitra.]

the cost of living as the prices of all primary articles had gone up considerably. That has not been heeded. In the Railway Department they have given a dearness allowance but the workers in this Department have not got anything worth the name.

Mr. Deputy President (Mr. Akhil Chandra Datta): I am afraid the Honourable Member is going on on the same lines again.

Pandit Lakshmi Kanta Maitra: Sir, I will simply mention these points if you will permit me.

Mr. Deputy President (Mr. Akhil Chandra Datta): All right. You simply mention your points without amplifications.

Pandit Lakshmi Kanta Maitra: I have dealt with but one serious grievance. The second is that in many places Post Offices are located in old wretched buildings and the conditions of service there are simply appalling. Railway Mail Service vans are old and antiquated and are not at all suitable for present day use. Besides, in these days of danger in emergency areas, the Government have not made proper provision against possible air raids in the Post Office buildings. Practically, no real measure of protection has been taken.

Mr. Deputy President (Mr. Akhil Chandra Datta): Order, order. I do not think that air raid has anything to do with this amendment. You are going too far away from this amendment.

Pandit Lakshmi Kanta Maitra: All right, Sir. I will not deal with these things. If my friends on the Treasury Benches do not like to hear from me any more about these grievances, it is because they have dark minds and they would not like to be further exposed here, though I have plenty of materials by which I could expose them. They very often make us feel that they can never be amenable to public opinion or to reason.

Now, Sir, will the Finance Member explain to us in the course of his reply if the increase in the rates will not mean a reduction in the use of stamps and consequent loss of revenue? We believe that the cheaper the postal rates, the greater the return the Department will get. Be that as it may, I maintain that so long as I do not find in this Department any tendency to respond either to the demands of the public or of the employees, I do not feel I shall be justified in allowing them the enhanced rates of postage.

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

It is a pity that my Honourable friend Sir Andrew Clow, could not make a generous gesture before his assumption of the Assam Governorship on which I congratulate him. I again ask the Department to discharge its obligations to the public and to the employees. At a time like this the vast labour force that is employed in the Posts and Telegraphs Department should not be left to simmer with discontent. Sir, the fact that this war has entailed a heavy burden on them has also been admitted by the Government in their Administration Report. I still hope that something will be done for them. Sir, I support the motion.

Mr. K. C. Neogy: Sir, no gesture on the part of my Honourable friend, the Member for Communications, would satisfy me on this occasion. I want to know from him whether he made any attempt to resist the proposals of the Finance Member in treating his Department as a revenue earning department of Government. I have vivid recollections of the discussions that took place ever since 1921 in regard to this matter, and although my Honourable friend, the Finance Member, does not like old echoes to be heard in this Chamber, I am afraid, I have to remind him of some of those far off things which perhaps do not quite appeal to him. Sir, I don't propose to go beyond 1850. That was the year that marked the re-organization of the Postal Department as a result of the inquiry by the Postal Commission into its activities. Now, Sir, even at that date the Commission had no difficulty in laying down the general lines which the policy of the Postal Department should follow, and they definitely declared that the Department had to be maintained for the benefit of the people, and not for swelling the general revenue. That this policy has not been departed from ever since, is admitted by Sir Geoffrey Clarke in his book on the history of Indian Post Office. We again find that as late as 1866, the then Finance Member made a declaration to the effect that the Post Office was so potent an engine of civilization that no Government would be justified in allowing fiscal considerations to interfere with its utility. Again, Sir, when we come to 1905, another declaration was made that Government did not intend to regard the Post Office as a revenue earning department. Now, the next official declaration to which I should like to make a somewhat lengthy reference is the one that was made in 1924 by the Honourable Mr. A. C. Chatterjea, who was the Member in charge of this Department in those days in replying to a debate on this very question which had been initiated by me; and this is what Mr. Chatterjea said on that occasion:

"My friend, Mr. Neogy, started his speech by asking for a declaration of policy from Government. He quoted certain previous declarations but I do not think he has been able to find a single declaration of Government in which it has been claimed that the Post Office or the Telegraph Department should be a source of income to Government. All that has happened is that we have tried to prevent it from becoming a source of expenditure to Government. I entirely agree with Mr. Neogy in considering that the Post Office should be looked upon as a public utility service. But in the same way as the Railways and any other organizations which are for the benefit of the general public and are looked upon as public utility services should at the same time pay their way, I consider that the Post and Telegraph Department should pay its own way, and I have the authority of my Honourable colleague, the Finance Member, in saying that the Government do not look to the Postal and Telegraph Department as a revenue earning Department."

Now, in 1926 when a reference was made to the postal rates as a tax, the then Director General of Posts and Telegraphs immediately protested against such a description being attached to the postal rates, and he interjected this remark—"postage is not a tax; it is a payment for a service". This, Honourable Members will find in the Proceedings of the Assembly, dated the 15th March, 1926. Now, Sir, we want to hear from the Government as to whether or not their present proposals represent a definite departure from this policy. I was really disappointed in not finding in the Honourable the Finance Member's budget speech any apology for trying to take away about a crore of rupees from the postal revenues and for treating this Department as a revenue earning department, and for trying to manipulate the postal rates for the purpose of raising revenue for the general exchequer. Sir, very many other questions

[Mr. K. C. Neogy.]

have been raised in this connection, but I am more concerned with this question of principle which outweighs all other considerations, to which reference has been made, and I should like to have considered reply from the Government in regard to this matter.

Mr. Husenbhai Abdullabhai Laljee: Sir, it has always been the practice that whenever a new tax is put on the people, the justification for it is made before the House, but we have not heard a single word from the Honourable the Finance Member as to why he proposes to increase the postal rates. The increase was a very big one last year, and now a further increase has been put, and there is no justification for it whatever. I don't see why, leave aside all the arguments that my friend, Mr. Neogy, advanced which are accepted all over the world that the Post and Telegraph Department is a public utility Department and that they should be conducted really for the benefit of the public, I really don't see any justification for Government to depart from that well-established principle. At present we find that they are making enormous amount of money from these two Departments, and the amount that is expected by this additional tax is a very big sum. We just a few minutes ago saw that with regard to the Income-tax over Rs. 1,500, which would bring to Government something like 40 to 50 lakhs the Honourable Member for that purpose fought for two hours in the House. But on this tax the Honourable Member has not said a single word in justification of his proposal to increase the postal rates. I don't think it is quite fair to do so. Sir, without proper postal facilities, how will the poor people and agriculturists be able to communicate with one another in this country of distances? Industries and commerce cannot thrive in these days without postal facilities and even agriculture cannot make headway as regards news of market in the absence of postal facilities. I think it is a very short-sighted policy to increase the postal rates. People are anxious to get world news. As my friend, Mr. Kazmi, pointed out, poor people are as anxious as any other to know the welfare of their relations who are living at long distances. Sir, many people have sent away their near and dear to distant places and to the war field, and, naturally, they are much more anxious to know the welfare of their relations abroad or overseas. I do not know whether there are any special concessions made to soldiers and their families . . .

The Honourable Sir Andrew Clow (Member for Railways and Communications): Certain concessions are being made and they will remain.

Mr. Husenbhai Abdullabhai Laljee: I am very glad some concessions are given to soldiers and that they will remain, but what about the masses of the people. The Postal Department should not be regarded as a commercial or revenue earning Department, nor should you make money out of it. You ought not to. This Department is for the benefit of the people. When there is a deficit, you at once come forward and tax the public utility Department. Why should you do so? Surely, there must be some principles which you should follow. I certainly think that unless very sound and substantial reasons are forthcoming from Government, we cannot approve of this proposal. I, therefore, support the amendment as strongly as I can.

The Honourable Sir Jeremy Raisman: I entirely agree with the principles which the Honourable Members tried to emphasise as a matter of guidance in normal times, and I would be prepared to say that, apart from the extraordinary emergency in which we find ourselves today, we do not intend any departure from the principles which we ourselves have from time to time formulated and expressed. But I would like to draw the attention of my Honourable friend, Mr. Neogy, to what has happened in England. In England, the principle of the separateness of the Post Office from general revenues has been carried a stage further than even in India. It was not merely what I may call a *pro forma* account as it is in India, but it was actually a separate fund. It was in the same position as the railways are in India. The British Post Office was entirely separated from the general budget, and it was recognised to be a public utility service, which, apart from a certain fixed contribution, I think it was,—was merely intended to pay its way and not to produce any extra revenue for the general taxpayer. Nevertheless, in the present emergency, that separate fund has been abolished. The Post Offices have been resumed as part of the general administration. Their finances have been merged in the general revenues. That is the effect of war. It is as if we were to cancel the separation of the Railway from the General Budget in order to avoid all these discussions that we have been having as to how much should go into this fund, how much into that, how much should go to the general revenues—it is as if we were to resume the whole of the Railway Budget and take it into the General Budget in order that whatever surplus accrued might be available for general revenues. That, as I say, happens in a country which had recognised the principles which my Honourable friend emphasised to the extent of completely separating the post office from general revenues. I can only point out once more what is familiar to all Honourable Members, that we are faced with a demand for expenditure and with a deficit on a scale which is far larger than anything that we have ever had before in our history. A total war requires new methods. If we are to preserve every principle and convention which has been maintained during peace time administration in the past, then how are we ever to adjust ourselves to so extraordinary a situation as the present? We have not increased the rate on the postcard, which would have no doubt been represented by Honourable Members as an additional burden on the poor man. We have gone only for the letter which, broadly speaking, is not used predominantly by the poorer classes. It is used largely by those classes which at the present moment can easily afford, in my opinion, to make an additional contribution through this channel to the sinews of war. My Honourable friend, Mr. Kazmi, wished to know what will be the effect of his particular amendment. The effect would be a loss of, at any rate, 35 lakhs of rupees, and I must say that, having had an expensive afternoon already, I cannot afford the luxury of losing another Rs. 35 lakhs. Sir, I oppose the amendment.

Dr. P. N. Banerjee: This amendment also stands in my name. Therefore, I consider it my duty to say a few words. My Honourable friends, Pandit Lakshmi Kanta Maitra and Mr. Neogy, have traced the history of this question. They have pointed out that it was never the intention of Government to treat the Posts and Telegraphs Department as a revenue earning Department. They have also pointed out that this Department should be looked upon as a public utility concern. Sir, on the ground of principle, therefore, there is no justification for raising the postal rates.

[Dr. P. N. Banerjee.]

Huge profits have been realised in recent years and for the coming year also a substantial profit is being estimated. But the Finance Member's view is that, in a time of war, it is to be treated as a revenue earning department, and he cites the example of England. Now, there are many differences between the conditions of England and India. England is a rich country, while India is a poor country. In India you have to look to the conveniences of the poor people and the middle class people. It cannot be denied that the burden of this additional rate on envelopes will fall heavily on the middle class and to a certain extent also on the poor people. It will also affect the commercial community. In this connection I wish to point out that 20 years ago the price of the envelope was only half an anna, but by successive stages the price has been raised; and it is being raised now to 1½ annas. That is to say, there is an increase by 200 per cent. Is such an increase in the price of the envelope desirable? I do not think there is any justification for raising the price of the envelope to such an extent. The Finance Member said that if this amendment be accepted he would lose Rs. 35 lakhs. But there are many ways in which he can recoup this loss. I suggested many methods in the course of the debate on the budget speech and also on the occasion of the general discussion of the Finance Bill. I will not refer to them once more, but I will request the Finance Member to reconsider his proposal and not to levy a further burden on the middle class and the poorer sections of the community at a time when the prices of commodities are very high and the middle class in particular has been hit very hard.

Mr. Akhil Chandra Datta: The matter is of such importance that I do not feel justified in casting a silent vote on this question. It is admitted that this postage is merely payment for certain service rendered, that service being that of a carrier. Therefore, the Honourable the Finance Member admits the force of that principle, namely, that for service rendered no more should be charged than is necessary for the rendering of that service. That is the principle, and that he accepts as the principle which ought to be accepted in normal times. But what is the abnormal thing? Has he said that there is a loss in the Postal Department? We have rather a surplus. If there is a surplus, then on what possible ground can you raise the postage. The Honourable the Finance Member says: "these are very extraordinary times. I do not know how to adjust." But that is no answer to our objection. For a letter we used to pay two pice, then you made it three pice, then you raised it to one anna and then to five pice and now you ask us to pay six pice. I ask you the question 'Why should I pay more. What is my consideration'. Your reply is 'There is the Japan war'. Is that a reply to me? The relationship between the Post Office and the members of the public who use this envelope is the relationship of master and servant. The real picture is, however, obscured by the fact that this work of carrier is being done by the Government and they have got a monopoly of this business. Therefore this war cannot be a justification for altering the relationship of a carrier. The whole question is: does the Department pay its way? That is the only principle on which we have to go. We are not concerned with the extraordinary situation created by the war as a justification for this increase in the postal rate. If that argument were to be accepted, I do not know to what length it can be pushed. Then why fix it at six pice? Why not at two annas. Where will you

draw the line? How far can you proceed on that basis? I say there is no ground for increasing the postage. The revenue sought to be raised is only 85 lakhs. If anybody says 'This is a small amount. Why don't you raise it in some other way', the answer is 'You say this on every item'. The question is that there must be one fundamental principle which you accept once and for all and you should not deviate from that principle by considerations like the one which is now sought to be raised as a justification. You say 'We have not touched the post card'. That is no justification at all. If you do not want to give me two blows, there is no reason why you should give me one blow. If you give me one unjustifiable blow, you cannot justify it by saying that you could give me another but you have not done so. Sir, I support this 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, against the first entry under the head 'Letters' for the words 'one and a half annas' the words 'one and a quarter annas' be substituted."

The Assembly divided.

AYES—13.

Banerjea, Dr. P. N.
 Chattopadhyaya, Mr. Amarendra Nath.
 Dam, Mr. Ananga Mohan.
 Datta, Mr. Akhil Chandra.
 Deshmukh, Mr. Govind V.
 Kailash Behari Lal, Babu.

Laljee, Mr. Husenbhai Abdullabhai.
 Maitra, Pandit Lakshmi Kanta.
 Mehta, Mr. Jamnadas M.
 Muhammad Ahmad Kazmi, Qazi.
 Neogy, Mr. K. C.
 Parma Nand, Bhai.
 Sant Singh, Sardar

NOES—38.

Abdul Hamid, Khan Bahadur Sir.
 Ahmad Nawaz Khan, Major Nawab Sir.
 Aiyar, Mr. T. S. Sankara.
 Ayers, Mr. C. W.
 Bewoor, Sir Gurunath.
 Caroe, Mr. O. K.
 Chandavarkar, Sir Vithal Narayan.
 Chettiar, Dr. Rajah Sir S. R. M. Annamalai.
 Clow, The Honourable Sir Andrew.
 Dalal, Dr. Sir Ratanji Dinshaw.
 Dalpat Singh, Sardar Bahadur Captain.
 Dehejia, Mr. V. T.
 Ghiasuddin, Mr. M.
 Gopaldaswami, Mr. R. A.
 Griffiths, Mr. P. J.
 Gwilt, Mr. E. L. C.
 Imam, Mr. Saiyid Haider.
 Ismaiel Ali Khan, Kunwar Hajee.

James, Sir F. E.
 Jehangir, Sir Cowasji.
 Kamaluddin Ahmed, Shams-ul-Ulema.
 Khurshid, Mr. M.
 Khushalpal Singh, Raja Bahadur.
 Lawson, Mr. C. P.
 Maxwell, The Honourable Sir Reginald.
 Miller, Mr. C. C.
 Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.
 Prior, Mr. H. C.
 Raisman, The Honourable Sir Jeremy.
 Richardson, Sir Henry.
 Sarker, The Honourable Mr. N. R.
 Scott, Mr. J. Ramsay.
 Shamsuddin Haider, Khan Bahadur.
 Sheehy, Mr. J. F.
 Sivraj, Rao Sahib N.
 Spence, Sir George.
 Sultan Ahmed, The Honourable Sir.
 Thakur Singh, Captain.

The motion was *negatived*.

Qazi Muhammad Ahmad Kasmi: Sir, I beg to move :

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

'Single.....six pies,
Replyone anna'."

The fate of the previous amendment would not deter me from moving this amendment because I think, in this case, Government may have sufficient regard for the poor. Sir, we are advocating the cause of the poor, but the Government say that they are the advocates of the case of the poor and not we. We have to find out just now which of them is correct.

The question is, as was said in the discussion on the previous amendment, whether the Post Office is a utility department? The Honourable the Finance Member has admitted that principle and he says that it is on account of the extraordinary conditions of war that they have resorted to an addition of one pice in the case of envelopes. But, Sir, this war, in itself, cannot be made an excuse for breaking all the pledges that the Government have made to the poor men. Time and again, in this House it has been repeated by the Members in charge of the Communications Department and the Posts and Telegraphs Department that whenever there is a profit in the Postal Department, steps will be taken to reduce the rate of postcards. Now, there is admittedly a profit in the Postal Department and it cannot be denied by anyone. Government may also take a part of the profit that is being earned by this Department for purposes of war. But the question is whether you are not liable to carry out the pledges and the obligations under which you have placed yourself by saying again and again that the rates of postcards will be reduced if there is any profit in the Department. I do not know exactly as to what will be the loss to the Department if this amendment of mine is accepted.

The Honourable Sir Jeremy Raisman: It is calculated that it will cost 117 lakhs in the present conditions, owing to the increase in the letter rate. The more you widen the gap between the postcard and the letter the more the diversion will be, and so there will be a heavy loss on letters as well as postcards.

Qazi Muhammad Ahmad Kasmi: I have just heard that you are going to gain 35 lakhs of rupees by the increase in the postal stamps on the envelopes. If you take 117 lakhs to be the decrease in your revenue on account of this reduction in the price of the postcard, then it will mean a loss of about 82 lakhs

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member obtained the sanction of the Governor General? I do not know whether any objection is taken on behalf of the Government.

The Honourable Sir Jeremy Raisman: We were not taking the point that sanction was required. This is not a proposal to increase the rate. It is a proposal to reduce the rate.

Qazi Muhammad Ahmad Kasmi: Now, Sir, the loss, according to the calculation of the Honourable the Finance Member, will come to 82 lakhs. But this loss is bound to be compensated by the increase in the number of postcards. Besides, on account of the present war conditions and the

employment of a large number of persons in the army, the number of postcards is bound to increase by itself. During the course of the debate on the previous amendment, the Honourable the Communications Member said that they were making certain reductions or giving certain concessions to the persons who are employed in the army in the matter of postage. But our difficulty is that these things are kept secret and they are thrown at our heads at the last moment.

The Honourable Sir Andrew Clow: There is not the least secret about it. I was referring to certain concessions already in force and I said that they will not be reduced.

Qazi Muhammad Ahmad Kazmi: But what connection those concessions had with the postage to which the Honourable Member referred?

The Honourable Sir Andrew Clow: They had little connection, but some Honourable Member dragged them in.

Qazi Muhammad Ahmad Kazmi: This means that you have shown no concession to the people who are going to the battle-fields

The Honourable Sir Andrew Clow: I have already explained that there are concessions in force and they will remain.

Qazi Muhammad Ahmad Kazmi: Sir, it is a very problematical thing whether there are any concessions. If I ask what are those concessions, then they cannot be mentioned. So, it is very difficult for me to understand as to what are those concessions which are being given to the military people and which can be brought in in connection with the discussion on postcards and envelopes. If I do not know them, then I will naturally conclude that there are no concessions.

Mr. President (The Honourable Sir Abdur Rahim): Has the Honourable Member finished his speech?

Qazi Muhammad Ahmad Kazmi: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Then the Honourable Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Friday, the 20th March, 1942.